



Medicare Payment for DME-Infused Drugs Needs to Include Coverage for Services

The Issue

Infusion therapy is prescribed when a patient's condition is so severe that it cannot be treated effectively by oral medications. Home infusion provides patients, such as those who are receiving multiple treatments per day, the elderly, and those in remote areas, with a more convenient and cost-effective option for care. Rather than seeking treatment in hospitals, nursing homes, and hospital outpatient departments, home infusion allows patients to resume a normal lifestyle and work activities, and in doing so, provides them with the opportunity for a better quality of life.

Infusion therapy consists of three components of care – the infusion drug, the supplies and equipment necessary to deliver that drug, and the professional services required to safely and effectively administer the therapy. The service component of home infusion drugs is covered neither in Medicare Part B nor D, but since 2003, the average wholesale price (AWP) for Part B durable medical equipment (DME) drugs has often been sufficient to cover the costs associated with home infusion services. The U.S. House of Representatives passed legislation (H.R.2570 and H.R.6) on June 17 and July 10 respectively to change the payment structure for infusion drugs under the Part B DME benefit from an AWP payment to an average sales price (ASP) payment methodology. However, the proposed House legislation would leave the service component unaddressed. Not covering the service component for home infusion may lead to patient access issues and harm the passage of the Medicare Home Infusion Site of Care Act (H.R.605/S.275), which lays out comprehensive home infusion payment reform.



Background

When Congress passed the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003, it changed most drugs covered under Medicare Part B to an ASP methodology. Congress made an exception for Part B DME-infused drugs and set their payment rate at 95% of AWP as of October 1, 2003. By keeping DME-infused drugs at an AWP methodology, Congress intended to make up for the lack of Medicare coverage for home infusion services. DME-infused drug prices have changed over time, and the current AWP payment rates do not reflect the market.

Therefore, as it stands now, Medicare Part B covers a small number of home infusion drugs through the DME benefit. For DME drugs, Part B covers supplies and equipment but does not cover necessary services. The 95% of AWP has often been sufficient to cover the



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cost of services. Any infusion drug that is not covered under Part B is covered under Medicare Part D. Part D does not cover the equipment, supplies, or services associated with home infusion. The needed services may include sending a nurse out to a beneficiary's home to set up the infusion treatments, training caretakers on proper administration and maintenance of equipment, checkup visits, and 24/7 on-call services. The lack of coverage for the equipment, supplies, and nursing services needed for Part D drugs has often forced patients to seek costlier settings of care rather than pay unaffordable out-of-pocket costs.

The Medicare Home Infusion Site of Care Act of 2015 (H.R.605/S.275) offers a comprehensive fix to the broken Medicare benefit by consolidating the coverage of all infusion drugs under Part D. The legislation would produce significant Medicare savings on drug costs through negotiated rates between the prescription drug plan and the home infusion provider. This approach uses Part D leverage to reduce costs, while ensuring that payments reflect the market over time.

By contrast, provisions in H.R.2570 and H.R.6 change the DME-infused drug payment structure without also addressing the need for a comprehensive Medicare home infusion benefit. An ASP pricing methodology would not adequately cover the costs of providing infusion services in the home and would lead to patient access issues for these drugs. The reform to ASP may result in higher overall costs to the Medicare program by bringing infusion patients back into costlier sites of care.

Our Position

Innovatix believes Congress should only change the payment methodology for DME-infused drugs if the reform is coupled with a way for patients to receive coverage for all three components of home infusion: the drugs, the supplies and equipment, and the services needed to administer the drugs. We urge Congress to pass the Medicare Home Infusion Therapy Site of Care Act (H.R.605/S.275) and abandon the provisions in H.R.2570 and H.R.6 that would compromise patient access to needed home infusion services. Home infusion payment reform is necessary, but it must be achieved in a comprehensive way.