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Senator Grassley Calls for 340B Hearings for Unintended Consequences

On July 17, Senator Charles E. Grassley (R-Iowa) a senior member of the Finance Committee, requested that the committee hold a hearing on the unintended consequences from the 340B program, which aims to allow hospitals to use savings from discounted drugs to provide services within their communities. **Read below**

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Ways & Means Committee Examines Hospital Site Neutral Payment Reforms

In a July 22 House Ways & Means Health Subcommittee hearing, Chair Kevin Brady (R-TX) questioned Medicare Payment Advisory Commission (MedPAC) Executive Director Mark Miller on site neutral payment reforms -- particularly between inpatient and outpatient payments in the hospital setting.

"I want to raise the topic of 'site-neutral payment' reforms. This is a policy MedPAC has highlighted for several years now," Chairman Brady said in his opening statement. "The President's most recent budget even included a site-neutral policy with respect to services provided in hospital outpatient departments. So this area of payment reform is not—or at least should not be—a new or contentious topic."

While Brady cited Sustainable Growth Rate (SGR) reform as a first step toward payment reform, he expressed concern over acute-care payments including why average inpatient case costs are so much more than outpatient care.

Lawmakers discussed how difficult it would be to create a site neutral pay policy in the hospital setting. While Miller said the process would be complex, he indicated it could be done. Other lawmakers stressed that any new payment system should be developed in such a way that it doesn't harm patients or the best interest of Medicare beneficiaries.

MedPAC has previously reported on the burgeoning shift in care delivery from professional offices to hospitals. The Commission has stated that hospitals are often paid more than physician offices for similar services. Therefore, the trend away from outpatient sites-of-service leads to an increase in overall program spending, as well as beneficiary out-of-pocket costs.

While community-based cancer care delivery was not addressed at the July 22 hearing, both lawmakers and MedPAC have shown support for site-neutral reforms across the freestanding setting and the hospital outpatient department (HOPD) for the administration of chemotherapy treatments.

On June 25, Congressmen Mike Pompeo (R-KS) and Don Beyer (D-VA) introduced the bipartisan Medicare Payment Access To Treatment Act of 2015 (H.R. 2895), which The US Oncology Network supports and is actively working to advance in the U.S. Congress. The bill would equalize Medicare payments between the HOPD and the physician office setting for cancer care services including chemotherapy administration.

To read Chairman Brady's opening statement, CLICK HERE.

More than 100 Oncologists Call for Lower Drug Prices in Letter to Policymakers

On July 23, more than 100 oncologists published a letter online in the Mayo Clinic Proceedings urging federal involvement to address soaring drug prices. While cancer will affect one in three individuals over their lifetime, all new U.S. Food and Drug Administration (FDA)-approved cancer drugs were priced above $120,000 per year of use in 2014.

The letter heavily criticizes the 2003 Medicare Prescription Drug, Improvement, and Modernization Act, which prevents Medicare from negotiating drug prices, rendering drug companies the sole decision makers on the price of cancer drugs.

Although effective new cancer therapies are being developed by pharmaceutical and biotechnology companies at a faster rate than ever before, the oncologists say there is no relief in sight because drug companies continue to challenge the market with rising prices.

The letter urges these incremental actions to improve the situation and allow market forces to work better:

- Creating a post-FDA drug approval review mechanism to propose a fair price for new treatments based on its value to patients and health care;
- Allowing Medicare to negotiate drug prices;
- Allowing the Patient-Centered Outcomes Research Institute and other organizations to evaluate the benefits of new treatments and include drug prices in their overall assessments of the treatment value;
- Allowing cancer drugs to be brought across international borders for personal use;
- Passing legislation preventing drug companies from delaying access to generic drugs;
- Reforming the patent system to make it more difficult to prolong product exclusivity unnecessarily; and
- Encouraging organizations representing cancer specialists to consider the overall value of drugs and treatments in formulating treatment guidelines.

The oncologists also call on cancer patients and survivors to voice their concerns about rising cancer drug prices. They ask patients and those concerned about drug prices to sign an online petition to the Secretary of Health and Human Services, all Members of Congress, and President Obama.

To view a video discussing the online article in more depth, CLICK HERE.

Senator Grassley Calls for 340B Congressional Hearing

On July 17, 2015, Senator Charles Grassley (R-Iowa), a senior member of the Senate Finance Committee, requested that the committee hold a hearing to examine the unintended consequences from the 340B program, which aims to allow hospitals to use savings from discounted drugs to provide services to patients living in low-income and underserved communities.

Grassley cited a June report from the Government Accountability Office (GAO), which found that the program might give hospitals an incentive to sell more drugs or more expensive medicines to patients. The report also found that 40 percent of hospitals in the U.S. participate in the program. In addition, the Medicare Payment Advisory Commission (MedPAC) recently found that hospitals treating large numbers of people living in poverty spent more than $7 billion on 340B drugs in 2013, three times what they spent in 2005.

If Grassley's request is granted it would mark the second congressional hearing this year about the 340B program. Earlier in March, the House Energy & Commerce Health Subcommittee looked into the program's operations.

Medicare Depletion Date Expected at 2030

According to a July 22 report from the trustees of the Social Security and Medicare programs, Medicare's hospital insurance (Part A) trust fund will run out of money in 2030, the same date as projected last year.

The Medicare program's trustees said the 2030 prediction is more certain this year, however, because it reflects the Medicare Access and CHIP Reauthorization Act (MACRA), which repealed Medicare's Sustainable Growth Rate (SGR) payment structure in April and changed the way physicians are reimbursed. The policy's expiration date is also 13 years later than it was projected prior to the Affordable Care Act.

Hospital insurance expenditures have exceeded income annually since 2008, but Medicare Part B (outpatient services) and Part D (prescription drug benefits) are projected to remain adequately financed into the indefinite future because premium and general revenues for those programs are reset annually.

Total Medicare expenditures are projected to increase from 3.5 percent of the U.S. GDP in 2014 to about 5.4 percent by 2035, largely due to the rapid growth in the number of beneficiaries as the baby boomer generation becomes eligible for Medicare benefits. The trustees said in the report that the growth is unsustainable and eventually will need to be addressed by legislation.