Thursday, November 30, 2017

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HHS Secretary Nominee Alex Azar Testifies Before Senate HELP Committee

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CBO Analysis Says Tax Bill Will Trigger $25 Billion in Medicare Cuts

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Bipartisan Bill Introduced to Block 340B Cuts

A new bipartisan bill in Congress, introduced in the House of Representatives by Representatives David McKinley (R-WV) and Mike Thompson (D-CA) would reverse a recent rule from the Centers for Medicare & Medicaid Services (CMS) that would cut payments for certain drugs acquired through the 340B drug discount program. **Read below.**

The US Oncology Network, Alliance for Site Neutral Payment Reform Submit Comments on CMMI Reform

Last week, The U.S. Oncology Network and the Alliance for Site Neutral Payment Reform submitted formal responses to the Center for Medicare and Medicaid Innovation's (CMMI) request for information on implementing value-based care initiatives. In September, CMS Administrator Seema Verma pledged a new direction for CMMI and announced that the agency will solicit feedback from stakeholders for how it should move forward.

The Network applauded CMMI for its role in developing the Oncology Care Model, while offering suggestions for how the agency could put more emphasis on actionable, evidence-based quality measures to better improve patient care. The Network also urged CMMI to expand opportunities for physician practices to participate in advanced alternative payment models (APMs) and allow more streamlined interactions between providers and vendors.

The Alliance for Site Neutral Payment Reform, of which The Network is a founding member, noted that significant price discrepancies exist between services provided in different care settings. Oftentimes, patients pay more for services delivered in a hospital outpatient department (HOPD) than they do at an independent practice – driving up overall costs to the Medicare system. As it charts its course forward, The Alliance urges CMMI to work to reduce these discrepancies using site neutrality as a baseline. The group also suggests the agency should use its powers to promote more price transparency and enable patients to make more informed choices about their healthcare.

To read the Network's letter, CLICK HERE.

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During the hearing, Mr. Azar expressed openness to allowing limited price negotiations for physician-administered drugs by establishing a system that mirrors the one used to determine prescription drugs under the Medicare Part D program. Currently, Medicare's reimbursement rates for Part B drugs are based on a fixed formula, while prescription drug prices are negotiated by private insurance plans that administer Part D benefits.

Mr. Azar also reiterated his opposition to allowing Medicare to negotiate Part D drugs directly saying that the status quo "secures the best net prices of any players in the commercial system." He also opposed allowing patients to import prescription drugs from outside the country, citing industry concerns over safety.

Wednesday's hearing was not an official confirmation hearing. In the coming weeks, Mr. Azar will appear before the Senate Finance Committee, which has the power to send his nomination to the Senate floor. That hearing, and the subsequent confirmation vote, has yet to be scheduled.

To view a recording of the HELP Committee hearing, CLICK HERE.

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Current "pay-as-you-go" rules require the Office of Management and Budget (OMB) to make automatic cuts to mandatory spending if Congress passes legislation that increases the deficit beyond a certain threshold. Since the proposed tax reform bill is expected to increase the deficit by $1.5 trillion over ten years, OMB would be forced to make cuts to existing programs starting in 2018. However, because the rules only allow Medicare to be cut by four percent, and because many other programs are exempted entirely from mandatory cuts, OMB would be unable to carry out the majority of the required cuts under the "pay-go" rules.

To read the CBO's full analysis, CLICK HERE.

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A new bipartisan bill in Congress, introduced in the House of Representatives by Representatives David McKinley (R-WV) and Mike Thompson (D-CA) would reverse a recent rule from the Centers for Medicare & Medicaid Services (CMS) that would cut payments for certain drugs acquired through the 340B drug discount program. The bill (H.R. 4392) has 32 Democratic and Republican co-sponsors. CMS finalized the rule earlier this month, which would reduce payments for certain physician-administered drugs acquired under the program to ASP minus 22.5%.

Last week, the American Hospital Association, the Association of American Medical Colleges, and America's Essential Hospitals along with several other hospital groups filed a lawsuit in federal court claiming that hospitals that serve low income patients would be disproportionally harmed by the cuts. A hearing on the preliminary injunction and motion to dismiss is set for Dec. 21.

However, the 340B drug discount program has also come under criticism for allowing many hospitals to take advantage of the program by receiving discounted drugs without having to show how the resulting savings are used to provide better patient care. In comments submitted to CMS earlier this year, The Network cited the "the unrestrained growth of the 340B program as a contributing factor to the unwarranted consolidation of community oncology practices."

To read the text of the bill, CLICK HERE.