NATIONAL INFUSION CENTER ASSOCIATION

MEDICARE PART B DRUG REPAYMENT DEMO

BAD FOR PATIENT ACCESS

On March 8, 2016 the Centers for Medicare and Medicaid Services (CMS) announced a proposed rule to test new payment models for prescription medications covered under Medicare Part B.

WHAT THE CURRENT PROPOSED MODEL WILL DO

- Shift Part B drug payments from the current Average Sales Price (ASP)+6% model (ASP+4.3% with sequestration) to ASP+2.5% (ASP+0.9% with sequestration) plus a nominal flat rate based on the % increase in the previous year's consumer price index for medical care, currently $16.80 as proposed.
- CMS is accepting comment on the proposed rule (available at www.federalregister.gov/public-inspection) until May 9, 2016.

> Phase 1 of the model is expected to be implemented Fall 2016
>
> Phase 2 is expected to be implemented early 2017

CMS INTENTIONS FOR THE DEMONSTRATION

CMS outlined their intentions for the demonstration in the March 8, 2016 CMS press release. See below.

CMS-STATED OUTCOMES	CMS-STATED EFFECTS	ACTUAL OUTCOMES	ACTUAL EFFECTS
Improve how Medicare Part B pays for drugs	CMS COST ↓	• Drastically cut drug payment and ***force providers to use cheaper, less effective drugs*** without any regard for patient safety or health outcomes	CMS COST ↑ ACCESS ↓
Improve how Medicare Part B supports physicians delivering higher quality care	ACCESS ↑	• Make it ***harder*** for providers to support and manage their patients' care • Transition infusion patients to more expensive, less accessible hospitals	ACCESS ↓ CMS COST ↑
Drive the prescribing of the most effective drugs and *reward* positive patient outcomes	CMS COST ↓	• Drive prescribing of the ***cheapest*** drugs, despite more effective drugs, regardless of patient outcomes • Infusion providers will continue to prescribe high-cost IV/injectables that lack lower-cost alternatives • Patients will be forced into more expensive, less accessible hospitals	CMS COST ↑ ACCESS ↓
Help patients get the *right* medication and *right* care	ACCESS ↑	• Help patients get the ***cheapest*** medication and ***more expensive*** care in hospitals • Patients will continue to get the same high-cost medications but in a higher-cost site of care	ACCESS ↓ CMS COST ↑

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KEY TAKEAWAYS

- Increased reimbursement pressure will restrict patient access to care and result in transition of patients to more expensive and less accessible sites of care.

- Providers rely on the drug payment to cover the direct costs of acquiring and delivering the IV/injectable medication and the indirect costs of coordinating patient care. This payment has already been cut from ASP+6% to ASP+4.3% under sequestration.

- Due to the flaws in the design of the current ASP formula, the margin on treating Medicare patients is break-even or only 1-2%.

- No providers are willing to risk financial ruin of their practice to treat Medicare patients, so many providers may stop treating Medicare patients

- Slashing this margin to <1% (under sequestration and before the effects of ASP formula flaws) will NOT produce the expected outcomes. Instead, this proposal will:

  > Impart significant financial loss to providers
  >
  > Inhibit providers' ability to care for Medicare patients, so many of them may stop treating Medicare patients in their office settings
  >
  > Displace an enormous amount of Medicare patients and Part B medication spend, forcing them into more expensive hospitals
  >
  > Restrict patient access to the medications and high quality care they need
  >
  > Increase costs to Medicare

- CMS financial impact estimates assume that beneficiaries will remain in their current site of care

  > Don't consider the # of study group providers that will stop treating Medicare patients
  >
  > Don't consider the # of patients shifting into more expensive sites of care (i.e., hospitals)

- A payment model that will disrupt an affordable, accessible and compassionate delivery channel, restrict patient access to the medications they need, and increase costs to Medicare will not "encourage better care, smarter spending, [or] healthier people." – CMS News Brief (3/8/16)

- If CMS is concerned about provider profit margins, they clearly haven't considered the enormous profit margins 340B hospitals will be receiving on an enormous influx of high-cost IV/injectable medications

- The proposal is a devious attempt to circumvent Congress and implement a payment cut under the guise of an CMMI "demonstration" to test innovative ways Medicare can pay for Part B drugs "while supporting providers" – CMS News Brief (3/8/16)