Providing Services for Janssen, the Pharmaceutical Companies of Johnson & Johnson

074325-170608 8/17

Calendar Year 2018 Medicare Physician Fee Schedule Proposed Rule

August 2017

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Overview

- The Centers for Medicare and Medicaid Services (CMS) published the calendar year (CY) 2018 Medicare Physician Fee Schedule Proposed Rule on July 13, 2017

- Comments on the Proposed Rule are due by **5 p.m. EST on September 11, 2017**

Key issues addressed in the Proposed Rule

- Comment solicitation on payment for biosimilar biological products
- PFS conversion factor update
- Drug administration services
- Care management services

Current biosimilar reimbursement

- Medicare Part B reimbursement for biosimilars

- All biosimilars of the same reference product are grouped in the same billing code and subject to the same blended payment amount
- Payment amount for the reference product is not affected by this policy

42 U.S.C. § 1395w–3a(b)(8); 80 Fed. Reg, 70,886,71,096–101

Comment solicitation on coding and payment for biosimilars

- How has the payment policy affected the biosimilar market since implementation on January 1, 2016?
  - Economic data, research articles, and market analyses
- Should biosimilars sharing a common reference product be coded and paid separately?
  - If and how should payment reflect the reference product's and/or biosimilar's indications?
- Other novel ideas to foster a "competitive marketplace, increase patient access, and drive cost savings"?

82 Fed. Reg. at 34,090–91

PFS conversion factor would be $35.99 in CY 2018

- CMS proposes to slightly increase the conversion factor from **$35.89 to $35.99**
- Update reflects:
  - +.50% increase required by MACRA
  - -.19% required for CMS to meet the misvalued code target
  - -.03% budget neutrality adjustment
- Before budget neutrality adjustment, proposed rate increase is +.31%

82 Fed. Reg. at 34,176–77

Reimbursement for drugs set at default rate of ASP plus 6%

- Drugs and biologicals would continue to be reimbursed at the statutory default rate of **ASP plus 6%**
    - With sequestration still in effect, this amount is effectively ASP plus 4.3%

2 U.S.C. § 901a(6)(B)

List of "potentially misvalued" codes includes some drug administration codes

CY 2018 Proposed "Potentially Misvalued" Drug Administration Codes

CPT® Code	Descriptor
96401	Chemo administration, subcutaneous or intramuscular; non-hormonal anti-neoplastic
96402	Chemo administration, subcutaneous or intramuscular; hormonal anti-neoplastic
96409	Chemo administration, intravenous push, single or initial substance/drug
96411	IV push, each additional chemo substance/drug

82 Fed. Reg. at 34,007

Drug administration coding and payment

CPT® Codes	Description	2017 Final $ Rates[1]	2018 Proposed $ Rates[2]
	Hydration		
96360	IV infusion, hydration, 31 minutes to 1 hour	58.50	47.51
96361	IV infusion, hydration; each additional hour	15.43	14.04
	Therapeutic, Prophylactic, and Diagnostic Infusions		
96365	IV infusion, for therapy/ prophylactic/ diagnostic, initial, up to 1 hr	69.98	73.06
96366	IV infusion for therapy/prophylaxis/diagnosis; each additional hour	19.02	22.31
	Chemotherapy & complex drug/biologic infusions		
96413	Chemo administration, intravenous infusion; up to 1 hour, single or initial substance or drug	139.61	143.60
96415	Chemo administration, intravenous infusion; each additional hour	28.71	30.95
	Injections		
96372	Therapeutic, prophylactic or diagnostic injection, sc or im	25.84	20.87
96401	Chemo administration, subcutaneous or intramuscular; non-hormonal anti-neoplastic	75.37	80.62
96402	Chemo administration, subcutaneous or intramuscular; hormonal anti-neoplastic	33.02	29.15
	Other chemotherapy administration codes		
96425	Chemo initiation of prolonged ia infusion (>8 hrs) requiring use of a portable/ implantable pump	185.54	185.35

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* **NOTE:** All reimbursement is presented as national rates, without application of geographic adjustment factors (GPCI). Actual provider payment rates will vary according to the geographic location of the practice. The rates displayed have not been adjusted for any impact of sequestration.

[1] The "2017 Final Rates" are calculated using: 1) the Final CY 2017 conversion factor (CF) of 35.8887; and 2) final total RVUs, comprised of: work RVU (wRVU), non-facility (NF) Practice Expense RVU (peRVU), and malpractice RVU (mRVU) weights, as published in *CMS-1654-F. Medicare Program; Revisions to Payment Policies Under the Physician Fee Schedule and Other Revisions to Part B for CY 2017; Final Rule*, 81 Fed. Reg. 80170 (Nov. 15, 2016) and Addendum B, both available at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Federal-Regulation-Notices-Items/CMS-1654-F.html
Calculated dollar amounts reflect national rates before geographic adjustment.

[2] The "2018 Proposed Rates" are calculated using: 1) the proposed 2018 conversion factor (CF) of 35.9903; and 2) proposed total RVUs, comprised of: work RVU (wRVU), non-facility (NF) Practice Expense RVU (peRVU), and malpractice RVU (mRVU) weights, as published in *CMS-1676-P. Medicare Program; Revisions to Payment Policies Under the Physician Fee Schedule and Other Revisions to Part B for CY 2018; Proposed Rule*, displayed July 13, 2017; and Addendum B, both available at: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Federal-Regulation-Notices-Items/CMS-1676-P.html?DLPage=1&DLEntries=10&DLSort=2&DLSortDir=descending
Calculated dollar amounts reflect national rates before geographic adjustment

Proposed revisions to payment adjustments under physician quality programs

- Physician Quality Reporting System (PQRS) and Value-Based Modifier (Value Modifier) payment adjustments will be replaced by the Merit-Based Incentive Payment System (MIPS) beginning January 1, 2019
- CMS will still apply payment adjustments in CY 2018 based on data already submitted for CY 2016 under these programs
- Proposed changes include:

PQRS	Value Modifier
• 6 reporting measures required instead of 9 reporting measures • No domain requirements instead of reporting across 3 domains	• Quality reporting penalty would decrease from -4% to -2% for groups of 10 or more clinicians • Maximum upward adjustment would decrease from +4% to +2%

82 Fed. Reg. at 34,099; 34,125

Proposed new telehealth codes

- To improve patient access and ease administrative burdens for practitioners, CMS proposes to add a number of new codes to the list of telehealth services, including codes for:
  - Care planning for chronic care management (HCPCS code G0506);
  - Health risk assessments (CPT codes 96160 and 96161);
  - Psychotherapy for crisis (CPT codes 90839 and 90840); and
  - Interactive complexity related to psychotherapy services (CPT codes 90839 and 90840)

82 Fed. Reg. at 33,974–75

Payment for primary care services and care management

- CMS seeks comment on:
  - Ways to reduce reporting burden for care management services
  - Updates to reporting guidelines for Evaluation and Management (E/M) visits
- Proposes new codes for chronic care management (CCM) and psychiatric collaborative care model (CoCM) for rural health clinics (RHCs) and Federally-Qualified Health Centers (FQHCs)

82 Fed. Reg. at 34,079–80

Comments requested on how to improve PFS and OPPS

- In both PFS and OPPS Proposed Rules, CMS seeks stakeholder ideas on ways to:
  - Increase transparency;
  - Flexibility;
  - program simplification; and
  - Innovation
- Examples include:
  - Recommendations regarding payment system re-design;
  - Elimination or streamlining of reporting requirements;
  - Operational flexibility;
  - Data sharing to facilitate patient-centered care; and
  - How to generally simplify rules for beneficiaries, clinicians, providers, and suppliers

82 Fed. Reg. at 34,172–73

Commenting on the Proposed Rule

Submit comments electronically using file code CMS-1676-P at www.regulations.gov or mail comments to:

Regular Mail
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-1676-P
P.O. Box 8013
Baltimore, MD 21244-1850

Express or Overnight Mail
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-1676-P
Mail Stop C4-26-05
7500 Security Boulevard
Baltimore, MD 21244-1850

Public comments are due by no later than **5:00 p.m. on September 11, 2017**

82 Fed. Reg. at 33,950