



Thursday, March 24, 2016

CMS Releases Proposed Rule for Medicare Part B Drug Payment Model

On March 8, the Centers for Medicare & Medicaid Services (CMS) released a proposed rule to test changes to Medicare Part B reimbursement for physician administered treatments. The proposal includes a mandatory two stage demonstration project taking place over five years and impacts a majority of physicians participating in the Medicare program. [Read below.](#)

Lawmakers, Cancer Care Leaders and Patient Advocates Oppose CMS's Part B Test

Lawmakers, patient advocacy groups, providers and other healthcare stakeholders have expressed opposition to CMS' proposed test program and urged the agency to withdraw its proposal or risk seniors' access to clinically necessary drugs and therapies. [Read below.](#)

MedPAC Report Recommends Reduction in Medicare Part B Payments to 340B Hospitals

On March 15, the Medicare Payment Advisory Commission (MedPAC) released its latest report to Congress, which includes recommendations for altering 340B payments for Medicare Part B drugs. [Read below.](#)

House Budget Committee Passes FY2017 Budget Resolution

On March 16, the House Budget Committee approved the Fiscal Year 2017 Budget resolution, *A Balanced Budget for a Stronger America*, which seeks to reduce the deficit by \$7 trillion and balance the nation's budget. [Read below.](#)

FULL ARTICLES

CMS Releases Proposed Rule for Medicare Part B Drug Payment Model



On March 8, the Centers for Medicare & Medicaid Services (CMS) released a proposed rule to test changes to Medicare Part B reimbursement for physician administered treatments. The proposal includes a mandatory two stage demonstration project taking place over five years and impacts a majority of physicians participating in the Medicare program.

According to CMS, the proposed rule is designed to test different physician and patient incentives to drive the prescribing of the most effective drugs, and test new payment approaches to reward positive patient outcomes.

Two Stage Demonstration Model:

Stage 1:

- No earlier than 60 days after the final rule is released to the public, CMS would begin to test changes to Medicare Part B average sales price payments for drugs by creating a control group and a study group. One group would remain under the current ASP + 6% reimbursement structure and the second would receive ASP + 2.5% plus a flat fee of \$16.80 per drug per day payment.

Stage 2:

- No earlier than January 1 2017, CMS would begin to test value-based purchasing arrangements by further dividing the average sales price test and control groups. The same set of value-based purchasing tools will be used in each of the two new study groups.
- The proposed rule seeks comments on testing five different alternative approaches to value-based purchasing to improve outcomes and align incentives to improve quality of care. The proposed approaches include:
 - Discounting or eliminating patient cost-sharing
 - Feedback on prescribing patterns and online decision support tools
 - Indications-based pricing
 - Reference pricing
 - Risk-sharing agreements based on outcomes

Providers and suppliers would be placed in a control or study group based on Primary Care Service Areas, which are clusters of zip codes based upon patterns of Medicare Part B primary care services (excluding the state of Maryland where hospital outpatient

departments operate under an all-payer model). The exact geographic locations the models would be operational in will be posted later this year.

The Oncology Care Model

- CMS notes that there are possibilities of overlap between the Part B Drug Payment Model and other CMMI payment models, such as the Oncology Care Model. They propose to include OCM practices in the Part B Drug Payment Model, but are requesting comment on the best approach for handling the overlap and whether they should exclude OCM practices and their comparison practices from the Part B Drug Payment Model.

Sequestration

- The proposed rule does not consider reductions already applied to Medicare payment under sequestration.

The US Oncology Network will comment on the proposed rule before the May 9th deadline and encourages practices to do so as well.

To view the CMS proposed rule, [CLICK HERE](#).

To view the CMS fact sheet, [CLICK HERE](#).

Lawmakers, Cancer Care Leaders and Patient Advocates Oppose CMS's Part B Test

Since the Centers for Medicare & Medicaid Services (CMS) announced plans to overhaul payments for Medicare Part B drugs on March 8, lawmakers, patient advocacy groups, providers and other healthcare stakeholders have expressed opposition to the plan based on concerns that the proposed reimbursement changes will negatively impact patient access to care. CMS's announcement and the healthcare community's concerns have received a significant amount of [media coverage](#) in national, DC and trade press.

Specifically, The US Oncology Network and our coalition partners have expressed concern that changes to the ASP + 6% payment structure will result in reduced access to clinically-effective prescription drugs and biologics and push oncology care into the more expensive hospital outpatient setting.

Prior to the release of the proposed rule, a group of more than 60 oncology providers, societies and associations sent a letter to CMS urging the agency to permanently withdraw the Part B Drug Payment Model from consideration.

To view the oncology-specific letter to CMS, [CLICK HERE](#)

Ways and Means Committee Chairman Kevin Brady (R-TX), House Energy and Commerce Committee Chairman Fred Upton (R-MI), and Senate Finance Committee Chairman Orrin Hatch (R-UT) voiced opposition to the Medicare Part B Drug Payment Model in a joint statement, warning that the plan may limit access to the critical care the sickest Medicare beneficiaries rely on, as well as disrupt how healthcare providers serve patients in the future.

To view the Brady-Upton-Hatch statement, [CLICK HERE](#).

On March 17, a group of 316 patient advocacy and healthcare groups sent a letter to Senate Majority Leader Mitch McConnell (R-KY), Senate Minority Leader Harry Reid (D-NV), House Speaker Paul Ryan (R-WI) and House Minority Leader Nancy Pelosi (D-CA) asking the Congressional leaders to urge CMS to pull back to newly proposed Part B Drug Payment Model. The letter states there is no evidence indicating that CMS's proposed payment changes will improve quality of care. Instead, they warn, the plan may adversely impact those patients who lose access to their most appropriate treatments. The 316 groups highlight that data suggest the current Part B drug payment system has been both cost effective and successful in ensuring patient access to their most appropriate treatment.

To view the 316 group letter to Senate and House leaders, [CLICK HERE](#).

The US Oncology Network will continue to work with our coalition partners to address concerns related to the CMS proposal and educate lawmakers on the flawed aspects of this policy proposal in the months ahead. Stay tuned for additional information on how you can join our advocacy efforts.

MedPAC Report Recommends Reduction in Medicare Part B Payments to 340B Hospitals



On March 15, the Medicare Payment Advisory Commission (MedPAC) released its latest report to Congress, which includes recommendations for altering 340B payments for Medicare Part B drugs. Specifically, MedPAC recommends:

- Increase providers' base payment rates by the amount stipulated in current law, currently projected to be a 1.75% increase.
 - Reduce the price Medicare pays for separately payable 340B drugs by 10 percent.
- Redirect the \$300 million in program payments saved by reducing Medicare payment rates for 340B drugs into the Medicare-funded uncompensated care pool.

- Require CMS to distribute the expanded uncompensated care pool based on reported uncompensated care costs on hospital cost reports.

In the report to Congress, MedPAC states, “The net effect of reduced payment rates for 340B hospitals’ Part B drugs and increases in uncompensated care payments would be a small increase in average payments to 340B hospitals, reflecting large increases in payment to 340B hospitals with high levels of uncompensated care (often public hospitals) and relatively smaller payment decreases to the 340B hospitals with lower than average levels of uncompensated care.”

To access the full MedPAC Report to Congress, [CLICK HERE](#).

House Budget Committee Passes FY2017 Budget Resolution



On March 16, the House Budget Committee approved the Fiscal Year 2017 Budget resolution, *A Balanced Budget for a Stronger America*, which seeks to reduce the deficit by \$7 trillion and balance the nation’s budget. The budget provides \$1.07 trillion in discretionary spending for fiscal 2017 and proposes deep cuts to non-defense discretionary and entitlement programs. The measure passed by a 20-16 vote.

Despite Committee passage, the budget resolution faces opposition in the House. Freedom Caucus members and some other conservatives want House leaders to revise the resolution and set the budget at no more than \$1.04 trillion to comply with stricter spending levels set in the 2011 Budget Control Act.

House Democrats including Minority Leader Nancy Pelosi (D-CA) have called on House Speaker Paul Ryan (R-WI) to cancel the upcoming district work period if Congress fails to pass a budget resolution before they are set to adjourn.

The statutory deadline for the House to pass a budget is April 15.

To read House Budget Committee Chairman Tom Price’s statement, [CLICK HERE](#).

To view the *A Balanced Budget for a Stronger America* plan, [CLICK HERE](#).

To view the summary tables, [CLICK HERE](#).