Tuesday, March 8, 2016

U.S. Oncology Network and Coalition Partners Urge CMS to Abandon Proposed Part B Drug Payment Model

The U.S. Oncology Network and more than 100 other healthcare stakeholder groups issued letters to CMS expressing strong concern for an anticipated Medicare Part B drug payment initiative that members of the broader healthcare community are concerned will negatively impact patient access to drugs for vulnerable Medicare patients. **Read below.**

U.S. Oncology Network Comments on Breakthrough Drug Pricing

On March 4, the U.S. Oncology Network submitted a letter to Senate Finance Committee leaders in response to their request for feedback on issues related to the financial impact of breakthrough drugs and to ensure patient access to appropriate therapies. **Read below.**

MedPAC Discusses Part B Drug Pricing and Efficiency of FFS Oncology Services

On March 3, the Medicare Payment Advisory Commission (MedPAC) met to discuss Part B drug payment policy issues and examine opportunities for improving the efficiency of oncology care in fee-for-service Medicare. **Read below.**

AJMC Publishes National Estimates of Price Variation by Site of Care

A study published on March 2 in the American Journal of Managed Care concludes that price differentials by site of care exist at a national level, and that they are increasing over time. **Read below.**

HCCI Study Examines Impact of Consolidation on Cancer Drug Spending

A new Health Care Cost Institute report, “The impact of provider consolidation on outpatient prescription drug- based cancer care spending,” examines the effects of medical provider consolidation on spending levels and healthcare trends. **Read below.**

U.S. Oncology Network and Coalition Partners Urge CMS to Abandon Proposed Part B Drug Payment Model

The U.S. Oncology Network and more than 100 other healthcare stakeholder groups issued letters to the Centers for Medicare & Medicaid Services (CMS) expressing strong concern for an anticipated Medicare Part B drug payment initiative that members of the broader healthcare community are concerned will negatively impact patient access to drugs for vulnerable Medicare patients.

In an earlier communication related to the initiative, CMS expressed concern that the 6 percent add-on to average sales price (ASP), the basis for Medicare Part B drug reimbursement, may create incentives for use of higher priced drugs. The Network and its coalition partners strongly disagree with this assumption and warn against any reductions to the current ASP plus six percent methodology for Part B drug reimbursement.

A letter signed by more than 60 oncology societies and cancer care groups reads, "CMS must understand the actual Part B reimbursement rate before implementing fundamental changes that may have serious consequences for patients and providers. The ASP methodology currently includes a customary distributor prompt pay discount which reduces Part B reimbursement to approximately ASP plus 4 percent. Furthermore, Medicare applied the Budget Control Act of 2011 mandatory 2 percent sequester cuts to Part B drugs in such a way that the actual payment set by Medicare, after the prompt pay inclusion, is equivalent to approximately ASP plus 2.3 percent."

A letter signed by more than 100 groups warns, "We believe that this type of initiative, implemented without sufficient stakeholder input, will adversely affect the care and treatment of Medicare patients with complex conditions, such as cancer… we urge you to ensure that our nation's oldest and sickest patients continue to be able to access their most appropriate drugs and services. We therefore ask that you permanently withdraw the Part B Drug Payment Model from consideration."

To view the oncology community letter to CMS, CLICK HERE.

To view the broader community letter to CMS, CLICK HERE.

U.S. Oncology Network Comments on Breakthrough Drug Pricing

On March 4, the U.S. Oncology Network submitted a letter to Senate Finance Committee leaders Senators Charles Grassley (R-IA) and Ron Wyden (D-OR) in response to their request for feedback on issues related to the financial impact of breakthrough drugs and to ensure patient access to appropriate therapies.

The letter highlights the Network's investment in resources to develop Level I Pathways, evidence-based guidelines that re-direct the wide range of treatments into more precise, clinically proven treatment options and, more recently, Value Pathways in partnership with the National Comprehensive Cancer Network (NCCN).

The letter notes that the value of Level I Pathways has been proven to maintain equivalent health outcomes with lower costs and a study published in the January 2010 *Journal of Oncology* that found costs were 35 percent lower for non-small cell lung cancer patients treated according to Level I Pathways.

The letter states, "As Congress and the Administration continue to examine and debate ideas for controlling the escalating cost of health care, it's important to acknowledge opportunities to improve upon strategies that are already working to hold down costs. There is great potential in the further development of pathways but we must ensure that as new drugs are introduced to the market, physicians are taking the lead in designing, initiating, and updating pathways."

To view the Network's letter, CLICK HERE.

MedPAC Discusses Part B Drug Pricing and Efficiency of FFS Oncology Services

On March 3, the Medicare Payment Advisory Commission (MedPAC) met to discuss Part B drug payment policy issues. The discussion focused primarily on Medicare payments for drugs administered in physician offices and hospital outpatient departments based on the average sales price (ASP) plus six percent.

MedPAC staff presented alternative policy option for restructuring the ASP add-on:

- 103.5% of ASP + $5 per drug per day
- Overall savings for program and beneficiaries of about 1.3% (estimated annual savings of $270 M)
- Increases add-on for drugs with ASP per administration less than $200; decreases add-on for higher-priced drugs
- Reduces the difference in add-on payments between a high-priced and low-priced drug by about 40%

Other policies MedPAC discussed to promote competition or put downward pressure on ASP included:

- ASP inflation cap
- Consolidated billing codes
- Restructure competitive acquisition program

To view the MedPAC presentation on Part B drug pricing, CLICK HERE.

MedPAC Commissioners also took part in a session on March 3 to examine opportunities for improving the efficiency of oncology care in fee-for-service Medicare. MedPAC has raised concerns that fee-for-service payment systems create incentives to use more expensive interventions. In the Commission's June 2015 report to the Congress, MedPAC examined bundled payment approaches to improve the value of oncology care and support better cancer care coordination.

In their presentation, MedPAC staff discussed both narrow and broad approaches for bundling oncology services with Part B cancer drugs, including risk-sharing agreements, clinical pathways, oncology care medical homes and the UnitedHealthcare oncology episodes-of-care model.

To view the MedPAC presentation on FFS oncology services, CLICK HERE.

AJMC Publishes National Estimates of Price Variation by Site of Care

A study published on March 2 in the American Journal of Managed Care concludes that price differentials by site of care exist at a national level, and that they are increasing over time. Key findings from the study are:

- Across seven commonly performed services analyzed, prices at hospital outpatient departments were higher than prices at physician offices; they ranged from 21 percent more for an office visit to 258 percent more for chest radiography in 2013.
- The magnitude of price differential increased over the study time period (2008-2013).
- The increase in the price differential for the seven services, combined with a shift in volume in favor of hospital outpatient departments, was associated with a 44 percent increase in total spending between 2008 and 2013.

To view the AJMC article, CLICK HERE.

HCCI Study Examines Impact of Consolidation on Cancer Drug Spending

A new Health Care Cost Institute (HCCI) report, “The impact of provider consolidation on outpatient prescription drug- based cancer care spending,” examines the effects of medical provider consolidation on spending levels and healthcare trends.

The study validates stakeholder concerns that provider consolidation drives up outpatient spending:

- HCCI found significant increases in consolidation among outpatient oncology providers and hospitals and healthcare systems. They found these changes to have largely occurred in 2010 and 2011.
- Increased medical provider consolidation with hospitals or health systems results in increased spending on outpatient prescription drug-based cancer treatment.
- HCCI found that these results are driven in part by increases in the prices charged for treatment, including facility fees that HOPDs are able to charge payers.

To view the full study, CLICK HERE.