



Friday, February 16, 2018

Congress Passes, President Signs Bipartisan Budget Act of 2018; Key Provisions Support Community Oncology

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Administration Unveils FY 2019 Budget Request, Drug Price Proposals

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House Energy & Commerce Subcommittee Hearing on Practice Consolidation

On Wednesday, February 14, the House Energy and Commerce Subcommittee on Oversight and Investigations held a hearing to examine consolidation trends in the healthcare sector and the impact they may have on the costs and quality of care. **Read below.**

Azar Testifies on HHS' FY 2019 Budget Request

This week, Health and Human Services Secretary Alex Azar testified before three Congressional Committees concerning the Administration's HHS budget request for fiscal year 2019. **Read below.**

Hospital Group 340B Suit Granted Expedited Appeal

On February 5, a federal appeals court in the District of Columbia approved a request for an expedited brief schedule for a case challenging the 2018 Hospital Outpatient Prospective Payment System (OPPS) final rule that significantly reduced payments for drugs purchased by hospitals under the 340B drug discount program. **Read below.**

Congress Passes, President Signs Bipartisan Budget Act of 2018; Key Provisions Support Community Oncology

On Friday, February 9, President Trump signed the Bipartisan Budget Act of 2018 that included a broad two-year agreement on federal spending and re-opened the government after a brief, hours-long shutdown. The agreement funds the government at current levels through March 23 and includes an approximately \$300 billion in new discretionary spending for domestic programs, the military, and relief for communities recently affected by natural disasters. The package includes key provisions in support of community oncology.

Key provisions of importance to The US Oncology Network include:

- Extends current reimbursement rates for radiation oncology services through 2019, avoiding potentially harmful cuts slated to take effect next January
- Excludes Part B drugs from application of the MIPS adjustment under the Quality Payment Program (QPP)
- Allows CMS flexibility in applying the 30 percent resource use performance score for three additional years under the QPP
- Repeals the Independent Payment Advisory Board (IPAB)

To see full text of the bill [CLICK HERE](#).

To see the health care section-by-section [CLICK HERE](#).

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On February 12, the Trump Administration released its budget plan for FY 2019. The budget details legislative and regulatory priorities for next year including policies under the Department of Health and Human Services (HHS) designed to reduce the cost of prescription drugs, lower Medicare spending, address the opioid epidemic and increase funding for The National Institutes of Health (NIH) and the Food and Drug Administration (FDA). HHS Secretary Alex Azar will testify before three key congressional committees this week to discuss the proposed budget. Notable provisions include:

Medicare Payment Policy

- Pay all off-campus hospital outpatient departments at the physician office rate

Drug Pricing Policy

- Establish an inflation limit for reimbursement of Medicare Part B drugs

- Reduce wholesale acquisition cost (WAC) add-on to 3 percent
- Authorize the HHS Secretary to consolidate certain drugs covered under Part B into Part D
- Provide demonstration authority for up to five States to test drug coverage and financing reforms in their Medicaid programs
- Allow CMS to apply savings from a reduction in payment to hospitals for drugs purchased under the 340B program to hospitals that provide a certain amount of charity care
- Require plans to share at the point of sale a portion of rebates that plans receive from drug manufacturers

Opioid Funding

- Includes \$10 billion in funding for HHS to fight the opioid crisis

NIH and FDA Funding

- Includes \$35.5 billion in funding for NIH, a \$1.4 billion increase over FY 2018 levels
- Includes \$5.8 billion in funding for FDA, a \$473 million increase over FY 2018 levels

The President's budget is separate from the bipartisan budget agreement that passed Congress last week. The proposal is largely a messaging activity to highlight policy areas of interest for the Administration and would require additional regulations or legislation before being enacted.

To view the HHS FY 2019 Budget, [CLICK HERE](#).

To view the White House drug pricing fact sheet, [CLICK HERE](#).

House Energy & Commerce Subcommittee Hearing on Practice Consolidation

On Wednesday, February 14, the House Energy and Commerce Subcommittee on Oversight and Investigations held a hearing to examine marketplace consolidation trends in the healthcare sector and the impact they may have on the healthcare costs and quality of care.

Witnesses included:

- [Dr. Martin Gaynor, Ph.D.](#), E.J. Barone University Professor of Economics and Health Policy at Carnegie Mellon University

- [Dr. Leemore Dafny, Ph.D.](#), Bruce V. Rauner Professor of Business Administration at Harvard Business School
- [Dr. Kevin A. Schulman, M.D.](#), Gregory Mario and Jeremy Mario Professor of Medicine at Duke University and a visiting scholar at Harvard Business School.

The panelists agreed that consolidation within the healthcare industry has the potential to create problems for consumers and recommended that Congress do more to eliminate policies that encourage consolidation and work to stop mergers that would increase costs for patients.

The [Alliance for Site Neutral Payment Reform](#) issued a statement in support of the hearing, stating, “The cost of healthcare is climbing in the United States, with the consolidation of hospitals and physician practices being a major contributing factor for the spending increase. In 2016, healthcare spending topped \$3.3 trillion or 17.9 percent of the United States’ gross domestic product (GDP). There is great opportunity for reducing costs and improving efficiencies in the healthcare marketplace, including the expansion of site neutral payment policies.”

The Hill also published an op-ed by Network physician Dr. Randy Broun on site of service payment disparities fueling healthcare marketplace consolidation. To read the op-ed, [CLICK HERE](#).

To view the Alliance statement, [CLICK HERE](#).

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

Azar Testifies on HHS’ FY 2019 Budget Request

This week, Health and Human Services Secretary Alex Azar testified before three Congressional Committees concerning the Administration’s HHS budget request for fiscal year 2019. The Secretary faced a wide range of questions from lawmakers over the Administration’s healthcare priorities including its approach towards drug pricing and Medicaid work requirements.

Azar’s testimony comes amid the Administration’s latest budget proposal, which cuts HHS’ budget by 21 percent in 2019 and includes detailed recommendations for how the federal government can address high drug prices, reduce Medicare and Medicaid spending, and stabilizes the individual health insurance marketplaces short of an outright repeal of the ACA.

During his testimony before the House Ways & Means Committee, Azar criticized the Affordable Care Act as a “one size fits all” model that isn’t working and expressed support for the Graham-Cassidy proposal to repeal most parts of the law.

To view the House Ways & Means Committee hearing, [CLICK HERE](#)

To view the Senate Finance Committee hearing, [CLICK HERE](#).

To view the House Energy & Commerce hearing, [CLICK HERE](#).

Hospital Group 340B Suit Granted Expedited Appeal

On February 5, a federal appeals court in the District of Columbia approved a request for an expedited brief schedule for a case challenging the 2018 Hospital Outpatient Prospective Payment System (OPPS) final rule that significantly reduced payments for drugs purchased by hospitals under the 340B drug discount program.

The suit was brought by a group of hospital systems led by the American Hospital Association, the Association of American Medical Colleges, and America's Essential Hospitals. The changes, which went into effect on January 1, cut the reimbursement rate for 340B drugs from the average sales price (ASP) plus 6 percent to ASP minus 22 percent, totaling an estimated \$1.6 billion in cuts.

The new deadline for all parties to submit briefs is April 2. Oral arguments will be scheduled soon after.