

Ongoing Payment Models and Reimbursement Systems for Oncology Infusion Medications

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Disclosures

Alexander Quesenberry

- Speaker for Genentech
- Advocacy Board Consultant for Taiho

April Nunnally

- None to disclose



Objectives

- Discuss CMS Reimbursement Cuts to 340B program
- Calculate projected reimbursement from outpatient claims
- Discuss reimbursement of newly approved medications and pass through status medications
- Determine medication procurement strategy and sourcing



Alphabet Soup

- DSH- Disproportionate Share Hospital
 - >11.75% of patients
- OPSS- Outpatient Prospective Payment System
- IPPS- Inpatient Prospective Payment System
- AWP- Average Wholesale Price
- WAC- Wholesaler Acquisition Cost
- ASP- Average Sales Price
- AAC- Actual Acquisition Cost
- GPO-Group Purchasing Organizations
- HCPCS- Healthcare Common Procedure Coding System

Desselle, Shane p, et al. Pharmacy Management. 3rd ed., McGraw Hill, 2012.



340B

- 1992 Section 340b of Public health Service act by the veterans health care act
- Overseen by HRSA to allow Providers to “stretch Federal resources as far as possible to provide more care to more patients”
- Allows DSH hospitals to purchase outpatient medications at an estimated average of 22.5% discount for eligible patients

https://energycommerce.house.gov/wp-content/uploads/2018/01/20180110Review_of_the_340B_Drug_Pricing_Program.pdf



Final Rule FY2018


- HOPPS 1/1/18 CMS Reimbursement Cut
 $ASP + 6\% \rightarrow ASP - 22.5\%$
 $\$1,600,000,000$
 estimate reduction in Drug payments

- Exemptions
 - Critical Access
 - Children's Hospital
 - PPS Exempt Cancer Hospitals
 - Rural Sole Community Hospitals
 - Pass-Through Status
 - Non-excepted Facilities (HOPDs)


CMS, "Hospital Outpatient Prospective Payment System" <https://www.cms.gov/medicare/medicare-fee-for-service-payment/hospitaloutpatientpps/index.html>




\$1,600,000,000




470 Bugatti Veyrons (\$3.4 mil)



3 Azzam Superyacht (\$600 mil)



24 Gulfstream G650 at \$65 mil



Titans Team Value \$1.16 bil

340B Modifiers

- PN- Non-accepted HOPDs
- JG-Entities impacted by rate cut
- TB- Entities not impacted.
- JW- Billable Waste

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Downloads/Billing-340B-Modifiers-under-Hospital-OPPS.pdf>

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Declining Trends in Drug Reimbursement

- 1992- 100% AWP
- 1998- 95% AWP
- 2005- ASP + 6%
 - 2013- ASP + 4.3%
 - 2018- ASP - 22.5% (340B)

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/McrPartBDrugAvgSalesPrice/2018ASPFfiles.html>

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Drug Pricing Example

	AWP	WAC	GPO	340b
Chemotherapy Drug A 100mg Vial	\$1127	\$940	\$863	\$275
Medicare Reimbursement			ASP+6%	ASP-22.5%
1 billing unit - 100mg			\$915	\$668
Margin			\$52	\$394
After Sequestration (-2%)			\$51	\$386

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Real Drug Pricing Audience Question

	GPO	340B
Chemotherapy Drug B 100mg Vial	\$4650	\$3440
Dose = 200mg	\$9300	\$6680
ASP+6%: \$ 48.57 per mg		
Margin:		
Sequester (-2%)		

340B does not always equal greater margin

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OPPS for New Medications

- ~6 months to receive a HCPCS code and ASP+6% rate
 - C9399 or J9999 temporary code
 - Reimbursed at 95% of AWP
- Pass-Through Status are reimbursed at ASP+6% when purchased at 340B
 - Status indicator "G"
 - Typically lasts 2-3 years

<https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R3685CP.pdf>

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Drug Administration Services

CPT Code	Description	2018 Rate
96374	Therapeutic, prophylactic or diagnostic IV push	\$47.16
96375	Therapeutic, prophylactic.....additional agent	\$18.36
96413	Chemo Administration IV up to an hour	\$144.72
96415	Chemo Admin IV additional hour	\$31.68
96416	Chemo Prolonged >8Hrs requiring portable pump	\$147.24

<https://www.cms.gov/medicare/medicare-fee-for-service-payment/physicianfeesched/pfs-federal-regulation-notices-item/cms-1654-f.html>



Packaging Thresholds

- Any medications costing less than the packaging threshold will not be reimbursed by CMS
 - 2005 - \$50
 - 2007 - \$95
 - 2018 - \$120
 - 2019 - \$125

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/HospitalOutpaysysfctsh.pdf>



CMS Clarifications on External Pumps

- MLN Matters SE 1609-April 2016
- CMS clarified that Infusion Pump vendors could no longer charge Medicare for pump services
- Accounts for a loss of ~\$260 per patient event
- Vendors are now charging for **\$50-\$75** Medicare copayments

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/se1609.pdf>



Medicare 3 Day (1 Day) Payment Window

- Diagnostics and other Services (infusions) performed in the outpatient setting
 - 3 days prior or 1 day after an inpatient admission
 - Reimbursed through IPPS (DRG based payments)
- Consider for Neulasta (pegfilgrastim) post discharge

https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Three_Day_Payment_Window.html



Inpatient Prospective Payment System

- Payments Beyond DRG w/in an inpatient stay
 - NTAP (New Technology Add-on Payments)
 - Typically granted for 2-3 years

Medication	NTAP
Vyxeos (daunorubicin and cytarabine liposomal)	\$36,425.00
Blincyto (blinatumomab)	\$27,017.85 (Ended in FY18)
Vistogard (uridine triacetate)	\$37,500.00
Defitelio (defibrotide)	\$75,900.00

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/nt>



Biosimilars Interchangeability

- Each Unique HCPCS = no interchangeability
- FY 18 Reimbursed ASP + 6% based on reference product
- FY 19 Reimbursed ASP + 6% based on Biosimilar
- ASP - 22.5% for 340B (exception Pass-through)

<https://www.managedcaremag.com/pharmdcorner/medicare-biosimilar-reimbursement-hopes-cost-savings-dream-deferred>



Procurement Models

- Insurers are utilizing HMOs to reduce costs
 - Medical → Prescription
 - Buy and Bill → Specialty Prescriptions
- Unable to bill for medication, can still bill administration
- Bagging of medications



<https://www.drugchannels.net/2016/07/how-specialty-pharmacy-is-penetrating.html>

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Oncology Care Model

- 5 year pilot research project through CMS
- Oncology Payment model to focus on Quality
- Episodes of Care
- Surveys, Claims Data, and Quality Measures
- MEOS (Monthly Enhancement Oncology Services)
- PBP (Performance Based Payment)

<https://innovation.cms.gov/Files/slides/ocm-overview-slides.pdf>

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Future

American Patients First

The Trump Administration Blueprint to Lower Drug Prices and Reduce Out-of-Pocket Costs

MAY 2018

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Questions

Refer to alexander.quesenberry@bmhcc.org



<http://dreamstop.com/accountant-dream-symbol>

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