

Health Policy Update – May 17, 2019

CMS Release 2020 Medicare Advantage and Part D Drug Pricing Final Rule

The Centers for Medicare and Medicaid Services (CMS) has issued a final rule to implement changes to the Medicare Advantage (Part C) and Medicare Prescription Drug Benefit (Part D) programs. These policies are set to go into effect on January 1, 2020, unless otherwise specified.

Here are the highlights:

Part D Protected Classes

CMS is not finalizing two of the three proposals to provide Part D plans with flexibility to negotiate discounts for drugs in "protected" therapeutic classes. CMS is codifying an existing policy to allow broader use of prior authorization and step therapy for beneficiaries initiating therapy (i.e., new starts) for 5 of the 6 proposed classes, with no prior authorization or step therapy allowed for antiretrovirals.

CMS did not finalize proposed exceptions that would have allowed Part D sponsors to exclude a protected class drug from a formulary if the price of the drug increased beyond a certain threshold over a specified look-back period, or exclude a protected class drug from a formulary if the drug represents only a new formulation of existing single-source drug or biological product, regardless of whether the older formulation remains on the market.

Medicare Advantage and Step Therapy for Part B Drugs

CMS is finalizing regulations similar to the policy implemented for 2019, which allows Medicare Advantage plans to implement step therapy for Part B drugs as a recognized utilization management tool. Under the rule, step therapy may only apply to new starts of medication, must be reviewed and approved by the plan's pharmacy and therapeutics committee, and when patients request coverage of an appeal or denial of a Part B drug, a plan's decision-making timeframe will be shorter and mirror current Part D rules.

Pharmacy Price Concessions in the Negotiation Price

CMS is not finalizing a policy to require inclusion of pharmacy price concessions in the Part D negotiated price at the point of sale. CMS noted that it will continue to review the 4,000 comments that were received on this policy as it considers ways to lower prescription drug costs, address challenges that independent pharmacies face, and improve the quality of pharmacy care.

Requiring Part D Plans to Increase Transparency

CMS is requiring that each Part D plan adopt one or more real-time prescription benefit tools that are capable of integrating with at least one prescriber's ePrescribing system or electronic health record (EHR), no later than January 1, 2021. CMS will also require that Part D Explanation of Benefits include drug price increases and lower cost therapeutics to inform Medicare beneficiaries about possible ways to lower their out of pocket costs.

Prohibition Against Gag Clauses in Pharmacy Contracts

The rule implements legislation signed into law last year that restricts Part D sponsors from prohibiting or penalizing a pharmacy's ability to inform an enrollee about a lower cash price for their prescription.

To read the proposed rule, [CLICK HERE](#).

To read the fact sheet, [CLICK HERE](#).

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