

Saving Patients and Medicare Money by Reducing Out-of-Pocket Costs for Biosimilars in Medicare Part B:

Congress could legislatively mandate that the CMS Medicare program support the patient out-of-pocket costs for biosimilars under Part B effective for specified dates of service (i.e., on or after a specific date), regardless of the patient's type of coverage, and without any changes to the underlying coverage. This would not change the overall payment for a biosimilar; however, it would change the beneficiary's payment percentage for those who do not have supplemental coverage that covers their Part B cost sharing in full. ¹

Scoring Estimates:

Using the three assumptions below, the analysis estimated that reducing patient out-of-pocket costs for biosimilars will decrease federal spending by \$1.9 billion to \$5.2 billion over the fiscal year (FY) 2020-2029 budget window. In addition, as a result of this reducing out-of-pocket costs policy, beneficiary costs would decrease between \$2.2 billion to \$3.3 billion. Average biosimilar market share is projected to reach 26% - 46% of market, depending on scenario.

- The first scenario isolates the impact of the policy to the currently unsubsidized Medicare Part B beneficiaries.
- The second scenario assumes similar effects are also experienced by half the subsidized population, as the result of changes in provider administration behavior.
- The third scenario assumes similar effects are also experienced by the entire subsidized population.

Enhancing Provider Reimbursement - Option 1: Shared Savings Model

Congress could legislatively mandate that CMS pursue or recommend Center for Medicare and Medicaid Innovation (the Innovation Center) models designed to increase access to biosimilars, including a "shared savings" model whereby Medicare savings associated with prescribing a biosimilar, as compared to a reference biologic, would be shared with providers. ²

Scoring Estimates:

Using three assumptions of a low, medium, and high provider induced demand assumption, the shared savings program for providers in Medicare Part B would result in a budget neutral outcome of \$0 billion to a \$3.0 billion decrease over the fiscal year (FY) 2020-2029 budget window. Average biosimilar market share is projected to reach 27% - 54% of market, depending on scenario.

Enhancing Provider Reimbursement – Option 2: Increase ASP-Add On Payment Rate for Biosimilars

Congress could legislatively mandate that CMS provide an enhanced ASP-based reimbursement for biosimilars (e.g., ASP+8% or ASP+6% plus a flat fee) for a 2-year period.³

Scoring Estimates:

Using three assumptions of a low, medium, and high provider induced demand scenario, the ASP+8% add-on payment for providers administering biosimilars in Medicare Part B would decrease federal spending by approximately \$1.6 billion to \$8.2 billion over the fiscal year (FY) 2020-2029 budget window. Average biosimilar market share is projected to reach 21% - 29% of market, depending on scenario.

- 1 Precedent: Section 4104 of the Affordable Care Act (Pub. L. 111-148) waived deductibles, copayments, or coinsurance for certain Medicare-covered preventive services.
- 2 Precedent: The SUPPORT Act (Pub. L. 115-271) legislatively mandated that the Secretary develop recommendations on payment and service delivery models to be tested by the Innovation Center, including value-based models that may encourage Medication Assisted Treatment use and other therapies.
- 3 Precedent: Section 1301(a)(1) of the Consolidated Appropriations Act of 2018 mandated that, for a period of 6 months, the payment amount for certain pass-through drugs shall be the greater of: (1) ASP+6% based on current ASP data; or (2) the payment rate for the drug or biological on December 31, 2017.

The Biosimilars Forum commissioned Avalere Health to score the federal budgetary impact of the three policy proposals. To assess the potential outcomes, Avalere and The Biosimilars Forum created three scenarios for each policy. Additional methodological information is available on request.