



Maintain Average Sales Price Reimbursement For Part B Drugs Subject To IRA Price Negotiation

FACT SHEET | SEPTEMBER 2024

BACKGROUND

In 2022, Congress enacted the Inflation Reduction Act (IRA), which enables the Secretary of Health and Human Services (HHS) to negotiate certain high-cost drugs in the Medicare program.

There is a particular provision that would subject certain Part B drugs, administered in physician offices, to Secretarial negotiation and result in a minimum of a 40% cut to Average Sales Price (ASP) reimbursement for certain Part B drugs. This would mean physicians would be unable to cover their practice costs of administering these drugs which in turn could harm patient access.

This reduced reimbursement to physicians administering these Part B drugs under Medicare would also likely result in a downward spiral of pricing and reimbursement for commercially insured patients because those plans typically tie reimbursement to ASP.

Physician practices and their patients should not be collateral damage in drug negotiations between the Centers for Medicare & Medicaid Services (CMS) and manufacturers, and this provision can be changed in a way that saves the same amount of money but takes providers out of the middle of these drug pricing changes.

LEGISLATIVE SOLUTION

- The *Protecting Patient Access to Cancer and Complex Therapies Act* (H.R. 5391, S. 2764) has been introduced by Rep. Burgess (R-TX), Rep. Murphy (R-NC), and Sen. Barasso (R-WY) and would replace the ASP reimbursement cut with a rebate from pharmaceutical manufacturers to produce the same amount of savings.
- Under the proposal, ASP+6% would remain and Medicare would collect a rebate from pharmaceutical manufacturers for the same amount as the price reduction. Beneficiaries' copayment would be based on the rebated price.
- Manufacturer rebates are the familiar way to obtain price concessions from manufacturers and would prevent physicians from having to bear the brunt of these changes.

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