# AMCP Webinar Series

## Implications for Managed Care Pharmacy from CMS Proposed Changes to Medicare Part B Drug Payment Models

April 27, 2016

## Disclaimer

# How to Ask A Question


Raise your hand to ask verbally

Or, type your question in the 'Questions' area **(preferred)**

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# Today's Speakers

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4

# Agenda

Summary of Proposed Rule

Implications to Managed Care Pharmacy

Considerations for Comments to CMS

Question & Answer

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# Summary of Proposed Rule

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## CMS Proposes Dual-Phase Payment Reform to Part B Drug Payments Under FFS Benefit

| Current Policy | Proposal | Affected Drugs |
|---|---|---|
| 106% of average sales price (ASP) | 102.5% of ASP + $16.80 | Physician-administered drugs |
| No utilization management | Utilization management for some drugs/therapeutic classes | DME supply drugs |

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## Top 10 Part B Drugs, by Spending (2014)

| Drug Name | Total Spending, 2014 (millions) |
|---|---|
| Rituxan (rituximab) | $1,500 |
| Lucentis (ranibizumab) | $1,331 |
| Eylea (aflibercept) | $1,295 |
| Neulasta (pegfilgrastim) | $1,173 |
| Remicade (infliximab) | $1,172 |
| Avastin (bevacizumab) | $1,063 |
| Prolia/Xgeva (denosumab) | $767 |
| Herceptin (trastuzumab) | $560 |
| Alimta (pemetrexed disodium) | $559 |
| Velcade (bortesomib) | $471 |

*Source: CMS. Medicare Drug Spending Dashboard (https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Dashboard/Medicare-Drug-Spending/Drug_Spending_Dashboard.html)*

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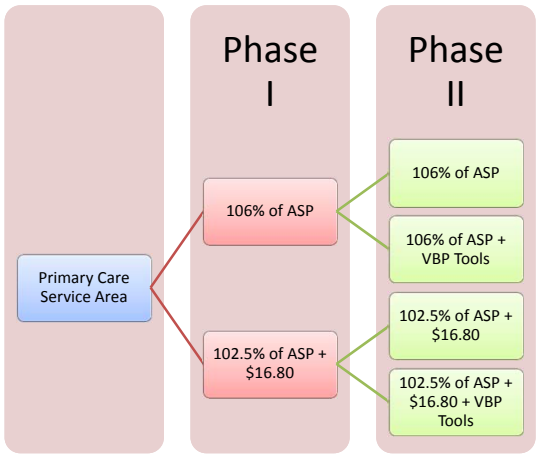
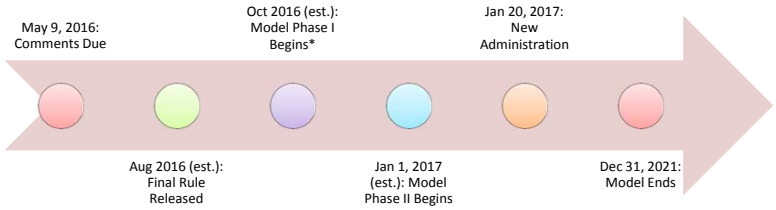
## Payment Methodology Changes and VBP are Part of the Proposed Model







## Earliest Implementation Date for Model: Late 2016




**Phase I of the model will begin at least 60 days after the release of the final rule.*

## Expected Impact for Top 5 Physician Specialties, by Total Drug Payment

| Physician Specialty | Total Drug Payment at Current Payment Rates, 2014 (millions) | Expected Impact of Phase I on Overall Drug Payments |
|---|---|---|
| Hematology/Oncology | $4,059 | -0.6% |
| Ophthalmology | $2,387 | -1.7% |
| Pharmacy (includes specialty, DME) | $1,432 | +4.2% |
| Rheumatology | $1,205 | -1.5% |
| Medical Oncology | $1,193 | -0.7% |

*Source: CMS. Medicare Part B Drug Payment Model Proposed Rule. (https://www.gpo.gov/fdsys/pkg/FR-2016-03-11/pdf/2016-05459.pdf)*




## Primary Care Service Areas (PCSAs) Would Be Used for Assignment

PCSAs are based upon practice patterns between beneficiaries and primary care providers

- Are primary care practice patterns inherently different from specialty practice patterns?

Impact of multi-practice locations crossing multiple PCSAs

- CMS: “almost all” claims for individual suppliers and providers are billed within a single PCSA

Hospital outpatient departments will also be included in the model

- Potential patient shift to HOPD?

## CMS Names Specific Value-Based Pricing Strategies Under Consideration

- Reference Pricing
- Indication-Based Pricing
- Outcomes-Based Risk-Sharing
- Discounting/Eliminating Cost Sharing

CMS would contract with a third-party vendor to operationalize VBP strategies




## Specific VBP Tools Would be Applied to Specific Drugs Identified by HCPCS Code

- Post list of drugs, identified by HCPCS code, associated with specific tools
- 30-day public comment period
- 45-day public notice prior to implementation
- CMS is seeking comment on potential groups of drugs most suitable for each VBP tool

## VBP Arm of Model Would Have Access to Clinical Decision Support Tools

**Educational Resources**

- Online tool would provide information on prescribing for specific indications and other clinical guidelines
- Tool could address specific drugs, therapeutic classes of drugs, or diagnoses
- Use of the tool would be voluntary
- Information in the tool would be subject to public comment before release
- CMS is seeking comment on which Part B drugs and conditions would be good candidates for inclusion

**Feedback Reports**

- Would provide physicians access to reports on Part B drug claims as well as claims patterns in their geographic area and nationally
- Information would not be publically available
- Reports would be similar to Quality and Resource Use Reports used under the Medicare Shared Savings Program, ACO Model, and Comprehensive Primary Care Initiative




## CMS Seeks Comments on Several Additional Strategies

Value-Based Purchasing Arrangements Made Directly With Manufacturers

Reinstituting the Part B Competitive Acquisition Program (CAP)

Episode-Based or Bundled Pricing

## Pre-Appeals Payment Exception Process Aims to Protect Beneficiaries

Proposed "payment exceptions review" process would allow a provider or beneficiary to preempt potential disputes regarding model payment before submitting a claim

The process would only apply under the VBP section of Phase II of the model; it would not apply to ASP modifications

The process would be in addition to the traditional beneficiary appeals and exceptions process





## Key Evaluation Questions Concern Prices, Utilization, Quality

| | | |
|---|---|---|
| Payment | Prescribing Patterns | Acquisition Prices |
| Outcomes/Quality | Unintended Consequences | Variable Model Effects |

# Implications to Managed Care Pharmacy

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## Model Could Impact Medicare Advantage Benchmark Payments

The rule does not mention Medicare Advantage (MA) plans

If expected Part B drug costs decrease due to model, MA benchmark payments are likely to decrease

Uncertainty over whether MA plans would have access to the same VBP tools

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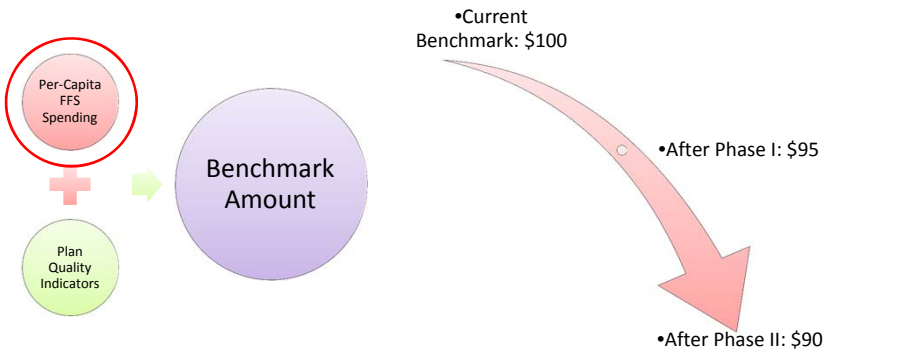
## Model Could Impact Medicare Advantage Benchmarks




*Relationship between plan bid and benchmark amount determine Medicare payment to plan*

*As benchmarks fall, plans must make up difference: will they have access to same VBP tools?*

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## How Could Model Impact Part D Plans?

**Utilization**
- Will physicians shift towards "white bagging" to avoid payment cuts and/or VBP tools?

**Beneficiaries**
- Shift to Part D would likely increase costs for beneficiaries

**Medicare**
- Costs to Medicare may also increase

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## Can Model Really Increase Quality and Reduce Costs?

**Quality**

- One goal of model is to increase quality, but there are no additional quality measures included
- As proposed, clinical decision support tool use is voluntary, only available to practitioners in VBP arms

**Costs**

- CMS states that Phase I is designed to be "budget neutral"
- No estimate for cost savings associated with Phase II
- Many high-cost therapies lack therapeutic alternatives





## 340B Program May Also Impact Model

Currently over 2,000 hospitals are 340B entities

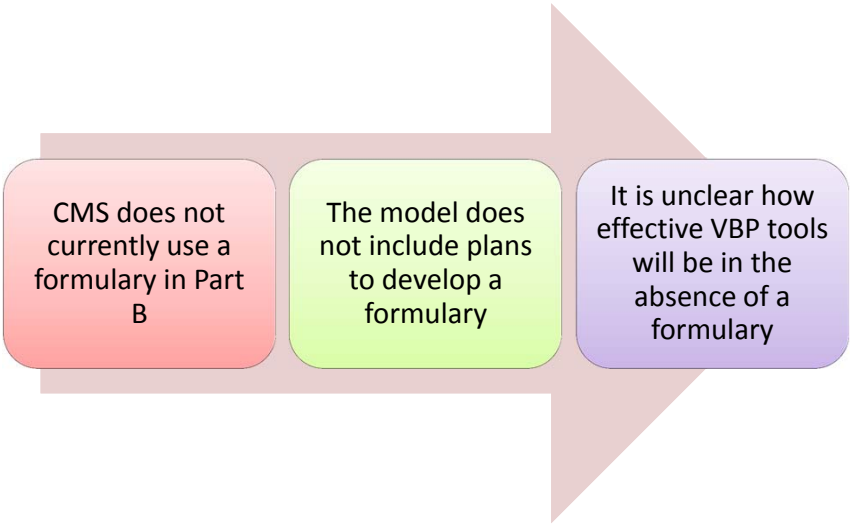
- In 2013, 48% of Medicare Part B drug payments to hospitals were to 340B entities

Model may shift utilization away from the physician office and towards hospital outpatient departments

- Physician/hospital mergers
- Physicians referring patients to hospitals to avoid payment cuts/VBP

Medicare subsidizes 340B entities when the program pays for drugs purchased at the discounted rate

## How Will CMS Implement VBP Tools Without a Formulary?

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## Considerations for Comments to CMS

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## AMCP Is Planning to Submit Comments on the Model

**The proposed rule does not mention Medicare Advantage**

- Will MA plans have access to the same VBP tools?
- Model impact on plan bids?

**Part D/Commercial experience**

- Lessons learned from working with Medicare population?
- Specific therapeutic classes that would be good candidates for VBP tools?
- Ability to meaningfully influence physician behavior?
- Need for formulary in Part B to be successful with VBP tools?





## AMCP Is Planning to Submit Comments on the Model

**Role of the pharmacist**

- How can pharmacists play a role?
- What benefits would pharmacist participation bring?

**Scope of pilot**

- Should the pilot be scaled back?
- Concerns about geographical overlap?
- Resource constraints on plans participating in pilot?

## AMCP Is Planning to Submit Comments on the Model

Additional thoughts or areas of concern that AMCP should highlight in comments to CMS?

Please provide feedback via email to Soumi Saha, Assistant Director of Pharmacy & Regulatory Affairs, at ssaha@amcp.org by Monday, May 2nd. AMCP's final comments to CMS will be available on the AMCP website and also included in the Legislative-Regulatory Briefing Newsletter that is sent to all AMCP members.





## Question & Answer

# How to Ask A Question






# AMCP Policy Issue Groups

Sign up for late-breaking information and the opportunity to be in the conversation: www.amcp.org/list

- Specialty/Biosimilars
- Health Care Reform Implementation
- Medicare Part D
- HIT
- Quality initiatives
- MTM

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WEBINAR

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Thank you for attending!

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