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# In-office infusions at risk with new Medicare Part B reimbursement recommendation

**Publish date:** July 6, 2023

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Rheumatology News

IN COLLABORATION WITH CSRO
Coalition of State Rheumatology Organizations

The Medicare Payment Advisory Commission (MedPAC) is an independent agency to advise Congress on Medicare (MC) policy, much of which pertains to payment issues. The 17 commissioners meet publicly and issue two reports a year with their recommendations to Congress, who then decides whether to enact these recommendations or not.

One MedPAC recommendation in 2023 was quickly introduced in the House of Representatives in May and passed the Energy and Commerce Committee 49-0. That recommendation relates to "site neutrality" payments to MC providers. If passed by Congress, it would result in some "site-neutral" cuts to hospitals. That MedPAC recommendation was acted upon very quickly by Congress. Consequently, it is important to discuss the potential negative ramifications of other MedPAC recommendations released in June regarding reimbursement of Medicare Part B drugs and proactively educate Congress accordingly on those ramifications.

## Medicare Part B drugs

Medicare Part B drugs are those administered by providers, unlike the Part D medications which are generally obtained through pharmacies. Presently, MC reimburses providers for the administered Part B medication based on the average sales price (ASP) plus 6%. However, with sequestration, that add-on amount is reduced to ASP plus 4.3%. It has long been touted by MedPAC and other policy makers that physicians choose to infuse higher-priced drugs in order to increase reimbursements. That has not been borne out when it

comes to rheumatologists, and, in fact, a retired MedPAC commissioner even stated that premise did not hold true for rheumatologists.

Regardless, it continues to be suggested that MC should reduce its costs for Part B medications by reducing reimbursement to physicians. It should be noted that often the margins on the drugs are already quite thin, and at times the reimbursement amount, compared with the acquisition cost of the drug even leaves the physician "underwater."

A few years ago, there was a proposed Part B demonstration project that essentially removed the +6% add-on and replaced it with a very low fixed amount that would have left most physicians "underwater" in their Part B drug acquisitions. This was vigorously opposed by physicians around the country, who let Congress know exactly how they felt. We have been told that the Coalition of State Rheumatology Organizations was one of the most vociferous organizations that helped in fighting back this proposal and resulting in its withdrawal.

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## MedPAC recommendations

That brings us back to MedPAC. In June, MedPAC released recommendations to Congress in an attempt to address the "high price of drugs" covered under MC Part B. Unfortunately, the recommendations do nothing to address the root cause of high drug prices, but once again attempt to balance MC expenditures on the backs of physicians. In this case, it is physicians who infuse Part B drugs in their office to chronically ill patients. In-office infusions have been shown to be the most cost-effective site of care, as well as being safer when compared with home infusion for a number of rheumatologic medications.

One of the MedPAC recommendations gives the Secretary of Health & Human Services the authority to establish a single ASP for drugs with "similar health effects." The ambiguity of the phrase "similar health effects" should put us all on alert as to the significant unintended consequences that may result. For example, HHS could assign one ASP to all drugs that treat rheumatoid arthritis based on the lowest ASP of the group. This certainly would lead to a number of drugs being out of reach for MC beneficiaries if the artificial ASP of the medication is much lower than the actual acquisition cost of the drug, leaving physicians unable to acquire it. Yet, MedPAC states this recommendation would not affect access to care for MC beneficiaries.

Another recommendation would require HHS to reduce or eliminate the add-on percentage to the ASP for higher-priced drugs and/or put in an added fixed amount. This

recommendation is clearly reminiscent of the old ill-conceived Part B demonstration project.

A fixed "add-on amount" might work if it is sufficient to cover the overhead of maintaining a provider's infusion suite. But if practices are left underwater in their purchases of certain Part B drugs, there may be no choice but to stop offering those infusions to MC beneficiaries or – worst-case scenario – shut the door completely. Yet again, MedPAC stated that this recommendation would not result in a loss of access to these treatments for MC beneficiaries.

## Loss of access?

Rheumatologists have gone to great lengths to continue offering care to MC patients in spite of the yearly cuts and threats of more cuts in the future to physician reimbursements. In addition, physicians have no annual inflationary update to their reimbursements. I am not sure how MedPAC concludes that continued cuts to physician fee schedules, along with a decrease in reimbursement for administered drugs, will not affect access to care for MC beneficiaries.

Finally, the timing on these recommendations is confusing, considering that implementation of the Inflation Reduction Act (IRA) has just begun. Next quarter, a number of Part B drugs will be subject to inflationary penalties; there will also be additional Part B biosimilars coming to market, resulting in lower ASPs. And don't forget, the IRA just instituted an ASP plus 8% reimbursement for biosimilars in an attempt to get physicians to do something that the Centers for Medicare & Medicaid Services has asked them not to do. That is, choose a drug based on its reimbursement, not necessarily the one which is right for the patient.

Overall, with so many variables up in the air, now is not the time to create even more uncertainty for physicians and the Medicare patients that they take care of.

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