



APC Payment Impacts CY18 “340B” Proposal

Advisory Panel on Hospital Outpatient Payment

August 21-22, 2017

Presented by The Provider Roundtable

Presentation Checklist

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The Provider Roundtable (PRT)

- Volunteer PRT members represent nearly 300 hospitals in 30 states
- As provider employees, we have no financial relationship to report related to this proposal

CPT®/HCPCS and APC Codes

This presentation involves:

- ALL CPT®/HCPCS CODES
- ALL APCs

Description of Issue

- At its February 2012 meeting, the Panel recommended that CMS pay hospitals for separately payable drugs at a rate of average sales price (ASP) plus 6 percent
- In 2013, after many years of various cost manipulations to determine the most appropriate payment level for separately payable drugs (to include overhead) under the OPPS for all hospitals (including 340B hospitals), CMS agreed with stakeholders and the Panel that adopting ASP+6% would be an appropriate and simple solution
- In the CY 2018 OPPS Proposed Rule, CMS has proposed to change its drug payment policy to “reflect more accurate costs” associated with separately payable drugs for those hospitals who purchase drugs under the 340B program
- To remain budget neutral, CMS states there are various options to internalize the “savings” (negatively affecting drug payments) so they remain in the OPPS system, affecting all other APC services that are separately payable under OPPS
- A general redistribution of “savings” spread across all other APC’s (e.g. increased weights) is inappropriate, as 340B cost savings are intended for Covered Entities only and not all hospital providers

Clinical Example

- There is no one clinical example that is applicable since the proposed alternative drug payment policy change relates to all APC weights and rates

Recommendation and Rationale

- CMS should not implement the proposed change to drug payment policy for drugs obtained by providers with a 340B discount
- It is inappropriate for CMS to “take” from the 340B program to address other, broader, Part B drug payment issues (e.g. underlying costs due manufacturer’s prices)
- There is no requirement in the 340B statute that mandates drug discount/cost savings be directly correlated with Part B drug payments
- The 340B program was not intended to directly subsidize or offset inadequate drug payments under Part B but rather to provide discounts on drugs which could be used to
 - Assist safety net providers in the care of uninsured patients
 - Develop community benefit programs
 - Offset the costs of providing access to needed medications for vulnerable patients
 - Invest in other needed services for their patients.

Potential Consequences of Not Adopting Recommendation

- If CMS implements its proposed alternative drug payment policy change, the result will be inappropriate payments to both 340B and non-340B providers
- Part B payment redistribution will occur in a manner that is inappropriate and could result in access to care consequences