

## Health Policy Update – August 13, 2018

### CMS Releases New Step Therapy Guidance for Medicare Advantage Plans

Last week, the Centers for Medicare and Medicaid Services (CMS) announced their intention to rescind prior guidance that had prohibited step therapy for Part B drugs and issued new guidance that will allow Medicare Advantage (MA) plans to apply step therapy for Part B drugs, beginning January 1, 2019.

The Administration claims that this action is an effort to reduce prescription drug costs through better negotiation, a component of the "American Patients First" drug pricing blueprint released in May.

McKesson Specialty Health is assessing the impact of this proposal on community-based care and will work with CMS to ensure patients continue to have timely access to appropriate and tailored treatments. Please see a high-level summary below.

#### Summary:

- MA plans that choose to apply step therapy to Part B drugs must couple step therapy with broader care coordination activities.
- MA plans will be required to pass along at least 50 percent of the savings from step therapy to beneficiaries.
- MA plans that also offer a Part D benefit will be allowed to manage within their Part B benefit as well as cross-manage across Part B and Part D.
- CMS will consider rulemaking related to step therapy that might be appropriate for 2020 and future years.

#### Beneficiary Protections:

- If a plan decides to apply step therapy to Part B drugs, it must be explicitly communicated to beneficiaries through the Annual Notice of Change and Evidence of Coverage documents.
- Patients that do not wish to participate in a plan that includes step therapy will have the option to select a different plan during Open Enrollment.
- Once the MA plan year begins, beneficiaries can make a one-time switch to another MA plan or Original Medicare from January 1 through March 31, annually.
- This change will only apply to newly prescribed medications. The traditional MA appeals process still applies for instances in which a provider and patient seek an exception to step therapy.

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

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

To read the memo sent to Medicare Advantage plans, [CLICK HERE](#).