



Wednesday, March 8, 2017

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### **Seema Verma Approved by Senate Finance Committee**

Last Thursday, the Senate Finance Committee confirmed Seema Verma's nomination to be the next Administrator of the Centers for Medicare and Medicaid Services (CMS) by a party-line vote. **Read below.**

### **MedPAC Discusses Part B Drug Reimbursement**

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The AHCA repeals most features of the ACA, including the individual mandate, the current system of premium subsidies, and the essential health benefits as well as many of the taxes used to fund the law. In its place, the AHCA creates a series of age-adjusted advanceable tax credits for individuals to purchase private insurance.

The AHCA rolls back much of the recent Medicaid expansion. It would shift Medicaid away from its current open-ended federal matching payments to a per capita cap model. New expansion enrollment would be frozen after 2020, though anyone already enrolled would continue to be covered as long as they remain eligible. It offers financial support to states that didn't expand Medicaid under the ACA by making a series of funding changes and reinstating disproportionate share hospital payments.

In addition, the AHCA expands tax deductions for Health Savings Accounts and sets aside \$100 billion for states to establish high-risk pools. Popular provisions such as the ban on pre-existing conditions and the ability for people under 26 to stay on their parent's health insurance remain. However, the law also includes a "continuous coverage" penalty which allows insurers to charge a 30 percent premium to any individual who is uninsured for more than two months in a calendar year.

To see the full bill text, [CLICK HERE](#).

To read a section-by-section of the Ways and Means legislation, [CLICK HERE](#).

To read a section-by-section of the Energy and Commerce legislation, [CLICK HERE](#).

## Seema Verma Approved by Senate Finance Committee

Last Thursday, the Senate Finance Committee confirmed Seema Verma's nomination



to be the next Administrator of the Centers for Medicare and Medicaid Services (CMS) by a party-line vote. No Democrats voted in favor. Her nomination is expected to face a vote in the full Senate in the coming weeks.

In her hearing, Ms. Verma stated that she was in favor of ending mandatory participation in Medicare pilot programs and would instead opt to make participation voluntary. Ms. Verma also expressed concern that some of the physician requirements enacted as part of the new Medicare physician payment system (MACRA) were unrealistically high for many rural and small practices. She also said

that more needs to be done to address rising prescription drug prices.

Prior to her nomination, Ms. Verma was President, CEO of SVC Inc, a healthcare consulting company that designed Healthy Indiana 2.0, the state's Medicaid expansion program.

# MedPAC Discusses Part B Drug Reimbursement

At its monthly meeting last Thursday, the Medicare Payment Advisory Committee discussed a series of recommendations for changing the way physicians are paid to administer drugs under Medicare Part B. Specifically, MedPAC considered proposals that would:

- Require all drug-makers to report Average Sales Price (ASP) data, not just those that have rebate arrangements with Medicaid.
- Modify the payment rate for drugs that use wholesale acquisition cost as a basis for pay.
- Limit the payment rate increases for drugs that are based on ASP and require drug makers to pay a rebate if their product's price increase exceeds a certain inflation threshold.
- Create a consolidated billing code for biosimilars, as biosimilars and their reference biologics are now billed separately.
- Establish a drug value program (DVP) for Part B drugs and reduce the ASP add-on percentage to encourage providers to enroll in this new system. Under a DVP, drug prices would be negotiated by a small number of vendors who would not be involved in shipping the product. Providers would then buy the drugs at this new vendor-negotiated price and be paid by Medicare based on the DVP rate plus a small administration fee.

To see the presentation, [CLICK HERE](#).