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## Medicare Agency Aims to Change Drug Programs to Lower Prices

The government is stepping up its efforts to lower drug prices for Medicare beneficiaries under recently proposed changes to its outpatient payment regulations.

The Centers for Medicare & Medicaid Services wants to create a new model to pay for drugs under Part B. Part of the plan, unveiled in a proposed rule (RIN:0938-AT30), is to get public comment on how to resurrect and restructure its Competitive Acquisition Program (CAP), where drug supply vendors would bid for Medicare Part B drugs and biologicals on behalf of physicians. The program ran from 2006 until 2008 and was unsuccessful because of a lack of participation from vendors and physicians, according to a 2010 CMS report.

The move mirrors a recommendation from the Medicare Payment Advisory Commission in its June 2017 report to create a similar program that facilitates drug negotiations called the Drug Value Program.

The fact that the CMS is seeking public input instead of rolling out a potential model shows that it's trying to change the CAP's structure to make it more effective, Stephanie Trunk, co-leader of health-care practice at Washington-based Arent Fox, told Bloomberg Law July 31.

The drug program would have vendors only responsible for negotiating drug prices, MedPAC Executive Director Jim Mathews told Bloomberg Law July 31. Mathews said this would make the program "less bureaucratic and unwieldy."

For the program to be successful, the CMS needs to give physicians a share in savings or require participation, Trunk said. Otherwise there is little incentive for larger practices to participate.

Smaller practices are already trying to find a way out of the current drug pricing system because they have trouble getting credit to purchase drugs, Jeffery Ward, chair of the Alexandria, Va.-based American Society of Clinical Oncology's government relations committee, told Bloomberg Law July 31.

Mathews said MedPAC's proposed drug program could share savings with participating physicians and beneficiaries, which would help motivate physicians to participate. He said MedPAC's program could progressively lower payments for some Part B drug markets.

There was still a backlash from the physician community to MedPAC's proposed program. This was likely because people were fearful of an unknown program that could "rock the boat of the current system," Jack Hoadley, a research professor at Georgetown Univer-

sity in Washington, told Bloomberg Law July 30. Hoadley is also a former MedPAC member.

Mathews said MedPAC has not had any detailed conversations with the CMS about its proposal since its release last June.

**Fighting Opioid Abuse** The CMS also wants doctors to prescribe non-opioid pain medication, and it wants drug companies to create more of them. But before that can happen, the agency needs to create inducements, which is why the CMS is asking for public comments regarding reimbursement for non-opioid painkillers.

The agency's review of its payment policies is part of the Trump administration's plan to combat drug addiction, the CMS said in its overview of the new report. It was largely met with praise, including plaudits from House Ways and Means Chairman Rep. Kevin Brady (R-Texas) and Washington-based Avalere Health consultant Dan Mendelson.

Revamping payment policies "would help prevent unnecessary opioid use and potential addiction while limiting current incentives in Medicare to prescribe opioids as a primary option," Brady said in a statement.

Mendelson told Bloomberg Law it was an "encouraging sign." It also sends a signal to drugmakers "that there will be a demand for non-opioid alternatives," he said. The industry has already taken note of the shrinking demand for opioids. Sales for opioid painkillers dropped by \$89 million from 2016 to 2017, according to data compiled by Bloomberg.

But Stefan Kertesz is skeptical an answer to the drug epidemic can be found in a bottle. The University of Alabama at Birmingham preventive medicine professor recommends investing in comprehensive care. The CMS should consider extending physical therapy benefits, ensuring access to mental health care, and reimbursing doctors for teaming up to discuss addiction risk within a patient who is prescribed opioids.

"For people with serious problems, they very often need labor-intensive care that's not based on a new pill, or needle, or new technology," Kertesz told Bloomberg Law July 31. "It's a relationship that helps the person rethink and understand that history of their own pain and how they're going to work on that."

**340B** Low-income hospitals that receive the federal drug discount program called 340B will see even more reimbursement cuts thanks to the new CMS proposal. The agency cut payments to certain hospitals by 30 percent in January 2018. In 2019, the agency will reduce payments to certain off-campus hospital clinics as well, which advocates for 340B say does significant harm to the program.

“These misguided and unjustifiable policies will harm teaching hospitals and the patients and communities they serve,” the head of the Association of American Medical Colleges, Darrell Kirch, said in a statement.

The discount has been the center of debate for months, and the cutbacks weren’t unexpected, Brian Rye, a senior health-care analyst at Bloomberg Intelligence, told Bloomberg Law.

The Community Oncology Alliance, a nonprofit that represents cancer doctors, was pleased with the rule.

Drugmakers typically support a more narrow implementation of 340B because they say the program isn’t transparent enough and doesn’t have enough oversight.

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