

# Exploring the Impacts of the DIR Hangover on Minnesota Community Pharmacies

Gracie Mallak  
2026 PharmD Candidate

Creighton  
UNIVERSITY





# Research Team

- Kevin Fuji, PharmD, MA
  - Associate Professor of Pharmacy Sciences





# Background

- Direct and Indirect Remuneration (DIR) fees
  - “fees, payments, or payment adjustments made after the point-of-sale that change the cost of Part D covered drugs for Part D sponsors or PBMs”<sup>1</sup>
  - DIR fee increase<sup>2</sup>
- DIR Hangover
  - As a result of the Medicare Part D Final Rule effective January 1, 2024 that made DIR fees transparent at the point-of-sale negotiated price, pharmacies were paying the retrospective DIR fees from 2023, while also paying the upfront DIR fees in 2024, contributing to cash flow concerns.<sup>3</sup>



# Why Does This Matter?

## Pharmacy closures

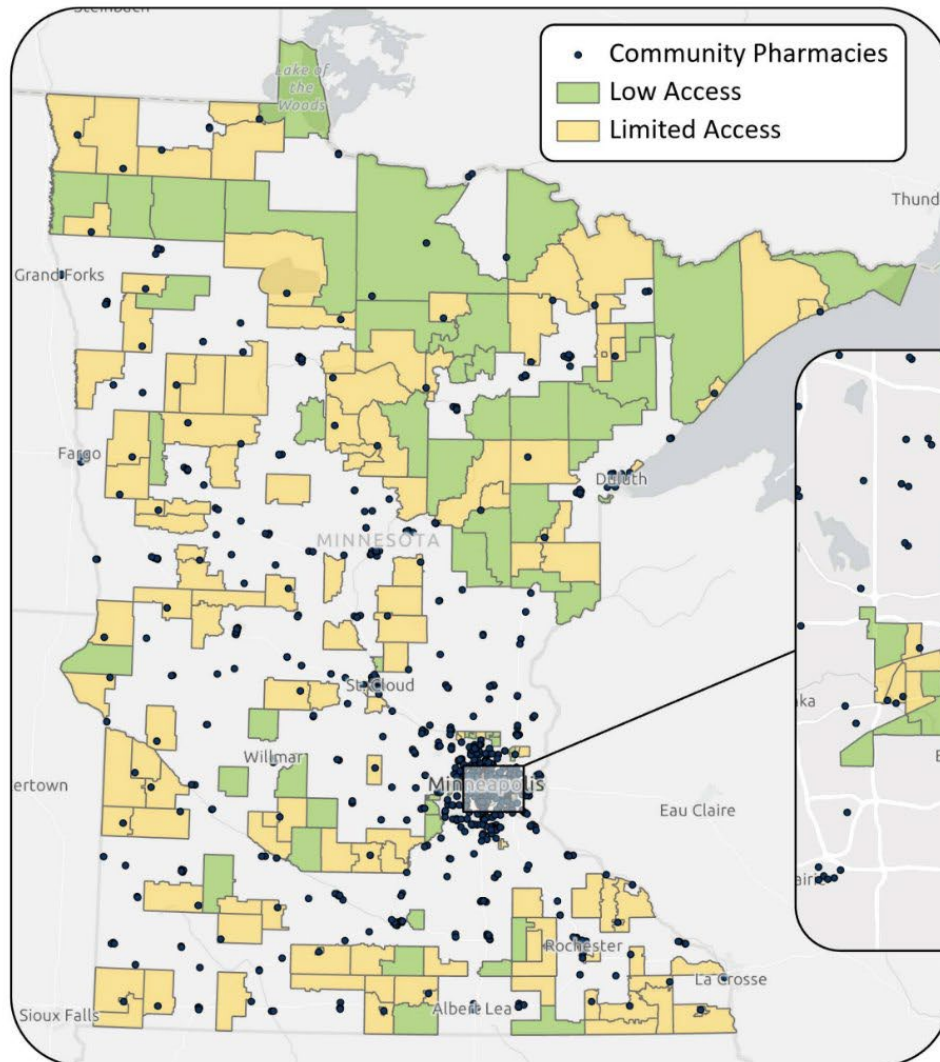
- MN BOP pharmacy closure statistics, 2013-2024<sup>4</sup>:
  - 44% of all pharmacies
  - 61% MN independent pharmacies
  - 39% chain pharmacies

## Pharmacy deserts = decreased access to care

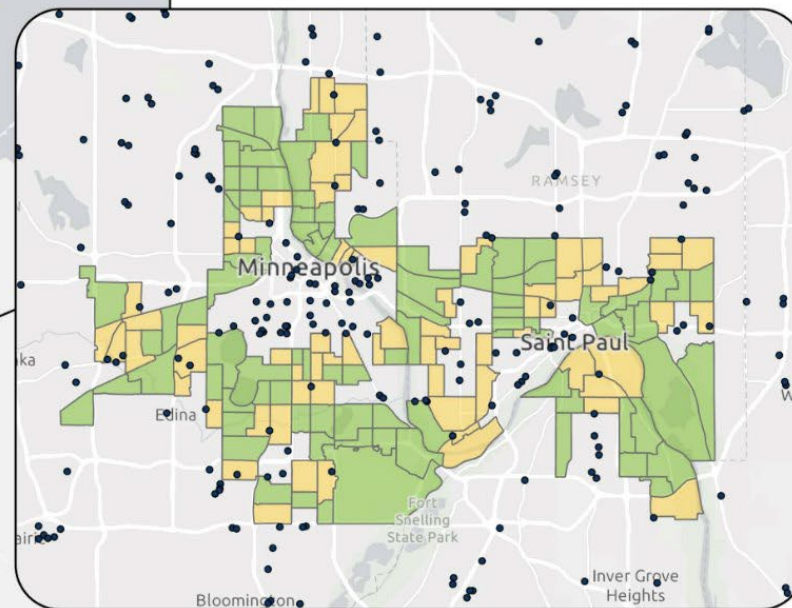
- 8 cities lost their only pharmacy in 2023<sup>5</sup>
- MN ranked 10th in the nation for most people living in a pharmacy desert in 2024<sup>6</sup>



## Pharmacy Access Gaps in Minnesota, 2024



Nearly half a million  
Minnesotans live in areas with low  
pharmacy access. Many more live in  
limited access areas that are at risk  
of losing access with the closure of a  
single pharmacy.



Developed in collaboration with Minnesota Department of Health  
Cardiovascular Health Unit and University of Minnesota College of  
Pharmacy, July 2024



# Why Does This Matter?

- Illuminate the need for legislative change that appropriately compensates pharmacies and allows them to continue providing care
- Current legislative action:
  - Successful call for removal of mandatory NADAC reporting in "One Big Beautiful Bill"
  - Minnesota, Illinois, Virginia, Arkansas, and Alabama<sup>8, 9, 10, 11, 12</sup>
  - Introduced "Pharmacist Fight Back Act" and "Patients Before Monopolies Act" (PBM Act)



# Purpose

Explore how community pharmacies in Minnesota have been impacted by DIR fees and the DIR hangover.





# Methods: Study Design and Sample

## Study design

- Explanatory mixed methods
  - Online survey
  - Follow-up interviews

## Sample

- All pharmacists with an active MN pharmacist license
  - Email contact information obtained from MN Board of Pharmacy





# Methods: Survey – Data Collection

- Researcher-developed and focused on:
  - Knowledge and impact of DIR fees and DIR hangover
  - Steps taken to address the impact of DIR fees and hangover
  - Perceived continued impact of DIR fees and hangover
- Housed online through BlueQ (Qualtrics)
- Three total invitations sent 2-3 weeks apart with survey remaining open for one month after the final invitation



# Methods: Interview – Data Collection

- All survey participants who indicated a willingness to be interviewed were contacted
- Interviews are being conducted via Zoom or phone using a semi-structured interview protocol which expands upon survey questions
- All interviews are recorded and transcribed



# Data Analysis

## Survey data

- Closed-ended questions were analyzed descriptively using frequency counts, percentages, and means as appropriate
- Sub-analysis to compare chain vs. independent pharmacies
- Open-ended data is being analyzed using a qualitative content analysis

## Interview data

- Transcripts are being analyzed using a qualitative thematic analysis
- Two researchers will individually code using open coding, then categorize similar codes, and come together to identify emerging themes





# Results

- 125 responses were included in the final analysis
- Practice setting
  - 51% chain
  - 36% independent
  - 13% other
- Respondents worked an average of 39 hours per week
- Their pharmacies dispensed on average 358 prescriptions per day
- On average, 46% of their prescriptions were for Medicare Part D patients

# Results

- 80% know what a DIR fee is
- 51% know what the DIR hangover is
- 62% of respondents noted that both DIR fees and the DIR hangover have had a significant negative financial impact on their pharmacy



# Results

- Steps taken on the pharmacy level to address DIR fees/DIR hangover
  - "We were unable to effectively manage DIR fees without knowing what they might be or when the funds would be taken from us."
- Minimal steps have been taken on the individual pharmacist level
  - 2% have obtained certification as an insurance agent
  - 3% have obtained additional formal education
  - 15% have obtained additional informal education





# Results

Service	Provide and are reimbursed	Provide but are not reimbursed
Immunizations	61%	6%
Dispensing	57%	12%
MTM	41%	13%
Compounding	30%	11%
Unit dose packaging	16%	23%
Point-of-care testing	16%	15%
Facility servicing	16%	14%
Medication synchronization	7%	41%
Health screenings	7%	23%
Diabetes education	4%	18%
Pharmacogenomics testing	2%	7%

# Results

Reasons for providing various services	Percent
Desire to provide the highest quality patient-centered care	54%
The service(s) is/are important for the community	46%
Patients require these services	32%
Our pharmacy requires the revenue associated with the service to keep the doors open	30%



# Results

Service	Introduced due to DIR fees	Introduced due to DIR hangover
New/additional clinical services	15%	9%
Services and products focused on preventative care	5%	3%
Prescription medication and lifestyle support	5%	2%
Expanded OTC options	2%	1%





# Conclusions

- While most pharmacists are aware of what DIR fees are, fewer pharmacists could define the DIR hangover. There may be a need for better mechanisms to support practitioners learning about these issues.
- Many community pharmacies are providing important services but are not reimbursed for those services. This further emphasizes the importance of advocacy and legislative change.
- Community pharmacists recognize the importance of providing a wide range of services to meet the patient care needs of the populations they serve.
- Sub-analyses and interviews are ongoing



# Limitations

Small sample size

Inability to calculate response rate

Incomplete surveys



# Future Directions

- Examine the current ways in which advocacy and policy education is provided to both active practitioners and pharmacists-in-training.
- Explore which policy changes are most effective in supporting pharmacist-provided patient care services and advocate for those changes on a local and national level.
- Study the long-term financial impact of the change to the timing of when DIR fees are collected.
- Utilize learning from efforts such as CPESN



# Resources

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*Thank you!*

Gracie Mallak

2026 PharmD Candidate

651-307-9613

[graciemallak@creighton.edu](mailto:graciemallak@creighton.edu)