



RedSail
TECHNOLOGIES®

DIR Fees

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What Are DIR Fees?

- DIR Fees are fees charged by PBMs to pharmacies outside of prescription administration fees and are generally collected after the point of sale (3-12 months).
- PBMs often use different names for DIR Fees, such as “performance fees,” “claw backs,” or similar names.
- DIR Fees can be calculated by flat dollar fees or percentage based.
- Many prescriptions may be filled for less than the acquisition cost of the drugs after accounting for DIR Fees.
- A pharmacy’s lack of performance on unpredictable quality measures can drive increased DIR Fees.
- The use of DIR Fees has increased by **91,500%** between 2010 and 2019.
- Between December 2017 and December 2020 almost **2,200** pharmacies closed nationwide, largely in part because of extremely high surprise bills from DIR Fees.
- DIR Fees weaken the overall value of the Medicare insurance benefit intended to provide health care coverage for our nation’s oldest and most vulnerable citizens.
- The big three insurance companies collected ~\$756 billion in revenue in 2021, with DIR Fees contributing nearly 50%.



What Can I Do To Better Manage DIR Fees?

- Understand the Performance-Based Pharmacy Model and important metrics associated with 5-Star Quality Ratings (EQuIPP[®], PSAO Tools).
- Reduce pharmacy labor expenses by automating routine tasks.
- Promote and maintain prescription adherence and PDC scores using medication synchronization (examples: [Health-Minder Report[®]](#) and [InstantFill[®]](#)).
- Poor refill rates, generic/preferred product rates, poor audit performance, and lack of quality measures can be associated with reimbursement reduction.
- Offer non-prescription (clinical) pharmacy and specialty products or services, such as CMRs, MTM Cases, and eCare Plans.
- Get involved with pharmacy advocacy groups to drive legislative change.



How Can QS/1 Help With DIR Fees?

- Improve Pharmacy Star Ratings with readily available tools such as:
 - [CycleRx medication synchronization](#) or compliance packaging solutions
 - [Administration of immunizations](#)
 - [MTM case management](#)
 - [RedSail Patient Chart](#) for eCare Plans
- Optimize your workflow to free up personnel time for more billable clinical services.
- Run custom reports to identify and evaluate Medicare Part D plans that lose your pharmacy money.
- Use the built-in [DIR Fee Estimator](#) tool to better account for DIR Fees per individual price plans using different methods: AWP, GER, BER, or create your own calculation.
- Pre- and post-adjudication DIR Fee adjustments with negative margin alerts.

