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August 5, 2022

Senator John Barrasso
307 Dirksen Building
U.S. Senate
Washington DC 20510

On behalf of the Digestive Health Physicians Association, which represents more than 2,400 gastroenterologists who care for millions of patients in independent GI practices across the country, we are writing to support your amendment, which protects patient access to—and physician reimbursement for—critical physician-administered drugs. Physicians and other health care providers should not be collateral damage in dramatic drug pricing reforms.

Our GI practices administer Part B drugs for complex and chronic diseases such as Crohn's Colitis and irritable bowel disease for half the cost of the hospitals, yet our ability to continue to do so will be severely challenged by these unnecessary payment cuts to physicians.

The Senate budget reconciliation bill would subject older Part B drugs administered in physician offices to Secretary negotiation with cuts to average sales price (ASP) reimbursement of 40 percent or more for Part B drugs that have been on the market for 13 or more years and do not have a biosimilar. Specifically, the bill would cut ASP reimbursement for certain older, physician-administered drugs by empowering the Secretary to "negotiate" Medicare part B price reductions with an arbitrary ceiling price and no price floor.

Avalere estimates that physician practices will experience a 44% reduction in associated provider add-on payments for Part B drugs¹. Reimbursement reductions of this magnitude threaten the ability of our practices to provide these life-saving and life-changing Part B drugs.

In addition, reductions in Medicare reimbursement for these “negotiated drugs” are expected to drag down provider reimbursement in the commercial market as well because ASPs reflect prices across all markets. Providers could eventually confront cuts of similar magnitude for impacted drugs in the commercial insurance market, compounding patient access issues.

The Barrasso amendment saves the same amount of money as the underlying bill but takes providers out of the middle of these major changes. Under the amendment, ASP+6% reimbursement would remain, and Medicare would instead collect a rebate from pharmaceutical manufacturers for the same amount as the price reduction that would have occurred under the Maximum Fair Price (MFP). Beneficiaries’ copayment would be based on the MFP. Manufacturer rebates are the familiar way to obtain price concessions from manufacturers, as they have been in place for decades in Medicaid and also used in the budget reconciliation bill for recouping price increases that exceed CPI-U.

Senator Barrasso, thank you for your leadership on this issue and we encourage all Senators to vote for this worthy amendment.

Sincerely yours,



Kevin Harlen
Executive Director

cc: Dr. Latha Alaparthy, MD, DHPA President
Howard R. Rubin, DHPA Legal Counsel

¹ <https://avalere.com/insights/part-b-drug-negotiation-under-bbba-would-reduce-payments-to-providers>