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Washington Health Policy Week in Review

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Doctors' Groups Spar Over Proposed Medicare Part B Drug Model

By Kerry Young, CQ Roll Call

May 5, 2016 -- A group with roots in an effort by medical students to help elect Barack Obama president in 2008 is backing the president in one of his last major fights over health policy. The nonprofit Doctors for America is running a grassroots campaign in support of a proposal to alter how Medicare pays for drugs administered in doctors' offices, putting it at odds with much larger medical associations.

Doctors for America has asked its members to send formal comments in support of the proposal regarding drugs covered by Medicare's Part B, the part of the program that covers outpatient care, said Justin Lowenthal, who currently serves as the Maryland state director for the organization. The group is seeking to counter the objections to the Centers for Medicare and Medicaid Services' (CMS) plan from American Medical Association and drugmakers' lobbying groups.

The two-part drug model unveiled in March calls for a quick change to the reimbursement policy for medicines that cost Medicare about \$22 billion a year, while also outlining steps for a potential broader overhaul of how the nation's largest single purchaser of health care pays for drugs. Among the ideas considered are ways to peg reimbursement for drugs to the results delivered for patients, an approach called value-based purchasing.

More than 600 comments about the Part B model have been made public so far on the regulations.gov site, and more likely will be posted in the weeks ahead. Many comments ask CMS to abandon the proposal, which could change how doctors across the country are paid. The plan calls for keeping some doctors in the current model, in which they get paid the reported average sales price for a medicine plus a premium of about 4.3 percent. Other doctors would see the premium shrink to about 0.9 percent but would get a flat fee of \$16.80 as well. CMS is accepting comments through May 9.

Democratic support may decide how far the Obama administration can go. So far, there has not been a full-throated defense of the model from lawmakers in the president's own party. At least four House Democrats agree with Republicans in both chambers who want CMS to drop the Part B drug model. Democrats on the influential Senate Finance Committee released a letter in which they raise concerns about the test program, although they did not call for its withdrawal.

"The Democrats are towing this line between wanting to be for reform in terms of drug prices and the health care system more generally, but also wanting to listen to some of the physician groups and patient groups that are coming to them" with complaints about the Part B model, said Lowenthal, who is pursing both a medical degree and a doctorate at Johns Hopkins University.

Cancer and Arthritis

Any change in the Part B payment system would significantly affect doctors who treat cancer and rheumatoid arthritis, a potentially crippling disease that attacks joints. Drugs used for these fields are commonly given by infusion and injected. Doctors in smaller practices don't get significant discounts on these products, medical groups say. So the proposed Part B payment change would put them "under water," meaning that they would lose money because they pay more than the reported average sales price to acquire drugs, said William Harvey, who is the chair of the committee of government affairs for the American College of Rheumatology.

CMS chief medical officer Patrick Conway on Wednesday said the agency is looking into whether the current design of the Part B model could end up inadvertently cutting off access to drugs for people in rural areas and those seen by doctors in smaller practices. Conway made it clear some weeks ago that CMS expects to make changes to the Part B drug model.

Harvey said that the ACR is waiting to see what revisions Medicare makes before deciding whether to push Congress strongly to act on the matter. Rep. Larry Bucshon, R-Ind., introduced a bill (HR 5122) on April 29 to block the implementation of the Part B model. It so far has four GOP sponsors. Another approach would be to seek to tuck a provision into an appropriations bill to block CMS from progressing with the Part B drug model. Harvey said he sees little chance of either of these approaches working to stop Medicare from launching this test.

"It doesn't appear that the administration is going to withdraw the proposal at this point," Harvey said. "And, even though there's a new bill that's been introduced to stop the proposal, I don't think there is enough bipartisan support in Congress to do that."

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