



CMS Issues Letter to Plans and Pharmacy Benefit Managers

On Dec. 14, 2023, the Centers for Medicare and Medicaid Services (CMS) issued a letter to Pharmacy Benefit Managers (PBMs), Medicare Part D Plans, Medicaid Managed Care Plans, and Private Insurance Plans (Letter). The letter addresses several concerns:

- In 2022, CMS issued a final rule that addressed pharmacy price concessions (Final Rule), requiring the application of all pharmacy price concessions to the negotiated price at the point of sale. CMS included a one-year delay in the implementation of this rule and encouraged plans and PBMs to make cash flow arrangements with their network pharmacies to prepare for implementation. With the effective date of Jan. 1, 2024, CMS continues to encourage preparation for the pending change. CMS notes that they will closely monitor compliance with pharmacy access and prompt payment standards.
- CMS expressed concern about payment practices that may impede access to recommended vaccinations, noting that plans and PBMs need to take immediate steps to ensure adequate payment for and access to vaccines.
- CMS expressed concern about the potential for anti-competitive practices due to increasing vertical integration among plans, PBMs, and pharmacies. CMS urged plans and PBMs to engage in sustainable and fair practices with all pharmacies and noted that they are closely monitoring plan compliance with network adequacy standards.
- CMS noted that privately insured patients and providers often have difficulty navigating plan exceptions processes to obtain medically necessary contraceptives required under the Affordable Care Act (ACA) and that some plans and issuers impose cost-sharing if claims are submitted with unrelated diagnostic codes or if the provider did not use a specific preventive care procedure code. CMS urged plans, issuers, and PBMs to ensure that their processes and systems provide full coverage of preventive services without cost sharing, as required by federal law.
- CMS urged plans to ensure that their guidance and systems reflect required vaccination coverage. Most children enrolled in Medicaid and Children's Health Insurance Program (CHIP) are covered for all routine, medically necessary vaccines recommended by the Advisory Committee on Immunization Practices

(ACIP). Most adults enrolled in Medicaid and CHIP have coverage of FDA-approved and ACIP-recommended vaccinations without cost-sharing under the Inflation Reduction Act (IRA), effective Oct. 1, 2023. COVID-19 vaccinations must be covered for nearly all Medicaid and CHIP beneficiaries through Sept. 30, 2024, under the American Rescue Plan Act of 2021.

- CMS expressed concern about the inappropriate use of utilization management tools, including prior authorization. CMS noted its intent to provide robust oversight to ensure that Medicare Advantage organizations are complying with requirements.

More on This Topic:

- [Letter](#)
- [Final Rule](#)
- [Vaccine Guidance](#)
- [Vaccine Fact Sheet](#)

For questions, please reach out to [Vicky Jucelin](#).

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