

Reproduced with permission from Pharmaceutical Law & Industry Report, 16 PLIR 7, 7/27/18. Copyright © 2018 by The Bureau of National Affairs, Inc. (800-372-1033) <http://www.bna.com>

## Medicare Proposal Encourages Non-Hospital Outpatient Care (1)

Medicare's payments for outpatient hospital care could increase by 1.25 percent in calendar year 2019, under a new proposal.

The rule (RIN:0938-AT30), proposed by the Centers for Medicare & Medicaid Services July 25, would also cap the outpatient payments at the physician fee schedule-equivalent rate. This would result in an estimated savings of \$760 million in 2019. The reduction in payment would save beneficiaries an average of \$14 each visit in copayments. The overall impact of the rule's changes would be a pay raise of \$4.9 billion, to approximately \$74.6 billion in total.

The Medicare agency also said it's proposing "site-neutral" payment changes that encourage migration of services from the hospital setting to the lower-cost ambulatory surgical center setting.

The agency's proposal also includes requests for information on topics including price transparency information for consumers, and revising the conditions of participation for providers to encourage electronic data sharing.

Site neutrality and price transparency are "enablers of a health-care market that drives towards value," CMS Administrator Seema Verma said July 25 in a call with reporters. The proposal would put "all providers on a level playing field."

Comments are due Sept. 24.

**Drug Changes** The rule is also proposing to pay for non-opioid pain management drugs for ambulatory surgical centers at average sales price plus 6 percent. This was a recommendation made by the President's Commission on Combating Drug Addiction and the Opioid Crisis.

The CMS proposal also would continue the agency's effort to cut reimbursements to health-care providers getting discounted drugs from manufacturers through the 340B drug pricing program.

Beneficiaries will save an estimated \$10 million in 2019 with the 340B-related cutbacks, Verma told reporters.

A hospital group expressed concern about this change.

Cutting 340B-related Medicare reimbursements "would threaten access to care for millions of patients who live with low incomes or in rural communities," 340B Health, an organization of 1,300 hospitals and health systems in the 340B program, said in a statement July 25.

The Medicare agency "now plans to make a bad rule worse by extending the cuts to drugs provided in certain off-campus hospital clinics," the group said.

By SHIRA STEIN

To contact the reporter on this story: Shira Stein in Washington at [sstein@bloomberglaw.com](mailto:sstein@bloomberglaw.com)

To contact the editor responsible for this story: Brian Broderick at [bbroderick@bloomberglaw.com](mailto:bbroderick@bloomberglaw.com)