

The

ABC_s

of Medicare Part B

Affordability Challenges for Physician-Administered Drugs & Proposals for Reform



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HEALTH COVERAGE



What's Old is New Again: Developments in Medicare Part B Drug Policy

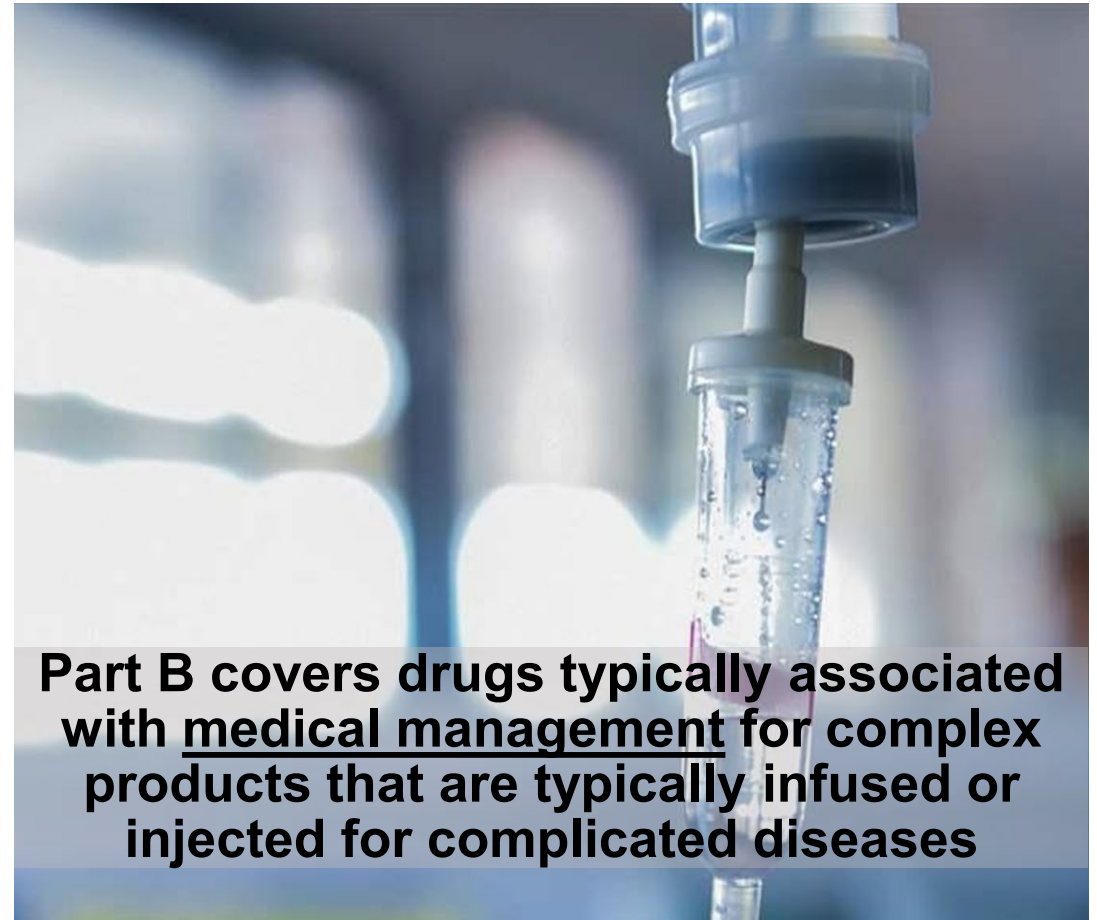


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Medicare Coverage



Part D is Medicare's pharmacy based prescription drug benefit delivered by competing private insurers.



Part B covers drugs typically associated with medical management for complex products that are typically infused or injected for complicated diseases

Part B Covered Drugs

Category	Physician Office	Hospital	Home	Dialysis Facility
Physician Administered (infused or injected)	X	X		
Oral Drugs	Some	Some		
DME drugs		X	X	
Vaccines	X			
Parenteral Nutrition			X	
Dialysis Related (EPO)				X

Part B Drug Spending

- ~\$30 billion on Part B drugs in 2018
 - ✓ Doubled since 2006
 - ✓ Price, mix, utilization factors
 - ✓ Faster than Part D growth, but Part D is 90 percent generic
- The 10 highest cost products made up 47 percent of Medicare spending.

History and Context for Part B Payment Policies

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- Concern that drugs were over paid, while services underpaid
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2005 - 2013

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- ASP+6 percent in 2006 and beyond
- CAP – competitive bidding determines reimbursement to bidder; physician only paid for service
- Drug administration codes increased by 9 to 458 percent



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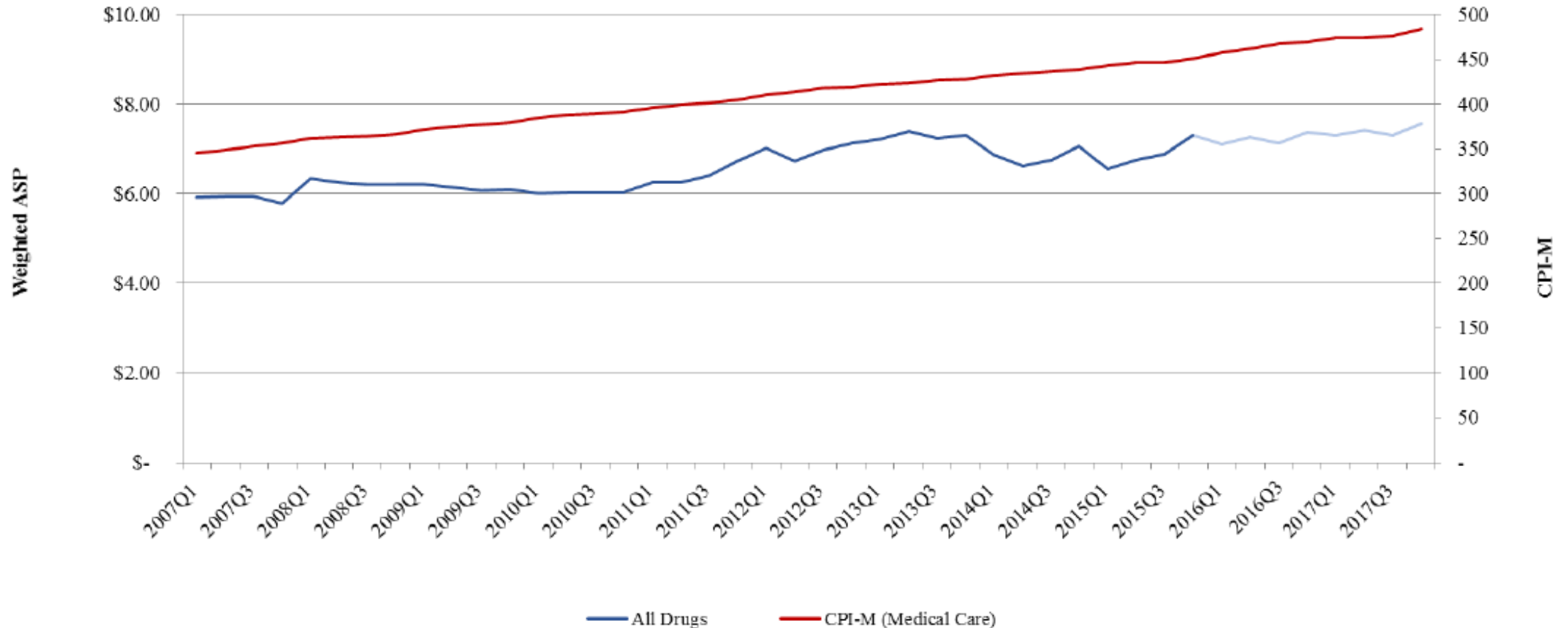
2013

- CMS began reducing payment by 2 percent of the ASP and the 6 percent add-on to reflect a statutory sequester enacted by Congress
- Most products ASP+4.3 percent



ASP Compared to Inflation

Weighted ASP for All Drugs vs. CPI-M



The (CMS) Story on ASP

- Payment amounts for the top 50 Part B drugs decreased by 0.8 percent.
- For most of the higher volume drugs (37 out of the top 50), the prices changed 2 percent or less.
- Overall, the prices for 26 of the top 50 drugs decreased, while two remained the same.
- In general, among the top drugs with a decrease, there are a number of competitive market factors at work – multiple manufacturers, alternative therapies or market shifts to lower priced products.



Trump Administration has identified four challenges in the American drug market:

1. High list prices for drugs
2. Lack of robust negotiation
3. High and rising out-of-pocket costs
4. Foreign free-loaders





**THANK
YOU**



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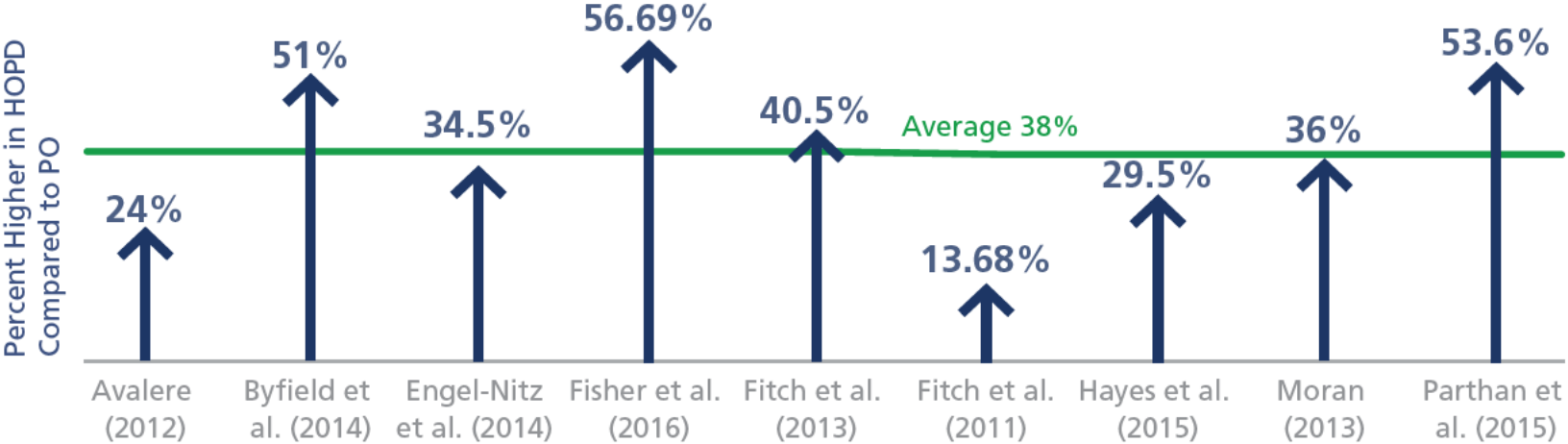
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Cancer Care Costs: Hospital Outpatient Versus Community

Figure 1: Percent higher cost for cancer treatment in the hospital outpatient versus community setting



This chart includes nine of the ten studies included in the systematic review. Chen et al. (2001) was excluded due to its age. When a study examined multiple cancers and gave a range of cost differences, the average was calculated and included in this graph. Some studies represented here included total health care costs while others included only cancer-specific costs.