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### **Senate Passes Reconciliation Package**

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### **CMS Releases 2014 National Health Spending Report**

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### **OIG Report Finds Hospitals Profit from 340B Cancer Drugs**

A new Office of Inspector General (OIG) report, “Part B Payments For 340B-Purchased Drugs,” finds that 340B-eligible hospital outpatient departments earn large profits from the Medicare Part B program.

The study identified 472 drug Healthcare Common Procedure Coding System (HCPCS) codes that were billed in the hospital outpatient, physician-office, and/or DME settings in 2013 and which could be determined at 340B ceiling prices. The 472 HCPCS codes accounted for 86 percent (\$19 billion) of Part B drug expenditures on 2013.

OIG estimates that in 2013, Part B paid covered entities a total of \$1.3 billion (58 percent) more than the cost of drugs. Because covered entities acquired more Part B drugs from manufacturers at lower prices than did other providers, they were able to retain a greater spread between Part B payment amounts and acquisition costs than non-covered entities.

The report concludes that currently, Medicare and its beneficiaries do not share in the savings resulting from the 340B program. Rather, hospital outpatient departments retain the entire discount. OIG also states that any changes to the program must include payment methodology to provide enough financial incentives to ensure that covered entities continue to purchase Part B drugs through the 340B Program.

For the executive summary, [CLICK HERE](#).

For the full report, [CLICK HERE](#).

## Senate Passes Reconciliation Bill



On December 3, the U.S. Senate passed a budget reconciliation package by a vote of 52-47 to eliminate key provisions of the Affordable Care Act. The House previously passed a similar reconciliation package in October.

The Congressional Budget Office (CBO) estimates that the reconciliation package will reduce the federal deficit by \$295.6 billion by FY 2025.

Below are some of the key measures included in the final Senate package:

- Defund the Prevention and Public Health Fund;
- Remove the HHS Secretary's authority to run a federal exchange as of Jan. 1, 2018;
- Wind down the premium tax credits, cost-sharing subsidies and small business tax credits as of Dec. 31, 2017;
- End the individual and employer mandate penalties retroactively effective as of Dec. 31, 2014;
- Repeal the tax on prescription medicines, medical device excise tax and health insurance tax.

The Senate also passed an amendment to permanently repeal the 40 percent "Cadillac" tax on high-cost healthcare insurance plans.

The package goes back to the House for final passage before being sent to the President. Because the package undoes key Affordable Care Act policies, President Obama has said he will veto the legislation.

To view the legislative text, [CLICK HERE](#).

To read the Senate Budget Committee statement, [CLICK HERE](#).

## CMS Releases 2014 National Health Spending Report

The Centers for Medicare & Medicaid Services (CMS) released its annual healthcare spending report on December 2, which reports that per-capita health care spending grew by 4.5 percent and overall health spending grew by 5.3 percent in 2014.

According to CMS, “the increase in spending growth from 2013 was primarily driven by millions of new people with health insurance coverage a result of the Affordable Care Act and by rapidly rising prescription drug costs.”

Specific to Medicare spending, CMS reports that Medicare spending grew 5.5 percent to \$618.7 billion, a faster increase than the 3.0 percent growth in 2013. The 2014 rate of growth was driven by increased spending growth for retail prescription drugs and in Medicare Advantage. Per-enrollee spending increased by 2.4 percent. Average growth in per-enrollee spending was 7.0 percent from 2000-2009.

Other key takeaways include:

- Out-of-pocket spending such as copayments and deductibles grew 1.3 percent in 2014 to \$329.8 billion, slower than annual growth of 2.1 percent in 2013.
- Healthcare spending grew 1.2 percentage points faster than the overall economy in 2014.
- The insured share of the U.S. population increased from 86.0 percent in 2013 to 88.8 percent in 2014.

The report, which was compiled by the CMS Office of the Actuary, was first published as a [Web First by Health Affairs](#).

To read the CMS press statement, [CLICK HERE](#).