
Health Policy Update – January 19, 2018

MSH Urges Congress to Exclude Part B Drugs from MIPS Payment Adjustments

On Thursday, McKesson Specialty Health joined 108 other healthcare organizations in urging Congress to reverse a recent Centers for Medicare & Medicaid Services (CMS) CMS policy that would include Part B drug spending in calculating physician payment adjustments under the Merit-Based Incentive Payment System (MIPS). In letters sent to the Senate Finance, House Ways & Means, and House Energy & Commerce Committees, the groups warn that CMS's decision will create significant financial uncertainty for providers while jeopardizing patient access to Part B drug therapies.

"This application of the adjustment is not in line with the goals of MACRA, is a significant departure from current policy and would disproportionately affect certain specialties," the letters read. "We believe this policy could make it more difficult for physicians, particularly those in rural settings, to administer Part B medications in their communities, creating a dire patient access issue."

A recent analysis from the healthcare research firm Avalere found that certain specialties – including oncology, rheumatology and ophthalmology – could see payment variations as high as 16 percent in the 2018 performance year. This disparity will continue to grow in subsequent years and could reach as high as 29 percent by 2020.

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

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

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

Senate Finance Committee Advances Alex Azar's Nomination

On Wednesday, the Senate Finance Committee voted to approve Alex Azar as the next Secretary of Health and Human Services by a vote of 15-12, sending his nomination to the full chamber. Azar previously worked for the Department of Health and Human Services (HHS) on two occasions under President George W. Bush, first as General Counsel and then as Deputy Secretary. He later worked for the pharmaceutical company Eli Lilly, where he rose to become president of the company's U.S. operations before stepping down from that position in January 2017.

During his testimony before the Committee on January 9, Azar declared his support for mandatory bundled payment programs, signaling a departure from the Administration's current policy. Last year, the Centers for Medicare & Medicaid Services rolled back several bundled payment programs and sought stakeholder input to reform the Center for Medicare and Medicaid Innovation (CMMI).

A vote in the full Senate on Azar's nomination has yet to be scheduled, though it is expected soon.

To view Azar's hearing before the Finance Committee, [CLICK HERE](#).

Hospitals Groups to Appeal 340B Lawsuit Dismissal

On January 9, a coalition of hospitals and hospital groups led by the American Hospital Association, the Association of American Medical Colleges, and America's Essential Hospitals announced it would appeal a recent decision by a U.S. District Court rejecting their legal challenge to the Hospital Outpatient Prospective Payment System (OPPS) final rule that significantly reduced payments for drugs purchased by hospitals under the 340B Drug Discount Program.

The groups originally filed suit last November claiming that hospitals that serve low income patients would be disproportionately harmed under the new rule. The changes, which went into effect on January 1, 2018 cut the reimbursement rate for 340B drugs from the average sales price (ASP) plus 6 percent to ASP minus 22.5 percent, totaling an estimated \$1.6 billion in cuts.

The 340B Drug Discount Program has come under criticism for allowing many hospitals to take advantage of cheaper drugs without having to show how the resulting savings are used to provide better patient care.

House Energy & Commerce Committee Releases Recommendations to Reform 340B Drug Discount Program

On January 10, the House Energy and Commerce Committee unveiled a report detailing steps Congress and the Administration could take to reform the 340B Drug Discount Program. According to the report, Congress did not clearly define the intent of the program when it was first created in 1992 and gave the Health Resources and Services Administration (HRSA) insufficient regulatory authority to properly oversee and implement it.

The report makes several recommendations for how the 340B program can be reformed, among them:

- HRSA should finalize and begin enforcing regulations in the three areas in which it currently has regulatory authority.
- Congress should give HRSA sufficient regulatory authority and resources to adequately administer and oversee the 340B program.
- Congress should clarify the intent of the 340B program to ensure that HRSA administers and oversees the 340B program in a way that is consistent with that intent.
- Congress, or HRSA where HRSA already has authority to make such changes, should promote transparency in the 340B program, including ensuring that covered entities and other relevant stakeholders have access to ceiling prices, and requiring covered entities to disclose information about annual 340B program savings and/or revenue.
- Congress should establish a mechanism to monitor the level of charity care provided by covered entities.

To view the full E&C report, [CLICK HERE](#).

CMS Introduces New Bundled Payment Model

On January 9, the Centers for Medicare & Medicaid Services (CMS) announced a new voluntary bundled payment model, the first under the Trump Administration. The Bundled Payments for Care Improvement (BPCI) Advanced Model will be considered an advanced alternative payment model (APM) under the Medicare Access and CHIP Reauthorization Act (MACRA) and includes 32 clinical-care episodes for providers to choose from. These include episodes such as major joint replacement, percutaneous coronary intervention, and spinal fusion. As an advanced APM, providers will be eligible for MACRA's performance bonuses.

Clinicians interested in participating will have until March 12, 2018 to enroll. The first cohort will begin on October 1, 2018 and will run through December 31, 2023.

For more details on the BPCI Advanced Model, [CLICK HERE](#).

To read the CMS press release on the BPCI Advanced Model, [CLICK HERE](#).