

Health Policy Update – November 20, 2018

Stay up to date on public policy initiatives and legislation impacting your community specialty clinic. The Health Policy Update is a bi-weekly newsletter for McKesson Specialty Health customers with curated content, and resources to help you advocate for your practice and patients.

House E&C Republican Pushes Back on International Price Index Model, Opposes Price Fixing

On November 16, Congressman Larry Bucshon, M.D. (R-IN), a member of the House Energy and Commerce Committee and GOP Doctors Caucus, criticized the Administration's recently-proposed International Price Index (IPI) model which would tie drug prices under Medicare to prices paid in other countries. Noting that other unnamed Republicans are also troubled by the proposal, Congressman Bucshon's remarks represent the first public critique of the IPI model by a Republican member of Congress.

In addition to his uneasiness with government price fixing, Congressman Bucshon expressed concern that the IPI proposal would harm patients' access to innovative new drugs.

In 2016, Congressman Bucshon helped lead opposition to a similar Medicare drug pricing proposal released under President Obama. After widespread opposition from Congress, the drug industry, and some doctors, the Obama Administration eventually dropped the proposal.

To read an article in The Hill, [CLICK HERE](#).

CMS Administrator Seema Verma Discusses International Price Index Model

On November 14, Seema Verma, Administrator of the Centers for Medicare & Medicaid Services (CMS), discussed the Administration's drug-pricing initiatives in Medicare during a speech at the Biopharma Congress in Washington, D.C.

In her remarks, Administrator Verma discussed details of the Administration's plan to implement the International Price Index (IPI) model, an expansive mandatory demonstration project to allow private-sector vendors to negotiate Medicare Part B drug prices to purportedly align payments with the prices paid in other countries.

Verma assured physicians that the goal of the IPI is to maintain financial stability by providing fixed payment amounts that would vary according to factors such as physician specialty, physician practice, or drug class, instead of the percentage based add-on payment currently used. CMS is still seeking input from stakeholders about the appropriate variables on which physician pay may differ.

Her remarks also touched on several other aspects of drug pricing policy, including a preview of the forthcoming Part D and Medicare Advantage modernization proposed rules. Potential reforms include:

- Modifying Six Protected Classes to increase negotiation
- Enhancing plan negotiating leverage and increasing plan design flexibility
- Ensuring that plans use all available commercial market tools, including real-time cost information for patients and providers
- Empowering Part D plans to encourage more generic utilization

To read the full text of Administrator Verma's speech, [CLICK HERE](#).

AMA Resolutions Support Site Neutral Payments, Call for More 340B Program Transparency

During its annual interim meeting, the American Medical Association's (AMA) Council on Medical Services approved a report supporting the principles of site neutral payment reform and recommending that the AMA "support Medicare payments for the same service routinely and safely provided in multiple outpatient settings that are based on sufficient and accurate data regarding the actual costs of providing the same service in each setting." The report reaffirms previous AMA policies on site neutrality, including those that call on CMS to define Medicare services consistently across settings.

The AMA also adopted a resolution at its annual meeting calling for a revised eligibility formula for hospital participation in the 340B program. The new resolution is expected to align with existing policy that calls for participating hospitals to report what percentage of their 340B savings are being used to directly provide care to underinsured and other low-income patients.

To view the AMA's Site-Neutral Payments Report, [CLICK HERE](#).

To view the AMA's announcement of the 340B transparency resolution, [CLICK HERE](#).

Senator Chuck Grassley to Chair Senate Finance Committee

It was announced last week Senator Chuck Grassley (R-IA) will become chairman of the Senate Finance Committee in the 116th Congress, taking over from Sen. Orrin Hatch (R-UT) who will retire from the Senate this year. Grassley previously served as chairman of the committee from January 2001 to June 2001 and from January 2003 to January 2007. He also served as ranking member from June 2001 to January 2003 and from January 2007 to January 2011.

"The economy is better than it's been in years and there's a sense of optimism about the future of our country that people haven't felt in a long time thanks to the pro-growth policies of a Republican president and a Republican majority in Congress," Grassley told Politico. "Looking ahead, at the Finance Committee, I want to continue to work to make sure that as many Americans as possible get to experience this good economy for themselves."

To read a statement from Senator Grassley, [CLICK HERE](#).