

2018 Proposed Rules for Infusion Services: What the Actual (Painful) Costs Could Be for You!

Please stand by. The webinar will begin shortly.

For more than 15 years, Oncology Management Consulting Group has provided the finest professional consulting services to oncology providers across the US. Our highly knowledgeable consultants are nationally recognized specialists that assist organizations to achieve their business goals and to maximize their organizational performance. With solutions tailored to each client's very precise needs, OMC Group offers the leadership, vision, and collaboration that oncology organizations need to adapt to and to succeed in the rapidly changing healthcare industry.

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2018 Proposed Rules for Infusion: What It Could Cost You

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Teri Guidi is the President and CEO of Oncology Management Consulting Group. With more than 30 years of experience in oncology management, Ms. Guidi is expert in the areas of strategic planning, reimbursement, program development, and market assessment. She has worked with health networks, hospitals, private practices, and the pharmaceutical industry. Recent projects have included strategic and business planning, joint venture development, hospital/physician alignment, educational programs, and program assessments. She has held positions at institutions ranging from NCI-designated comprehensive cancer centers to large teaching hospitals in integrated health systems to small community hospitals. She has served as Executive Director and System Vice President of cancer service lines, and as Vice President of a health system-owned medical oncology practice. Ms. Guidi's experience spans all areas of outpatient oncology including infusion services, radiation oncology, clinical trials, and tumor registry. Among her major areas of interest are financial analysis and profitability reporting.

Ms. Guidi is a frequent speaker at national and regional professional conferences, with numerous publications on a wide variety of oncology-related topics. She serves on the Editorial Boards of *Oncology Issues* and *Oncology Practice Management*, on several professional society committees, and served two terms on the American College of Surgeons Commission on Cancer. Ms. Guidi received her Master's Degree in Business Administration from the Carroll School of Management at Boston College in 1995 and earned Fellowship in the American Academy of Medical Administrators in 1999.

Agenda

- Off-campus non-excepted centers
 - Proposed rule
 - Potential losses
- 340B changes
 - Proposed rule
 - Potential losses
- A few other proposed rules

Off-Campus Non-Excepted Centers

- Centers that are not on the hospital campus but meet the rules to be considered hospital-based
- Usually created when a hospital acquires the infusion business of a private practice, often contracting with or employing the physicians
- Bipartisan Budget Act of 2015 lead CMS to issue rule: any of these centers that began billing on or after 11/2/15 to be paid through the Physician Fee Schedule at 50% of OPPS rates

Off-Campus Non-Excepted Centers

- Proposed rule applies to all off-campus hospital outpatient infusion centers that began billing on or after 11/2/15.
- Currently, these centers are paid for procedures at 50% of the OPPS rate (except a few radiation codes that have PFS codes without matching OPPS codes)
- Proposed to be reduced to 25% of OPPS

PFS VS. OPPS

HCPCS CODE	PFS	OPPS	DELTA
96360	57.92	108.24	54%
96361	15.37	32.58	47%
96365	70.08	173.59	40%
96366	18.95	32.58	58%
96367	30.39	53.54	57%
96368	20.74	-	-
96372	25.39	53.54	47%
96374	57.21	108.24	53%
96375	22.53	32.58	69%
96376	-	-	-
96401	75.08	108.24	69%
96402	32.54	53.54	61%
96409	111.20	173.59	64%
96411	62.21	53.54	116%
96413	135.87	285.11	48%
96415	28.25	53.54	53%
96416	140.87	285.11	49%
96417	62.93	53.54	118%
96450	183.42	285.11	64%
96523	25.03	78.82	32%
96542	120.49	108.24	111%
AVERAGE			64%

7

Impact Analysis

- 12 months of 2015 billing data from one hospital outpatient infusion center seeing 838 patients/year
- Assume:
 - 60% Medicare mix
 - All other payers pay 100% of 2015 OPPS rates

Service Counts

HCPCS CODE	TOTAL QTY	OTHER PAYER QTY	MCR QTY	OPPS RATE/UNIT
96360	71	28.40	42.60	108.24
96361	183	73.20	109.80	32.58
96365	492	196.80	295.20	173.59
96366	673	269.20	403.80	32.58
96367	440	176.00	264.00	53.54
96368	157	62.80	94.20	-
96372	1,748	699.20	1,048.80	53.54
96374	281	112.40	168.60	108.24
96375	2,489	995.60	1,493.40	32.58
96376	69	27.60	41.40	-
96401	734	293.60	440.40	108.24
96402	163	65.20	97.80	53.54
96409	222	88.80	133.20	173.59
96411	409	163.60	245.40	53.54
96413	1,864	745.60	1,118.40	285.11
96415	706	282.40	423.60	53.54
96416	203	81.20	121.80	285.11
96417	773	309.20	463.80	53.54
96450	1	0.40	0.60	285.11
96523	255	102.00	153.00	78.82
96542	9	3.60	5.40	108.24

9

Current State

HCPs CODE	OTHER PAYER PMTS @ 100% OF OPPS	MCR PMTS @ 50% OF OPPS
96360	3,074.02	2,305.51
96361	2,384.86	1,788.64
96365	34,162.51	25,621.88
96366	8,770.54	6,577.90
96367	9,423.04	7,067.28
96368	-	-
96372	37,435.17	28,076.38
96374	12,166.18	9,124.63
96375	32,436.65	24,327.49
96376	-	-
96401	31,779.26	23,834.45
96402	3,490.81	2,618.11
96409	15,414.79	11,561.09
96411	8,759.14	6,569.36
96413	212,578.02	159,433.51
96415	15,119.70	11,339.77
96416	23,150.93	17,363.20
96417	16,554.57	12,415.93
96450	114.04	85.53
96523	8,039.64	6,029.73
96542	389.66	292.25
TOTAL	475,243.52	356,432.64

And
If...

HCPCS CODE	MCR PMTS @ 25% OF OPPS	OTHERS FOLLOW SUIT
96360	1,152.76	768.50
96361	894.32	596.21
96365	12,810.94	8,540.63
96366	3,288.95	2,192.63
96367	3,533.64	2,355.76
96368	-	-
96372	14,038.19	9,358.79
96374	4,562.32	3,041.54
96375	12,163.74	8,109.16
96376	-	-
96401	11,917.22	7,944.82
96402	1,309.05	872.70
96409	5,780.55	3,853.70
96411	3,284.68	2,189.79
96413	79,716.76	53,144.50
96415	5,669.89	3,779.92
96416	8,681.60	5,787.73
96417	6,207.96	4,138.64
96450	42.77	28.51
96523	3,014.87	2,009.91
96542	146.12	97.42
TOTAL	178,216.32	118,810.88
LOSS	(178,216.32)	(356,432.64)

340B Proposed Changes

- Hospitals participating in the 340B program currently can buy all outpatient drugs at those reduced prices and use them for any of their outpatients.
- Hospitals can choose to buy only some of their drugs through 340B*
- Proposed for **ALL** hospital-based centers:
 - Add a modifier for drugs not purchased through 340B
 - Pay ASP – 22.5% for 340B drugs not on pass-through

**They buy all drugs through the same distributor, but they can use different accounts to get different prices*

12

Drugs Not Paid

- Currently, CMS and most other payers do not pay hospital outpatient centers for drugs that are calculated to cost less than \$110/day (proposed to go up to \$120 in 2018). In 2015, the threshold was \$95.
- In our dataset those drugs are:

Packaged Drugs

HCPCS			
J0171	J1650	J2765	J9000
J0295	J1652	J2785	J9040
J0360	J1720	J2916	J9045
J0456	J1756	J2920	J9060
J0461	J1815	J2930	J9100
J0610	J1885	J3010	J9130
J0640	J1940	J3370	J9181
J0690	J1953	J3411	J9190
J0692	J1956	J3420	J9201
J0694	J2001	J3430	J9206
J0696	J2060	J3475	J9209
J0697	J2150	J3480	J9250
J0780	J2175	J7040	J9267
J1030	J2185	J7042	J9360
J1071	J2250	J7050	J9370
J1100	J2270	J7060	J9390
J1160	J2274	J7070	Q4081
J1170	J2354	J7120	Q9957
J1200	J2405	J7506	Q9965
J1335	J2430	J7606	Q9966
J1450	J2543	J7613	Q9967
J1630	J2550	J7644	
J1642	J2704	J8510	
J1644	J2720	J8540	

Caveats

- Not all drugs are available through 340B
- Actual 340B cost may be more or less than ASP – 22.5%
- Other payers may or may not follow suit

Impact Analysis

- 12 months of 2015 billing data from one hospital outpatient infusion center seeing 838 patients/year
- Assume:
 - Non-340B cost = ASP
 - 340B cost = ASP – 22.5%
 - Purchase 4% of total drug costs @ 340B
 - Other payers follow suit

16

Top Cost Drugs at ASP Purchase Price

HCPCS	TOTAL QTY	ASP +6/UNIT (=OPPS)	ASP/UNIT	TOTAL COSTS AT ASP	TOTAL PMTS @ ASP +6	TOTAL MARGIN
J9310	1721	747.57	705.25	1,213,738.50	1,286,562.81	72,824.31
J2505	296	3,678.61	3,470.39	1,027,235.33	1,088,869.45	61,634.12
J9035	11880	69.61	65.67	780,157.36	826,966.80	46,809.44
J9355	6800	87.24	82.30	559,665.66	593,245.60	33,579.94
J9305	8264	61.33	57.86	478,173.75	506,864.18	28,690.43
J0897	31260	15.13	14.27	446,192.26	472,963.80	26,771.54
J0885	27951	12.14	11.45	320,170.79	339,381.04	19,210.25
J1300	1560	213.93	201.82	314,833.02	333,723.00	18,889.98
J9264	30587	9.84	9.28	283,997.41	301,037.25	17,039.84
J0881	71700	4.06	3.83	274,286.32	290,743.50	16,457.18
J2353	1690	156.48	147.62	249,483.86	264,452.89	14,969.03
J9033	10810	24.13	22.76	246,049.88	260,812.87	14,762.99
J9025	76622	3.26	3.08	235,793.36	249,940.96	14,147.60

Top Cost Drugs at 340B Purchase Price

HCPCS	TOTAL QTY	ASP +6/UNIT	ASP/UNIT	340B COST/UNIT	340B PMT/UNIT	TOTAL COSTS/PMTS @ 340B	TOTAL PMTS @ OPPS
J9310	1,721	748	705	547	547	940,647	1,286,563
J2505	296	3,679	3,470	2,690	2,690	796,107	1,088,869
J9035	11,880	70	66	51	51	604,622	826,967
J9355	6,800	87	82	64	64	433,741	593,246
J9305	8,264	61	58	45	45	370,585	506,864
J0897	31,260	15	14	11	11	345,799	472,964
J0885	27,951	12	11	9	9	248,132	339,381
J1300	1,560	214	202	156	156	243,996	333,723
J9264	30,587	10	9	7	7	220,098	301,037
J0881	71,700	4	4	3	3	212,572	290,744
J2353	1,690	156	148	114	114	193,350	264,453
J9033	10,810	24	23	18	18	190,689	260,813
J9025	76,622	3	3	2	2	182,740	249,941
J9041	5,024	47	44	34	34	171,726	234,877
J9047	7,072	31	29	22	31	158,028	216,142
J9303	2,038	100	95	73	73	149,526	204,513
J9228	1,150	137	129	100	100	115,150	157,496
J9395	1,700	92	87	67	67	114,567	156,698

All Drugs Under New Rule

Costs/Payments	Amount
Spend buying 100% @ ASP	\$ (8,850,618)
Payments MCR @ OPPS	\$ 5,572,604
Payments Other @ ASP + 6%	\$ 3,752,662
Margin without 340B	\$ 474,648
Spend buying 100% @ 340B	\$ (6,859,229)
Payments MCR @ OPPS	\$ 5,572,604
Payments Other @ ASP + 6%	\$ 3,752,662
Current margin with 340B	\$ 2,466,037
Total 340B payments non-pass thru	\$ 7,558,828
Total 340B payments pass thru	\$ 319,721
Spend buying 4% @ 340B, rest @ ASP	\$ (8,770,962)
340B payments 4%	\$ 315,142
OPPS payments 96%	\$ 5,349,699.99
Other payments	\$ 3,752,662
New 340 B margin	\$ 646,542

19

And, Again If...

Costs/Payments	Amount
Spend buying 100% @ ASP	\$(8,850,618)
Payments MCR @ OPPS	\$ 5,572,604
Payments Other @ ASP + 6%	\$ 3,752,662
Margin without 340B	\$ 474,648
Spend buying 100% @ 340B	\$(6,859,229)
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Current margin with 340B	\$ 2,466,037
Total 340B payments non-pass thru	\$ 7,558,828
Total 340B payments pass thru	\$ 319,721
Spend buying 4% @ 340B, rest @ ASP	\$(8,770,962)
340B payments 4%	\$ 315,142
Remaining payments 96%	\$ 8,952,255
New 340 B margin	\$ 496,435

A Few Other Proposed Rules

- Bundle 96372, 96401, 96402 and 96377
 - In our sample, this would remove roughly \$181,763 in current OPPS payments
- Packaged drug threshold from \$110 to \$120 cost/day, continue separately paid drugs at ASP + 6%
- Re-instate exemption for CAH's & small rural hospitals (<100 beds) from the supervision rules for 2 years

21

Tell CMS What You Think!

- Comments on the changes to the 340B and other hospital outpatient department rules should reference CMS-1678-P and comments on the changes to reimbursements for off-campus hospital outpatient departments that are paid under the Physician Fee Schedule should reference CMS-1676-P. Go to <http://www.regulations.gov>. Follow the instructions under the “submit a comment” tab. The deadline to submit comments is 5:00 Eastern time on September 11, 2017.

Questions

- Any questions not addressed here may be emailed to solutions@oncologymgmt.com
- Sincere thanks to all of you for joining us today. We hope that you will keep OMC Group in mind when consulting needs arise in the future

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