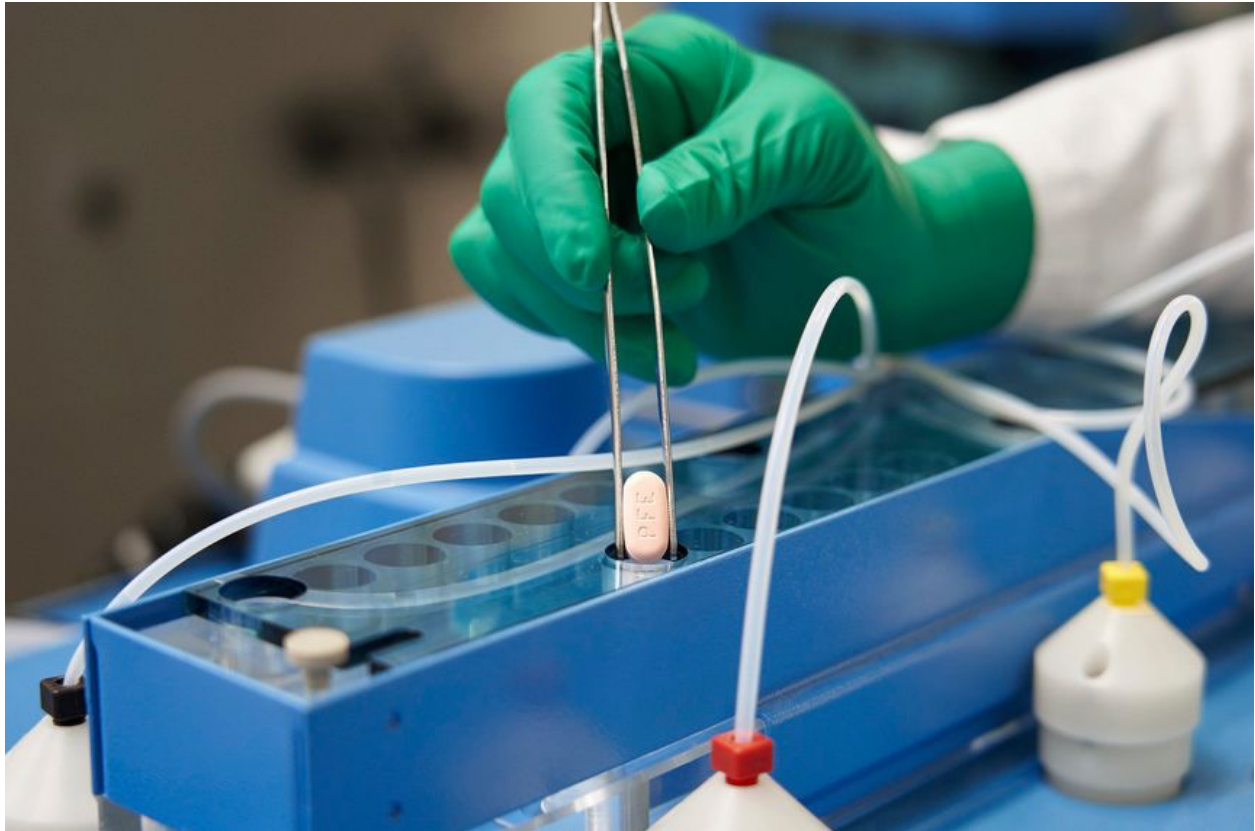


Covid-19 Pill Access at Risk as Pharmacies Push for Bigger Payments

Government bought the pills, but dispensing fees were left up to private firms, with many pharmacies out of pocket filling the prescriptions



The government paid billions of dollars for courses of Pfizer's Paxlovid, shown, and molnupiravir from Merck and Ridgeback Biotherapeutics.

PHOTO: PFIZER/ASSOCIATED PRESS

By

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The rollout of new Covid-19 pills has exposed a potentially costly hole in how the government and healthcare companies are managing the pandemic drug response.

Pharmacies that dispense the pills are pushing back and some are threatening to halt supplies if they don't get more funds to cover the gap.

The government paid billions of dollars for [the pills, Paxlovid](#) from [Pfizer](#) Inc. and [molnupiravir](#) from [Merck](#) & Co. and Ridgeback Biotherapeutics LP. Yet it left the details of how much pharmacists should be paid for filling prescriptions to health insurers and prescription-processing middlemen known as pharmacy-benefit managers.

The commercial firms are paying pharmacies as low as a penny to about \$10 for filling each prescription, according to pharmacists and pharmacy-transaction records reviewed by The Wall Street Journal.

Many pharmacists say the fees don't cover their costs of filling the prescriptions, and some say they won't stock the pills at current low reimbursement rates. More pharmacies could drop out as supplies of the pill increase if fees aren't raised, hurting access to pills that promise to keep people at high risk of developing severe Covid-19 [out of the hospital](#), industry consultants and a Biden administration official said.

"That last-mile delivery has sort of been ignored here, and it's going to have to be fixed if there ever gets to be a bit of demand," said Susan Lang, chief executive of retail pharmacy supply chain consulting company XIL Health.

The issue has prompted pharmacies to launch a lobbying push in Washington, urging the federal government to step in.

The National Community Pharmacists Association trade group has urged the Centers for Medicare and Medicaid Services to recommend a fee similar to the \$40 that Medicare pays pharmacies administering Covid-19 vaccines.

The National Association of Chain Drug Stores, which represents pharmacies including [Kroger](#) Co. and [Walgreens Boots Alliance](#) Inc., also supports a CMS recommendation, though it isn't specifying an amount. The figure could help pressure all commercial and government health plans to increase how much they

are paying, said Sara Roszak, senior vice president for health and wellness strategy and policy for the industry group.

“This is an instance in which just saying business as usual doesn’t work,” said Ms. Roszak. “The difference here is that we’re in the middle of a global pandemic.”

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The FDA has cleared Merck’s new Covid-19 therapy molnupiravir, the latest antiviral that adults can take at home to avoid severe disease. WSJ’s Daniela Hernandez explains the science behind the new drug. Photo: Merck

Benefit managers will likely revise fees, but are looking for the government to provide more direction on what the fees should be, said JC Scott, chief executive of the Pharmaceutical Care Management Association, the trade group for pharmacy-benefit managers.

Access to Covid-19 treatments, including the pills, is a top priority of CMS, which “continues to stress the importance of appropriate dispensing fees for these drugs,” a spokeswoman said. And while CMS can’t regulate dispensing fees for private

health insurance, the agency has encouraged firms “to consider paying an appropriate dispensing fee for these drugs,” the spokeswoman said.

The fee issue stems from the unusual role that the government is playing in the drug-supply chain for Covid-19 medicines.

Pharmacies normally make money from drug prescriptions in two ways: from marking up the drugs they buy and then sell, and by getting from pharmacy-benefit managers a dispensing fee for filling each prescription.

Yet [the government bought the Covid-19 pills](#) as part of its pandemic response, leaving pharmacies only able to get dispensing fees.

The dispensing fee is supposed to cover pharmacy services, staff and overhead. Pharmacy-benefit managers, who often handle drug benefits for commercial health insurers and self-insured companies, typically pay a sum specified in contracts that the middlemen negotiate with pharmacies. Under a quirk of federal law, PBMs also set dispensing fees for Medicare beneficiaries who get pills under the Part D benefit.



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PHOTO: ANDREW KELLY/REUTERS

While the Covid-19 pills were under regulatory review last year, CMS said Part D health plans should pay higher fees than they normally do for pills, but didn't specify an amount. The federal government, however, didn't give PBMs funding to help cover the dispensing fees.

Fees under \$11 account for 96% of claims processed by about 450 independent pharmacies belonging to a network run by drug wholesaler [AmerisourceBergen](#) Corp. , a spokeswoman said.

The PBM fees are lower than the \$12 that the federal government is reimbursing prescriptions for uninsured patients. Some Medicaid programs, including New York's, are paying around \$10.

Dorinda Martin, who owns two Martin's Wellness pharmacies in the Austin, Texas, area, said she has stopped dispensing the pills because the stores were getting paid an average dispensing fee of \$3.95. Sometimes, she said, the pharmacies didn't get any fee at all.

"We cannot continue to fill prescriptions at a loss," said Ms. Martin. "It was a tough decision. I hate not being able to serve the community."

Pharmacists say Paxlovid and molnupiravir prescriptions typically take more than 30 minutes to fill, longer than other drugs. They say they must often gather the medical history of new customers and then make sure they aren't taking any other drugs that the Covid-19 pills can't be used with safely.



Prescriptions for molnupiravir, shown, and Paxlovid typically take longer than other drugs to fill, according to pharmacists.

PHOTO: MERCK & CO INC/REUTERS

Pharmacists also say they have to spend substantial time counseling patients on taking the pills.

“I’m not going to dispense it if I can’t go through the rigors of making sure it’s safe for our patients,” said Joe Moose, who said his family-owned pharmacies around Charlotte, N.C., have received fees that are usually less than \$1.

Steve Adkins, who owns Health Park Pharmacy in Raleigh, N.C., said he is dispensing the Covid-19 pills but has stopped submitting claims, in hopes that the issue will be resolved and he can recoup costs later. Mr. Adkins said his pharmacy has sometimes delivered the pills to the homes of customers who are isolating.

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