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Inflation Reduction Act

- Preparing for Medicare Drug Pricing

Agenda

- The Basics of the Medicare Drug Price Negotiations
- Medicare Transaction Facilitator (MTF) Enrollment
- Maximum Fair Price (MFP) data and cash flow
- Take Aways



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Key Abbreviations

DDPS	Drug Data Processing System
MFP	Maximum Fair Price
MTF	Medicare Transaction Facilitator
MTF DM	Medicare Transaction Facilitator Data Module
MTF PM	Medicare Transaction Facilitator Payment Module
PDE	Prescription Drug Event
SDRA	Standard Default Refund Amount
WAC	Wholesale Acquisition Cost



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The Basics

- Provisions addressing the cost of drugs paid by Medicare is part of The Inflation Reduction Act which was signed into law on August 16, 2022

Effective Year	Provision	Medicare Payer
2023	Inflation Rebates, \$35 Insulin Copay Cap, elimination of cost sharing on vaccines	Medicare Part B & D
\$2,000 out-of-pocket cap	2025	Medicare Part D
Medicare Drug Price Negotiation	2026	Medicare Part B & D for high-cost drugs



Medicare Drug Price Negotiation

- Beginning January 1, 2026
- The first 10 MFP on negotiated drugs goes into effect
- Only applies to Medicare part D for 2026 & 2027
- Part B will be added starting in 2028



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What is Maximum Fair Price (MFP)?

- Select single-source biologics or brand-name drugs
 - Generics are not included
- Small molecular drugs must have been on the market for at least 9 years
- Biologics must have been on the market for at least 13 years
- The drugs must have had a high Medicare spend in the previous 12 months



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MFP....

- The number of drugs affected

Year	Number of Total Drugs
2026	10
2027	25
2028	40
2029	60
2023	80

- Shown are the number of drugs. All strengths and package size are affected



Affected Drugs in 2026

Drug	Manufacturer
Eliquis	Bristol-Myers Squibb
Enbrel	Amgen
Entresto	Novartis
Farxiga	AstraZeneca (& Prasco)
Imbruvica	AbbVie
Januvia	Merck
Jardiance	Boehringer Ingelheim
Novolog/FIASP	Novo Nordisk
Stelara	Johnson & Johnson
Xarelto	Johnson & Johnson



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How Does MFP Affect 340B?

- IRA: Section 1193 in layman's terms
 - Beginning January 1, 2026, Medicare Part D payment will not exceed the MFP for the negotiated drugs
 - 340B Covered Entities get the lower of the 340B price or the MFP.



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Reimbursement....

- If a drug has a negotiated MFP, Medicare Part D will reimburse at the MFP
 - 340B Covered Entity purchase at the lower of the two prices
 - Generally, 340B price will be at or below the MFP



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Medicare Transaction Facilitator (MTF)

- Phase II: Enrollment
 - June – December 2025
 - CMS launch of MTF data module (MTF DM)
 - Dispensing Entities able to enroll




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NCPDP: Validate Your Information



Welcome David Christian | [Logout](#)

[Home](#) [NCPDP Provider ID](#) [Tools](#) [My Preferences](#) [Help](#)

Home > NCPDP Provider ID > View Pharmacy

Part I

Part II

Primary Information

Addresses

NPI Information

License Information

Class & Taxonomies

Services

Contact Information

Active Relationships

FWA

Actions

[Edit Profile](#)

[Add Notes](#)

[Missing Credential Documents](#)

[Missing Mandatory Fields](#)

[Credential My Profile](#)

[Modify Relationship/Payment](#)

4807282 - CENTRAL VIRGINIA HEALTH SERVICES

Status **Active** [Edit Profile](#)

Pharmacy Email

Print

Pharmacy Email
rx@cvhsinc.org

Authorized Official

Prefix	Title PHARMACY DIRECTOR
First Name David	Email rx@CVHSINC.ORG
Middle Initial W	Phone (434) 581-3271
Last Name Christian	Extension 10513
Suffix	Fax (434) 581-2523
Degree BS Pharm	

Profile Manager Contact



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MTF Enrollment

- <https://links-2.govdelivery.com/CL0/https:%2F%2Fmtf.cms.gov%2Fmtfdm%2Flogin/1/0101019953e26518-029a1330-aa71-47f8-a1df-31354d660e82-0000000/kImd1XCStCNe-axS4-yS2PhXxyh36bxBhkUAF330uOE=423>



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Welcome to the Medicare Transaction Facilitator (MTF)

Sign in to the MTF to enroll your organization, invite additional users to create their own profiles, and access key features designated for manufacturers, dispensing entities, and third-party support entities.

Already have CMS Identity Management (IDM) credentials? You can use them to sign in and set up your profile immediately.

Learn more about the MTF by visiting the [Medicare Drug Price Negotiation section](#)  of the CMS website.

User ID

Password

By signing in to the MTF, you agree with our [Terms & Conditions](#).

Sign in

[Forgot User ID?](#)

[Forgot password?](#)

OR

[Register as a new user](#)

[Unlock account?](#)

[Help desk](#)



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MTF pulls pharmacy Information from the NCPDP Portal

← ↻ 🔒 https://mtf.cms.gov/mtfdm/verify-organizations

www.dhp.virginia.gov Extensions 340b.walgreens.com Curascript Office of

Medicare Transaction Facilitator (MTF)

Administration ▾ DE/TPSE Enrollment Manufacturer Dashboard

Add organizations

- Select an email address**

You selected D*****N@INHOUSEPHARMACYPARTNERS.COM
- Add organizations to your profile**

One or more organizations are associated with this email address in the NCPDP database. Choose the one(s) you want to add to your MTF profile. For each email you select, review the information displayed, then indicate whether or not you are authorized to sign legal agreements on its behalf. After choosing your organizations, select Email a verification code to verify your access to this email address.

☐ LIGHTHOUSE COMMUNITY HEALTH SERVICES LLC Organization 4852148

Organization type: Dispensing Entity (non-Chain)

Organization ID: 4852148

Organization name: LIGHTHOUSE COMMUNITY HEALTH SERVICES LLC

Point of contact: DAVID CHRISTIAN

Are you authorized to sign agreements for behalf of this organization?

☐ Yes
You will be added as an Authorized Signatory Official.

☐ No
You will be added as an Access Manager. After your profile is created, you must invite the Authorized Signatory Official for this organization.

Email a verification code
- Verify your email address**

To verify your email addresses, please enter the one-time passcode (OTP) sent to your inbox. Once verified, your email addresses will be displayed below.



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MTF DM Dispenser Enrollment

- Section 1

- Entity User Roles

- Authorized Signatory Official (AO)
 - Can legally bind the organization
 - Access Manager: Designated by the AO
 - View, modify, submit and certify the completeness and accuracy of the information
 - Staff End User:
 - Limited to submitting complaints and disputes
 - Can view and download information



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MTF DM Dispenser Enrollment

- Section 2
 - Entity Identification Information
 - Option 1
 - Use the information found on the NCPDP
 - This helps make the enrollment procedure more efficient and accurate
 - Option 2
 - Manual entry



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Self-Identified Cashflow Concerns

- Per CMS, Pharmacies most likely to be impacted
 - Sole proprietor rural or urban pharmacies with high Medicare Part D prescription volume
 - Pharmacies relying predominantly on Medicare prescription revenue
 - Long term care pharmacies
 - **340B Covered Entities**



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Cashflow Concerns

- Question will be asked do you expect a cashflow problem
 - How will you answer this question for your organization?
 - If Yes
 - You will need to enter your Pharmacy (ies) NPI
 - Download the excel document
 - Enter all the NPI numbers
 - Upload the completed document



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Section 3: Dispensing Entity Financial Information

- Payments Received through PSAOs
 - You will be required to provide your banking information even if you elect to be paid through your PSAO (electronic or paper check)
 - You will need
 - Bank Name
 - Account Name
 - Account type (Checking or Savings)
 - Account Number
 - Routing Number
 - A Bank letter or a voided check
 - Bank letter must have all the above data points and be signed by a bank official
 - Employer Identification Number (EIN)



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Section 4:

Dispensing Entity MFP Refund Payment Instructions for Primary Manufacturers Not Participating in the MTF PM

- Acknowledge and agree to sharing your financial information with those manufacturer's not participating in MTF PM



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MTF DM Dispenser Enrollment

- **Section 5**

- Entity Contact Information
 - Primary and Secondary Point of Contact

- **Section 6**

- Entity Certification
 - Equivalent to CEO or CFO or someone who had been delegated the authority to certify



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MTF: Call Helpline

Toll-Free: 877-683-4457 (877-MTF-4HLP)



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Payment Process

- Pharmacy purchases the drug at the retail price
- Pharmacy submits MFP claim to Medicare Part D Plan
- Plan pays reimbursement of MFP plus the dispensing fee, along with anticipated Standard Default Refund Amount (SDRA)
 - SDRA is the difference from the warehouse acquisition cost and maximum fair price
- Data received by the MTF and transmits it to the Manufacturer
- Manufacturer determines the MFP refund amount and refunds the pharmacy within 14 days
 - There is no refund for 340B eligible claims if the 340B cost is lower than MFP



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Evaluating the Impact at the NDC level

- 80% of the negotiated NDC numbers have MFP higher than 340B pricing
 - 70% still allow for margin
 - 10% are neutral
- 20% of the negotiated NDC number have MFP lower than 340B pricing
 - Most likely these NDCs will not be winners through contract pharmacy relationships



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Options for the Health Center

1. Take the loss
2. Switch to another treatment option
 - Not always feasible
 - Possible for some disease states like diabetes
 - May be tricky to just do this for Medicare patients
 - This would require provider cooperation



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Options.....

- Open an in-house pharmacy
 - It has been shown that revenue can be as much as 15 times higher when prescriptions are filled at entity-owned pharmacies verses contract pharmacies.
 - Most medications will contribute net margins
 - MFP will still impact revenue but will allow net margins on most negotiated drugs.
 - Even if the MFP is lower than 340B it will still yield a dispensing fee.
 - The pharmacy will be made whole
 - Improved patient access



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