

# NJSOM Fall Meeting

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*2024 Capitol Hill Update and Election Impact on Health Care Policy*

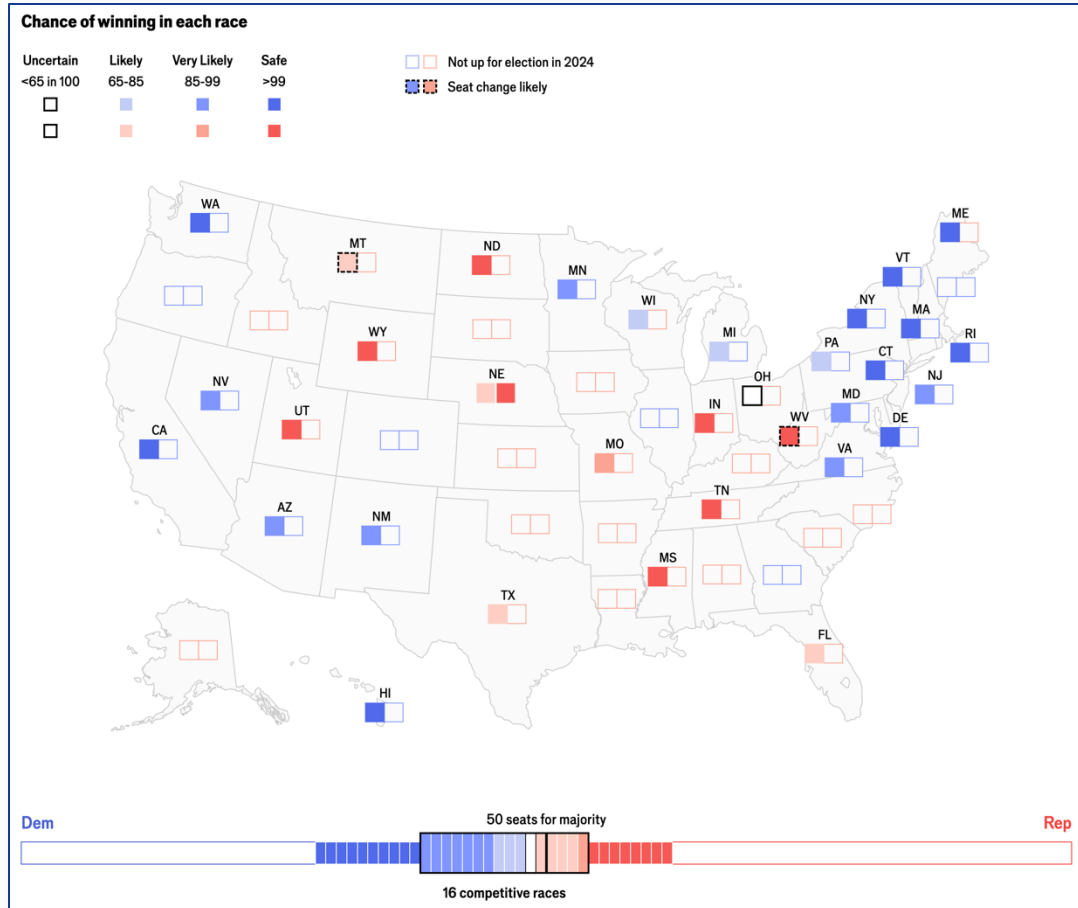
Ted Okon  
Executive Director  
October 24, 2024

# The Punchline of This Presentation

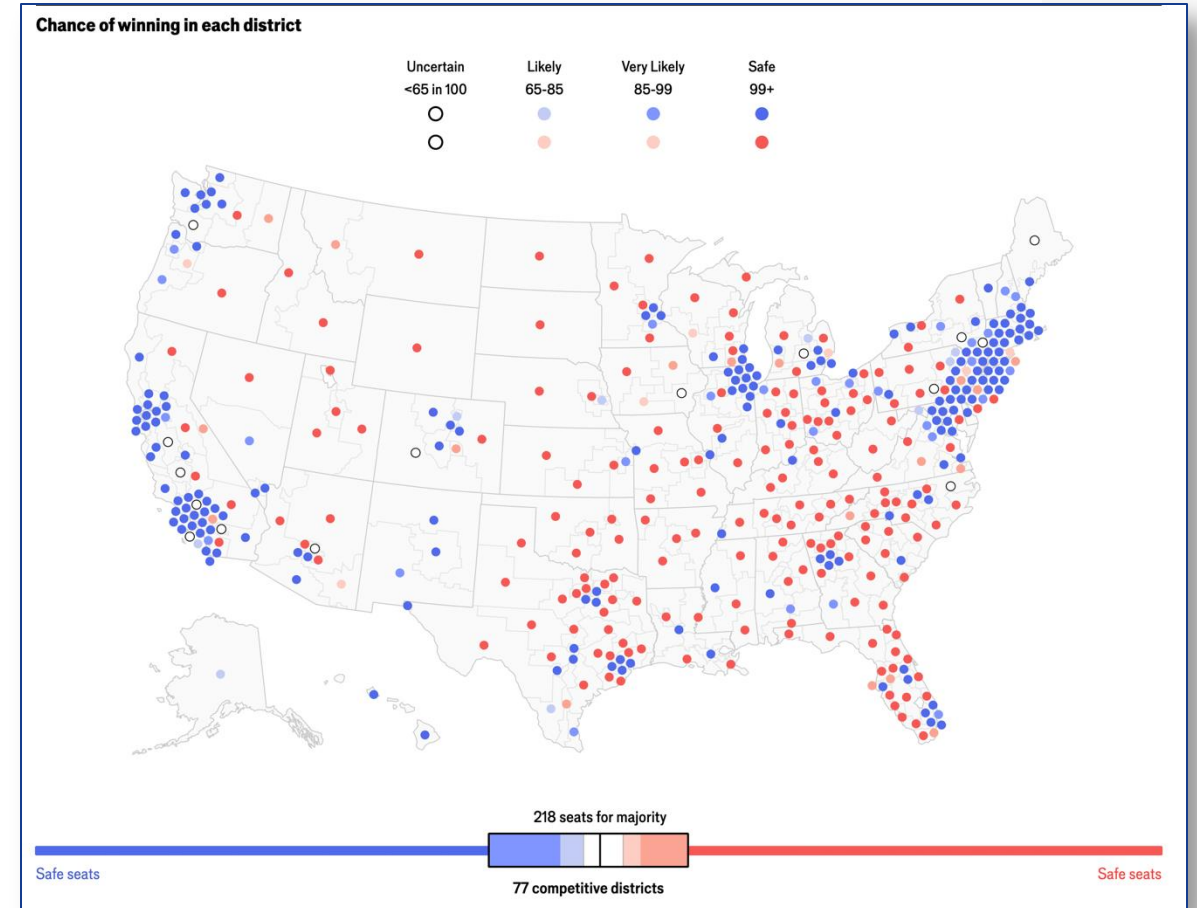
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- Surprisingly little specific discussion on health care policy (not including abortion and related fertility issues) during the presidential campaign
  - Prior campaigns focused on ACA/Obamacare and prescription drugs
- However, the elections (White House and Congress) will determine what happens in health care
- There has been a rather seismic shift from the total focus on the pharmaceutical industry to pharmacy benefit managers (PBMs) and hospitals
- More bipartisan agreement on the need for PBM reform, and even the need to address 340B
- Fixing Medicare physician payments is another bipartisan issue
- Good news and bad news on the Inflation Reduction Act (IRA) and Medicare “negotiating” drug prices
- *The only thing stopping Congress from doing anything is Congress itself!*

# The Congressional Landscape



Senate: Advantage Republicans





House: Advantage Democrats

Source: The Economist

# The White House Landscape

- Add a home health care benefit to Medicare
- Pay for it by “negotiating” more drugs and PBM reform

HARRIS:	TRUMP:
 <p>“ The value I bring to this is that access to health care should be a right and not just a privilege of those who can afford it. The plan has to be to strengthen the Affordable Care Act, not get rid of it.”</p> <hr/> <p>“ I absolutely support [Sen. Sanders’ ‘Medicare for all’ bill] and over the last four years as vice president I have supported private health care options. But what we need to do is maintain and grow the Affordable Care Act.”</p> <hr/> <p>“ When Donald Trump was president, 60 times he tried to get rid of the Affordable Care Act; 60 times. I was a senator at the time. I will never forget the early morning hours when it was up for a vote in the United States Senate, and the late great John McCain... walked onto the Senate floor and said, ‘No, you don’t. No, you don’t. No, you don’t get rid of the Affordable Care Act.’”</p>	 <p>“ [The ACA is] still never going to be great. And it’s too expensive for people...If we can come up with a plan that’s going to cost our people, our population less money and be better health care than Obamacare, then I would absolutely do it. But until then, I’d run it as good as it can be run.”</p> <hr/> <p>“ I would only change it if we come up with something better and less expensive. And there are concepts and options we have to do that. And you’ll be hearing about it in the not-too-distant future.”</p> <hr/> <p>“ But, remember this: I inherited Obamacare because Democrats wouldn’t change it. They were unanimous. They wouldn’t vote to change it. If they would have done that, we would have had a much better plan than Obamacare.”</p>

- Has backed off “most favored nations” drug prices
- Has a “concept”

Source: BenefitsPRO

# Some of the Top Issues Facing Oncology

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- Restricting oncology practices from delivering drugs to patients
- PBM/insurer issues too long to list, but here are some of the most pronounced:
  - Spike in prior authorizations, especially in Medicare Advantage plans
  - Low-ball Part D reimbursements
  - Restricting biosimilar use
  - Mandatory mail order and white bagging
- Increasing cost of hospital care
  - Push for site-neutral payments
  - Address 340B abuses
- Medicare physician pay
- IRA and Medicare negotiating drug prices
- Drug shortages

# Two "Themes" Getting More Traction

- Consolidation
  - Insurers & PBMs
  - Hospital Systems
  - Others
- Transparency
  - Hospital pricing
  - PBM rebates
  - 340B discounts
  - Insurance contracts

**Record settlement: BCBS agrees to pay \$2.8 billion in antitrust case**

Despite the settlement, Blue Cross Blue Shield denies the allegations made in the lawsuit.

By Alan Goforth | October 16, 2024 at 10:52 AM

**Too big to care**

**'Unlimited dollars': how an Indiana hospital chain took over a region and jacked up prices**

Parkview Health has spent over \$600m building up its sprawling regional medical center in Fort Wayne, Indiana. Photograph: Rachel Von Art/The Guardian

Transparency in drug pricing: A closer look at Congressional PBM reform.

March 27, 2024

Congress is targeting rising prescription drug costs through PBM reform. Explore the legislative efforts driving PBM transparency.

**THE WALL STREET JOURNAL**

KEY ELECTION UPDATES

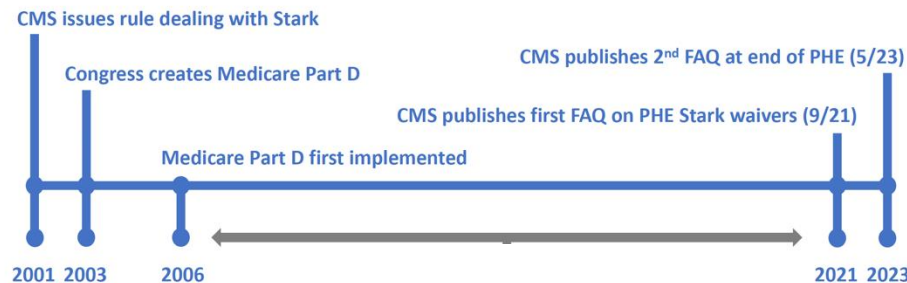
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**As Hospitals Grow, So Does Your Bill**

Consolidation across the hospital industry has contributed to the higher cost of healthcare

# The Stark Issue

- CMS using the Stark law to stop practices from delivering drugs (or even caregivers from picking up drugs for patients)
- COA working hard with Congress to get legislation advanced to stop CMS
  - *H.R. 5526 passed by the full House!*
  - Working to get the Senate companion bill (S. 3458) passed
- COA sued HHS/CMS
  - Judge sided with government’s motion to not proceed
    - Clearly did not understand the issue



- FOIA request to uncover what prompted CMS to issue Stark FAQ
  - Totally ignored by CMS, so COA is suing CMS

118TH CONGRESS  
1ST SESSION **H. R. 5526**

To amend title XVIII of the Social Security Act to clarify the application of the in-office ancillary services exception to the physician self-referral prohibition for drugs furnished under the Medicare program.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 18, 2023

Mrs. HARSHBARGER (for herself, Ms. WASSERMAN SCHULTZ, Mr. FLEISCHMANN, Mr. DAVIS of North Carolina, Mrs. MILLER-MEEKS, and Mr. BALDERSON) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

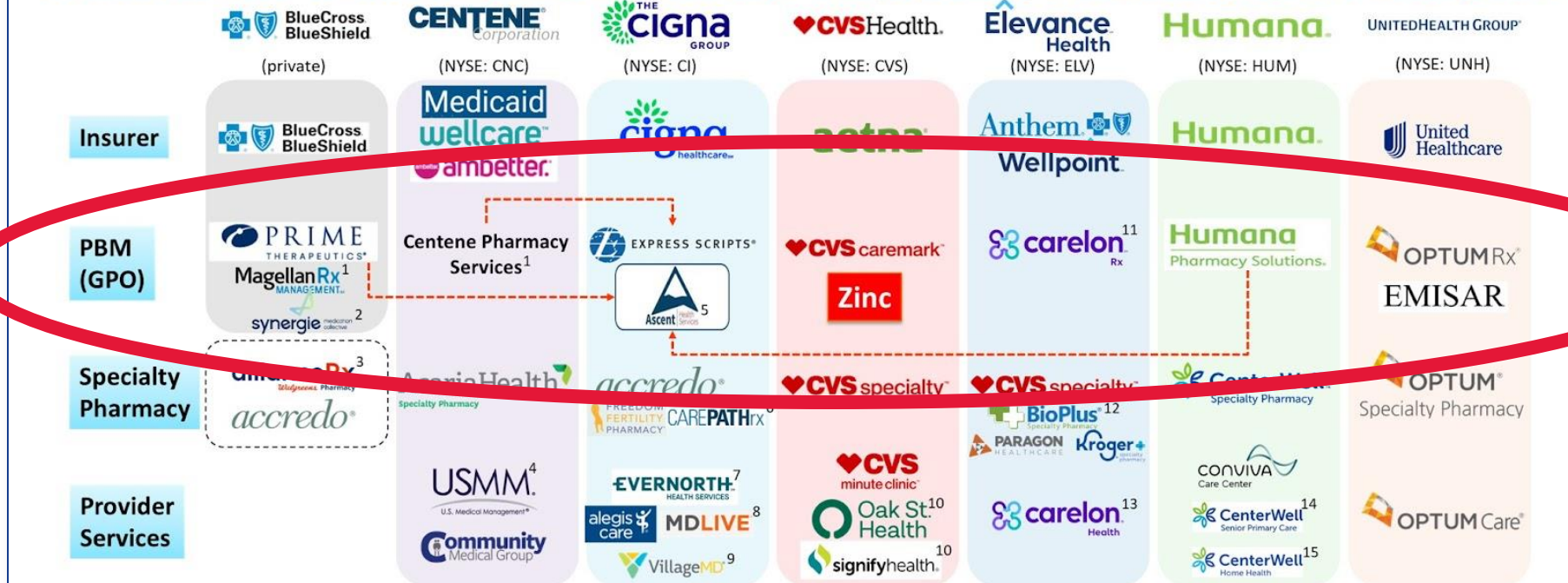
**A BILL**

To amend title XVIII of the Social Security Act to clarify the application of the in-office ancillary services exception to the physician self-referral prohibition for drugs furnished under the Medicare program.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*  
 3 **SECTION 1. SHORT TITLE.**  
 4 This Act may be cited as the “Seniors’ Access to Crit-  
 5 ical Medications Act of 2023”.

# The Consolidation of Insurers & PBMs

## Vertical Business Relationships Among Insurers, PBMs, Specialty Pharmacies, and Providers, 2024

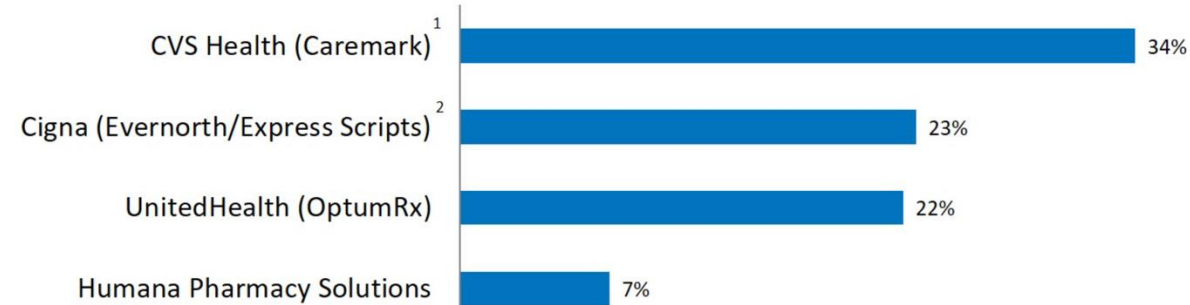


1. Centene began outsourcing its PBM operations to Express Scripts in 2024. In 2023, Centene rebranded its Envolve Pharmacy Solutions pharmacy benefit subsidiary as Centene Pharmacy Services. In 2022, Prime Therapeutics completed its acquisition of Magellan Rx from Centene.  
 2. Synergie is a buying group focused on medical benefit drugs. Its ownership includes Blue Cross Blue Shield (BCBS) Association, Prime Therapeutics, Elevance Health, and other independent BCBS health plans.  
 3. Since 2021, Prime's Blue Cross and Blue Shield plans have had the option to use Express Scripts or AllianceRx Walgreens Pharmacy for mail/specialty pharmacy services. In 2021, Walgreens purchased Prime Therapeutics' 45% ownership interest, so this business had no PBM ownership as of 2022. In 2022, the company was rebranded as AllianceRx Walgreens Pharmacy. In August 2024, AllianceRx Walgreens Pharmacy will become Walgreens Specialty Pharmacy.  
 4. In 2021, Centene sold a majority stake in its U.S. Medical Management to a group of private equity firms.  
 5. Since 2020, Prime has sourced formulary rebates via Ascent Health Services. In 2021, Humana began sourcing formulary rebates via Ascent Health Services for its commercial plans.  
 6. In 2023, Cigna's Evernorth business made a significant minority investment CarepathRx Health System Solutions.  
 7. Previously known as Evernorth Care Group and Cigna Medical Group.  
 8. In 2021, Cigna's Evernorth business acquired MDLIVE.  
 9. Walgreens owns a majority of VillageMD. In 2022, Cigna invested \$2.7 billion for an estimated 14% ownership stake in VillageMD. In 2024, Cigna recorded a \$1.8 billion loss on its investment.  
 10. In 2023, CVS Health completed its acquisitions of Signify Health and Oak Street Health.  
 11. Previously known as IngenioRx.  
 12. In 2023, Elevance Health completed its acquisition of BioPlus Specialty Pharmacy from CarepathRx. In 2024, Elevance Health acquired Paragon Healthcare, which operates specialty pharmacies and infusion centers, and Kroger Specialty Pharmacy.  
 13. Includes CareMore Health and Aspire Health. In 2024, CarelonRx announced a primary care partnership with investment firm Clayton, Dubilier & Rice.  
 14. In 2021, Partners in Primary Care and Family Physicians Group businesses were rebranded as Centerville Senior Primary Care.  
 15. In 2022, Kindred at Home was rebranded as CenterWell Home Health. In 2022, Humana announced an agreement to divest its majority interest in Kindred at Home's Hospice and Personal Care Divisions to Clayton, Dubilier & Rice. Humana also announced plans to close a majority of its SeniorBridge home care locations.  
 Source: *The 2024 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers*, Exhibit 254. Companies are listed alphabetically by corporate name.



# Top 6 PBMs Control 94% of Rx Drug Market

PBM Market Share, By Total Equivalent Prescription Claims Managed, 2023



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news

## Cigna, Humana rekindle merger talks

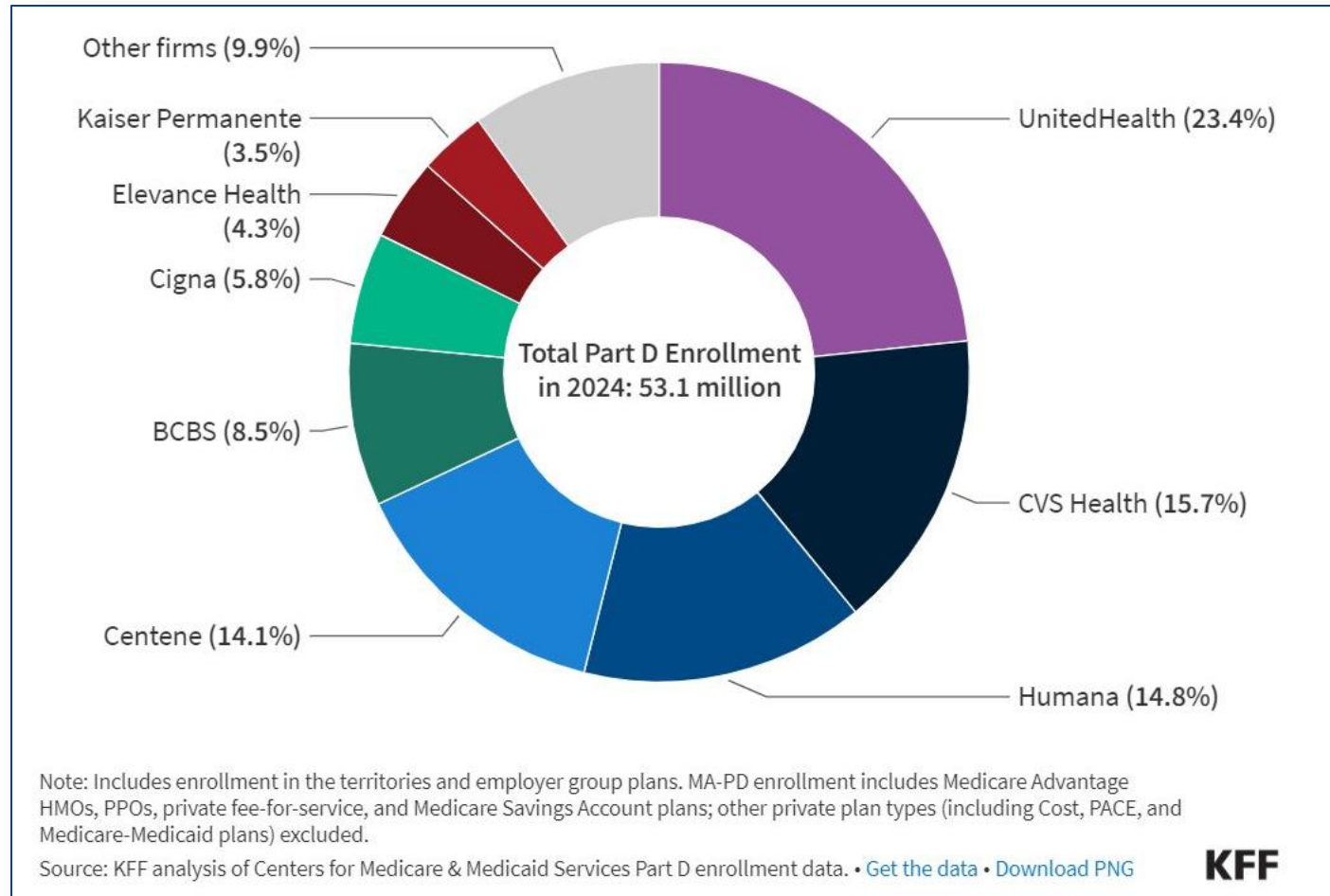
The talks come amid ongoing pressure from the federal government to control Medicare costs that have eaten away at Humana's finances and market value.

By **Michelle F. Davis** & By **John Tozzi** | October 21, 2024 at 11:36 AM

patient-paid prescriptions that use a discount card processed by one of the PBMs shown on the chart.  
 Source: 2024 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers, Drug Channels Institute, Exhibit 104. Total equivalent prescription claims include claims at a PBM's network pharmacies plus prescriptions filled by a PBM's mail and specialty pharmacies. PBM figures include most discount card claims. Includes claims for COVID-19 vaccines administered by retail pharmacies. Note that figures do not correspond to the number of covered lives handled via rebate negotiations. Figures may not be comparable with those of previous reports due to changes in publicly reported figures of equivalent prescription claims. Total may not sum due to rounding.



# Top 5 Insurers Control 77% of the MA Market



# PBM Under Fire Like Never Before!



FEDERAL TRADE COMMISSION

## Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies

Interim Staff Report  
July 2024  
U.S. Federal Trade Commission  
Office of Policy Planning

### The PBM-Insurer Mafia Comes for Community Pharmacies

UnitedHealth, CVS, and Cigna's PBMs are using their market share and pull in Washington to drive one of the key levers to manage health care costs—out of business independent pharmacies—out of business.

BY MATTHEW CUNNINGHAM-COOK MARCH 21, 2024

1.3k



### CVS, Cigna, Humana, UnitedHealth - Congress wants to clean up PBMs

April 17, 2024 at 04:50 am EDT  
By Kevin Smith

Pharmacy Benefit Managers (PBMs) are on the radar of both Republicans and Democrats in Congress, but have so far escaped any new litigation or legislation that should have been included in last month's budget deal.



### Bipartisan Group of Attorneys General Send Letter to Congress, Urging PBM Reform

By Thomas Sullivan — Last Updated Mar 29, 2024

CONGRESS PHARMACY



# Really Under Fire Like Never Before!!!



## Chairman Comer Calls on PBM Executives to Correct Hearing Testimony

WASHINGTON—House Committee on Oversight and Accountability Chairman James Comer (R-Ky.) today is calling on the CEOs of three major Pharmacy Benefit Managers (PBMs)—CVS Caremark, Express Scripts, and Optum Rx—to correct the record for statements made during their appearance before the House Oversight Committee at a hearing titled, **“The Role of Pharmacy Benefit Managers in Prescription Drug Markets Part III: Transparency and Accountability.”**

At the House Oversight Committee’s hearing, the PBM chief executives made statements that contradict the **Committee’s** and the **Federal Trade Commission’s** findings about the PBMs’ self-benefitting practices that jeopardize patient care, undermine local pharmacies, and raise prescription drug prices. The chief executives for CVS Caremark, Express Scripts, and Optum Rx claimed they do not steer patients to PBM-owned pharmacies. The executives also made claims contradicting the Committee’s and FTC’s findings regarding contract negotiations, contract opt outs, and payments to pharmacies.

**In the letters to the chief executives, Chairman Comer writes:** “The Committee highlights 18 U.S.C. § 1001, which states, ‘in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully—...(2) makes any materially false, fictitious, or fraudulent statement or representation;...shall be fined under this title, imprisoned not more than 5 years.’ The Committee also highlights 18 U.S.C. § 1621, which states, ‘having taken an oath before a competent tribunal, officer, or person, in any case in which a law of the United States authorizes an oath to be administered, that he will testify, declare, depose or certify truly, or that any written testimony, declaration, deposition, or certificate by him subscribed, is true, willfully and contrary to such oath states or subscribes any material matter which he does not believe to be true...is guilty of perjury and shall...be fined under this title or imprisoned not more than five years, or both.’ Please provide any necessary corrections to the record prior to September 11, 2024.”

  
**The Role of Pharmacy Benefit Managers in Prescription Drug Markets**  
 Report Prepared by the House Committee on Oversight and Accountability Staff

# Just This Past Weekend Major NYT Investigative Report

THE MIDDLEMEN

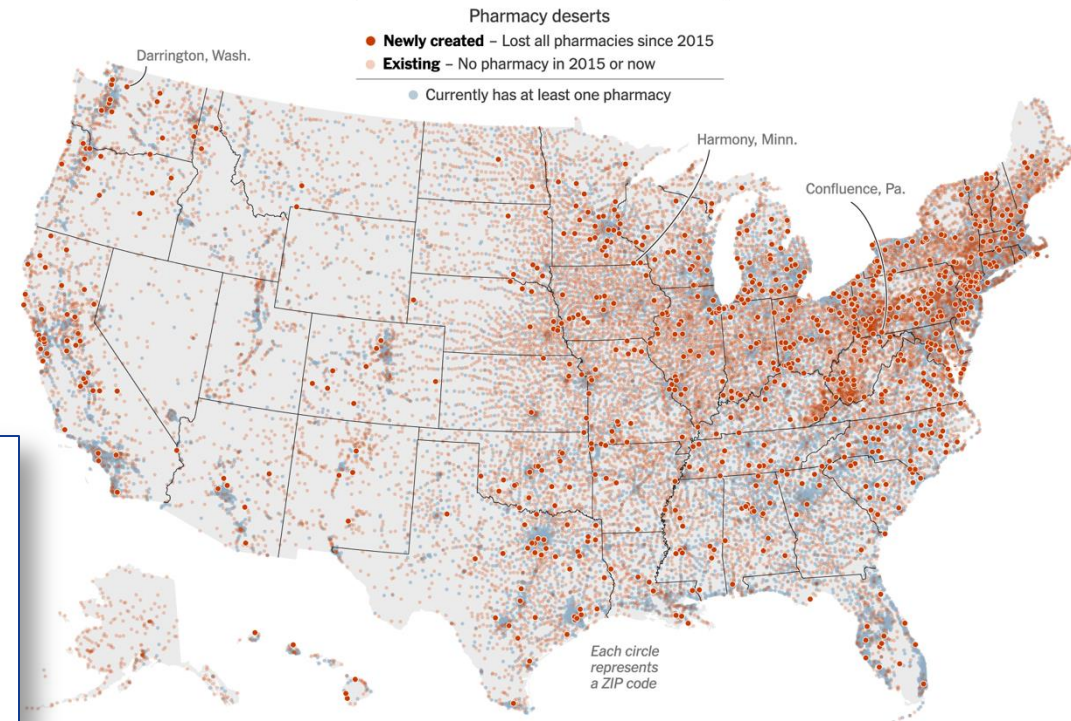
## *The Powerful Companies Driving Local Drugstores Out of Business*

The biggest pharmacy benefit managers are profiting by systematically underpaying independent drugstores, creating “pharmacy deserts” across the country.

This has been happening all over the country, a New York Times investigation found. P.B.M.s, which employers and government programs hire to oversee prescription drug benefits, have been systematically underpaying small pharmacies, helping to drive hundreds out of business.

### Newly Created Deserts

Nearly 800 ZIP codes that had at least one pharmacy in 2015 now have none.



Notes: The data reflect closings of both chain and independent pharmacies. The map compares deserts on July 31, 2015, with deserts on Sept. 30, 2024. The Census Bureau tracks more than 33,000 ZIP codes. Source: Luke Slindee analysis of pharmacy data By Karl Russell

# Implications of Insurer/PBM/Etc. Consolidation

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- Insurers increasingly dictating treatment decisions
  - Leverage based on market size
  - Owning physicians
- Utilization management being utilized more by insurers
  - Prior authorizations
    - Now using AI
  - Step therapy
- Increasingly dictating higher cost therapies that are the most profitable drugs to the insurer/PBM
- Fueling drug prices by demanding rebates
- Dictating where and how patients receive treatment
  - Mandatory mail order
  - White bagging

# Insurers Under the Same Fire

The New York Times

## 'What's My Life Worth?' The Big Business of Denying Medical Care

A STAT INVESTIGATION

## Health Care's *Colossus*

Inside UnitedHealth's strategy to pressure physicians:  
\$10,000 bonuses and a doctor leaderboard



By Tara Bannow, Bob Herman, Casey Ross, and Lizzy Lawrence | Oct. 16, 2024

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## Cigna accused of using an algorithm to reject patients' health insurance claims

News > Medscape Medical News > Business of Medicine

### UHC Accused of Using AI to Skirt Doctors' Orders, Deny Claims

Steph Weber  
November 20, 2023

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UnitedHealthcare (UHC) is the latest payer accused of using artificial intelligence (AI) to deny patient claims by trading "real doctors' recommendations" for a flawed algorithm to save money.



In a class action suit filed this week in Minnesota district court, the attorneys for the families of two deceased UHC Medicare Advantage plan policyholders say that the

## 'Deny, deny, deny!' That's how a staff doctor at Cigna was told how to review claims

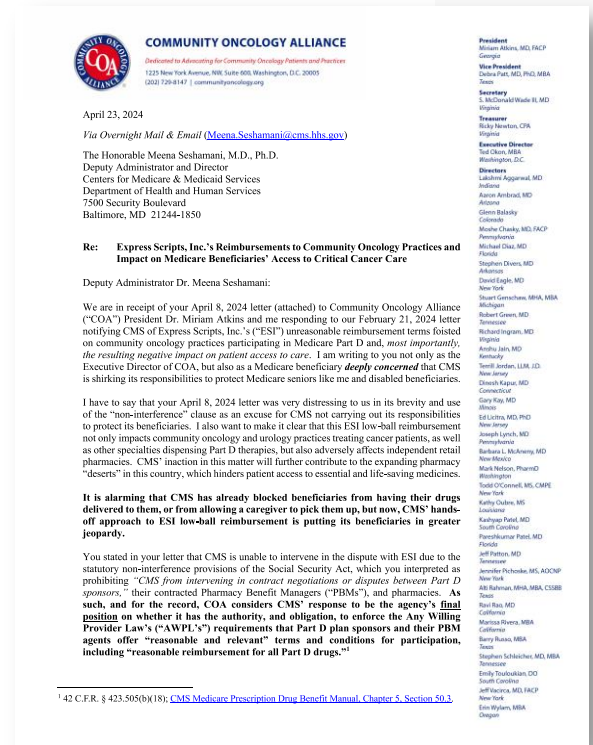
The insurer meticulously tracked the output of its medical directors—and sent a message loud and clear: Cigna valued speed, says a former medical director who reviewed cases nurses flagged for denial or were unsure about.

By Patrick Rucker, The Capitol Forum, & By David Armstrong, ProPublica | May 06, 2024 at 11:00 AM



# Low-Ball PBM Reimbursement

- Eliminated retroactive DIR fees starting 1/1/24
  - But expected PBMs to jack down Part D reimbursement to make up for lost DIR fee revenue
- Preliminary look at PBM reimbursement, especially Express Scripts, shows this is what has happened
  - Net 2023 reimbursement (reimbursement plus DIR fees) AWP minus 20%
  - 2024 reimbursement AWP minus 25%
- Letters to ESI and CMS, copying Congress
- Met with CMS
- Engaged congressional committees
- COA considering suing CMS over Medicare Part D
- Held a webinar on how to engage practices



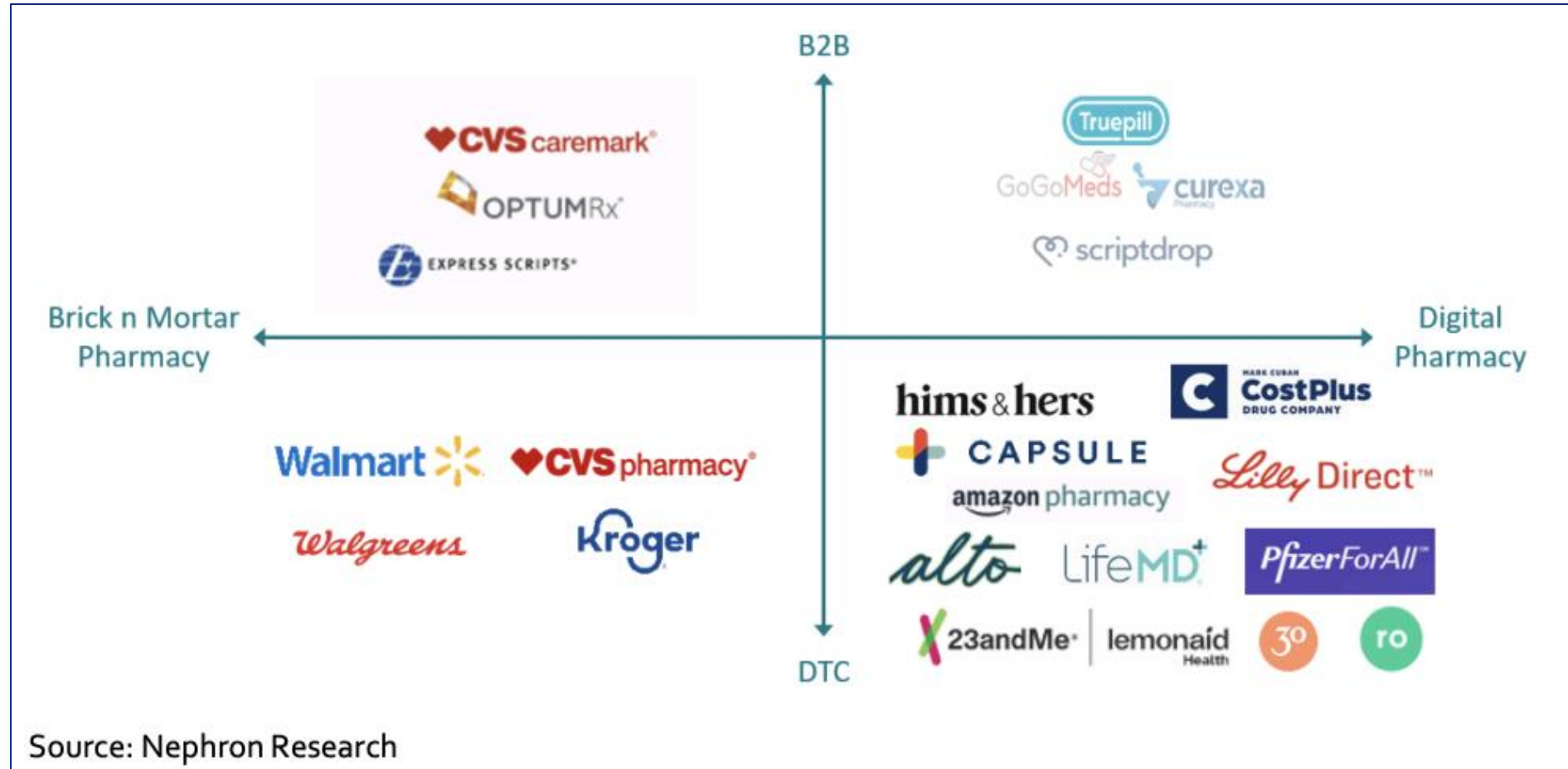


# PBM Legislation in the Congress

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- Amazing shift from bashing pharma to bashing the PBMs
- Over 25 bills dealing with curbing PBMs
  - Major bipartisan bills from Senate Finance and House Energy & Commerce Committees
- Also, the FTC is suing the big 3 PBMs over insulin pricing schemes
- Major push to get PBM legislation included in a lame duck (post-election) legislative package, if there is one
  - Depends on the outcome of the elections for President and Congress
    - If and what size the package will be
- Lot of motivation and support on both sides of the aisle in both houses of Congress to pass meaningful PBM legislation
- Wait and see

# Changing Market Dynamics



# Focus on Hospitals Like Never Before

## Philanthropists Laura and John Arnold warn: Beware hospital consolidation

Steward Health Care may have collapsed, but unchecked hospital consolidation lives on



## Hospital charity care falls short of nonprofit tax breaks: Low

CAROLINE HUDSON

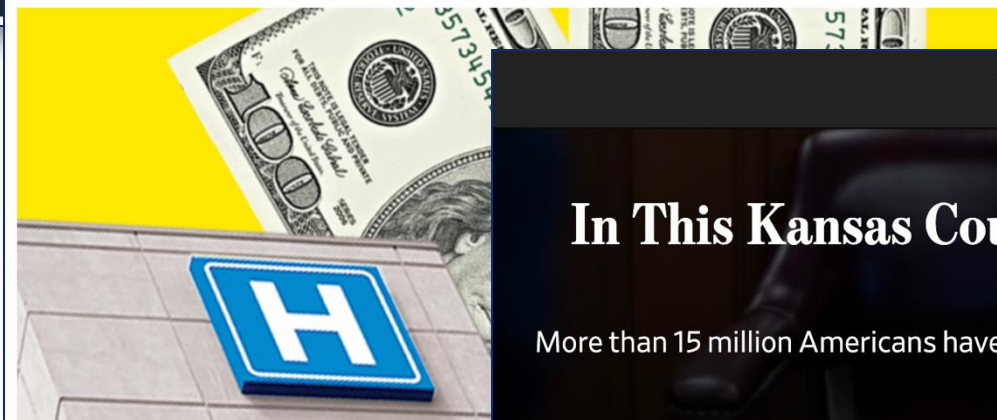
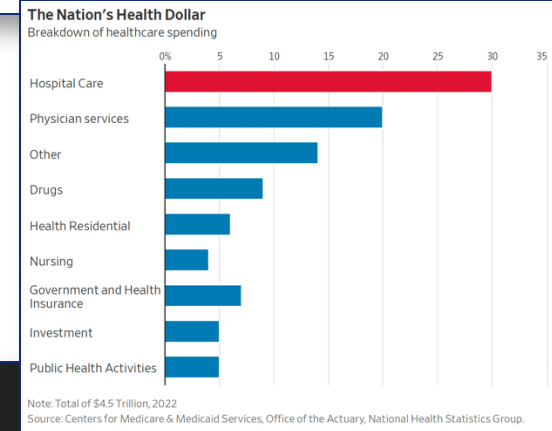
TWEET SHARE IN SHARE EMAIL

## United States Senate HEALTH, EDUCATION, LABOR, AND PENSIONS COMMITTEE

Bernard Sanders, Chair  
Majority Staff Report  
October 10, 2023

### Executive Charity

Major Non-Profit Hospitals Take Advantage of Tax Breaks and Prioritize CEO Pay Over Helping Patients Afford Medical Care



THE WALL STREET JOURNAL

## In This Kansas Courtroom, the Hospital Dominates the Docket

More than 15 million Americans have medical debt, and the issue of collection is particularly tough in rural America

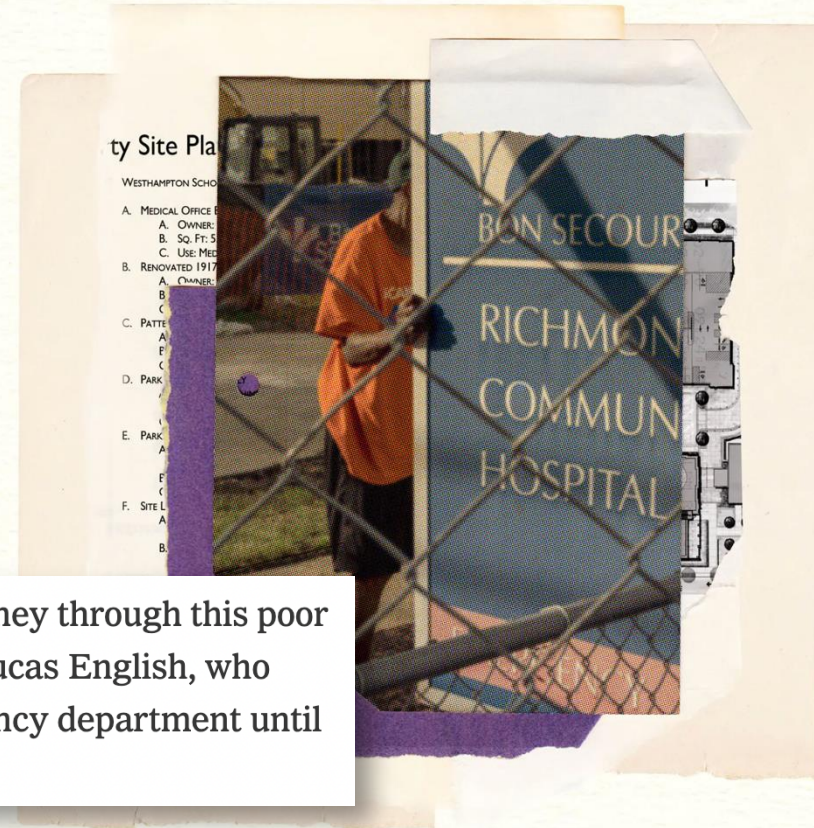
# NYT Report Lit Up 340B in the Spotlight

PROFITS OVER PATIENTS

## *How a Hospital Chain Used a Poor Neighborhood to Turn Huge Profits*

Bon Secours Mercy Health, a major nonprofit health system, used the poverty of Richmond Community Hospital's patients to tap into a lucrative federal drug program.

“Bon Secours was basically laundering money through this poor hospital to its wealthy outposts,” said Dr. Lucas English, who worked in Richmond Community’s emergency department until 2018. “It was all about profits.”



# The 340B Stories Get More Bizarre

STAT+ | POLITICS

## How a drug discount program intended to benefit the poor got entangled in a California rent-control fight

California developers are taking aim at Michael Weinstein's AIDS Healthcare Foundation



Michael Weinstein, president of the AIDS Healthcare Foundation, at a rally in Florida some years ago. Business Wire via AP

D.C. DIAGNOSIS

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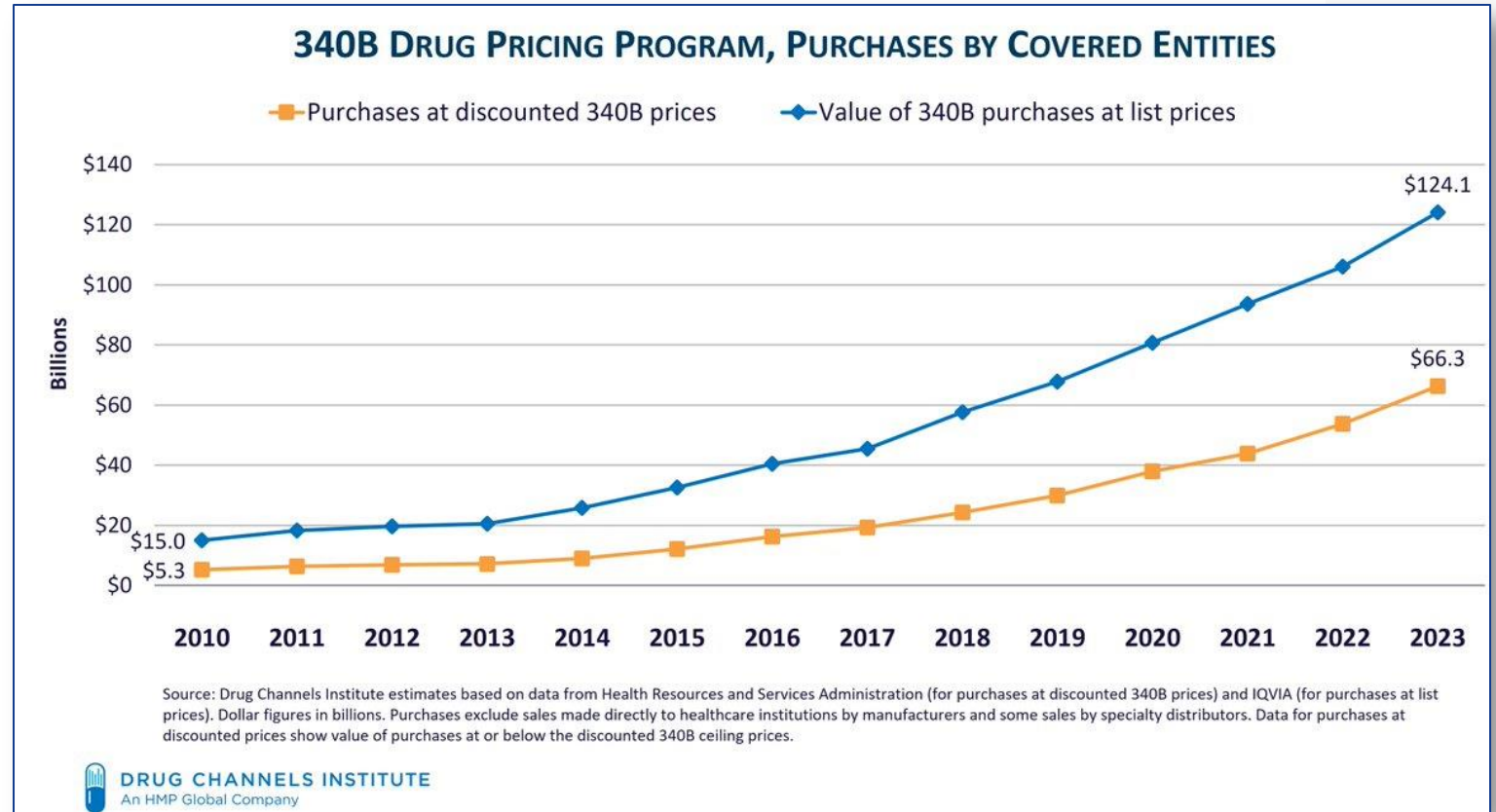
Current Cost Medical Part B

Major Medicare Changes For 2025

# 340B Growth Unchecked

- DSH hospitals accounted for 78% of 340B sales
- 10 drugs accounted for approximately one-third of 340B sales
  - Oncology drugs 20%

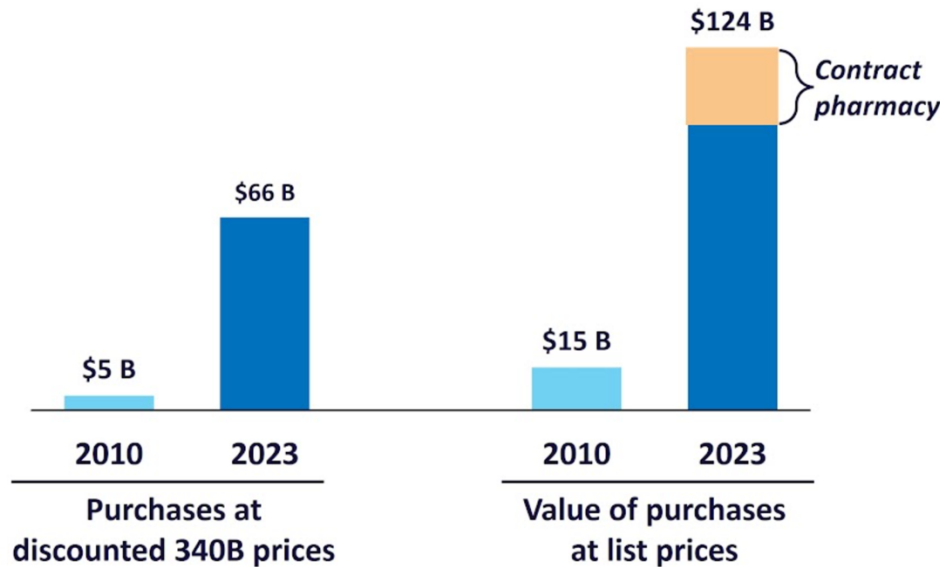
Brand Name	Primary Indications	2023 Total 340B Sales
Keytruda	Oncology	\$6,905,377,755
Biktarvy	HIV	\$3,577,083,273
Opdivo	Oncology	\$1,953,824,181
Darzalex Faspro	Oncology	\$1,891,559,523
Ocrevus	Oncology	\$1,850,213,455
Trikafta	Cystic Fibrosis	\$1,817,226,143
Humira (CF) Pen	Immunology	\$998,809,804
Descovy	HIV	\$969,510,516
Entyvio	Immunology	\$949,744,300
Durvalumab	Oncology	\$889,594,527



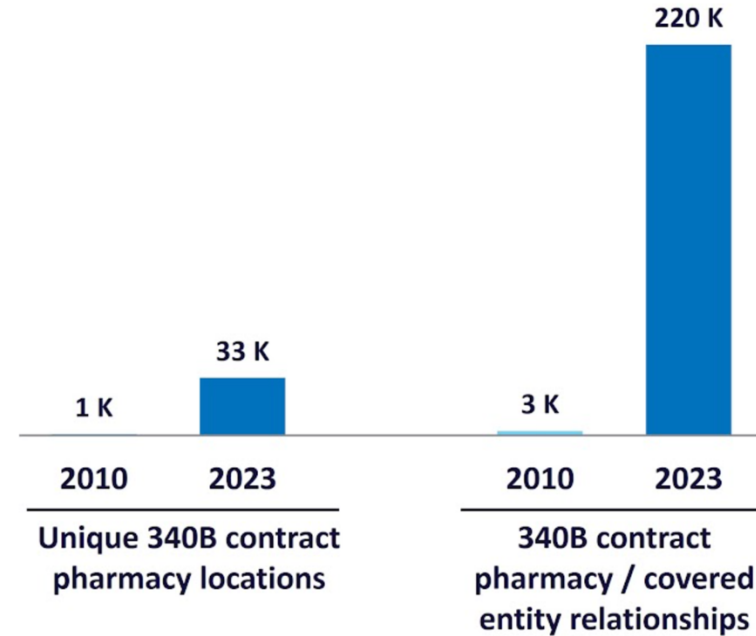
# 340B Growth & Contract Pharmacies

## Overview of the 340B Drug Pricing Program

**340B DRUG PRICING PROGRAM,  
PURCHASES BY COVERED ENTITIES**



**340B CONTRACT PHARMACY MARKET**




Source: Drug Channels Institute analysis based on data from Health Resources and Services Administration, Government Accountability Office, and IQVIA. Dollar figures in billions and are not adjusted for inflation. Purchases exclude sales made directly to healthcare institutions by manufacturers and some sales by specialty distributors. Data for purchases at discounted prices show value of purchases at or below the discounted 340B ceiling prices. Number of unique contract pharmacy locations and covered entity relationships in thousands. For contract pharmacy analysis, see [Hospitals Are Relying More on PBMs to Manage Manufacturers' 340B Contract Pharmacy Restrictions: DCI's 2024 Market Analysis](#), Drug Channels, June 2024.

Published on Drug Channels ([www.DrugChannels.net](http://www.DrugChannels.net)) on October 22, 2024.



# Where Does the 340B Issue Go?

- Senate bipartisan working group sent out an RFI for information on 340B and reactions to draft legislation
- May see a 340B bill after the elections
  - But don't think it will go anywhere
- Lots of money in regulating 340B
  - A Trump HHS/CMS will likely lower 340B reimbursement
  - A Harris HHS/CMS may see Congress use 340B as a large pay-for
- Expect pharma to keep pushing on contract pharmacy restrictions and rebates (versus discounts)
- Does 340B end up being bipartisan like PBMs



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Oregon

April 1, 2024

Submitted via email to: [Bipartisan340BRFI@email.senate.gov](mailto:Bipartisan340BRFI@email.senate.gov)

The Honorable John Thune  
The Honorable Debbie Stabenow  
The Honorable Shelley Moore Capito  
The Honorable Tammy Baldwin  
The Honorable Jerry Moran  
The Honorable Ben Cardin  
United States Senate  
Washington, D.C. 20515

Re: *Bipartisan 340B Request for Information* ("RFI")

Dear Senators:

On behalf of the Board of Directors of the Community Oncology Alliance ("COA"), we are submitting this response to your bipartisan working group RFI seeking input on the 340B Drug Pricing Program ("340B") and specifically on the *SUSTAIN 340B Act* discussion draft.

As you know, COA is an organization dedicated to advocating for the complex care and access needs of patients with cancer and the community oncology practices that serve them. COA is the only non-profit organization in the United States dedicated solely to independent community oncology practices, which serve the majority of Americans receiving treatment for cancer. Since its grassroots founding more than 20 years ago, COA's mission has been to ensure that patients with cancer receive quality, affordable, and accessible care in their own communities where they live and work, regardless of their racial, ethnic, demographic, or socioeconomic status.

COA is committed to ensuring all patients with cancer have access to the highest quality and affordable care in their local communities in a treatment setting of their choosing. We want to make it abundantly clear that COA supports the original intent of the 340B program to assist providers in "stretching scarce federal resources" to help patients in need, especially those needing assistance in affording critical medications, such as cancer drugs. **However, the 340B program has grown exponentially, creating perverse financial incentives for hospitals that significantly deviate from the program's original mission. Even worse, there are far too numerous examples of where patients do not get discounts on their medications, face extreme and inflated bills for treatment, and are then hounded by aggressive debt collection tactics by 340B hospitals.**

Before we discuss our answers to the specific questions posed in the RFI, COA would like to articulate our key concerns with the program that require legislative action:



# Drug Shortages Well Documented

## Drug Shortages in the U.S. Reach All-Time High, Including Medications for Chemotherapy, ADHD and Severe Allergies

Pharmacists warn that there are 323 drugs in active shortage, a record high

By [Vanessa Etienne](#) | Published on April 15, 2024 02:54PM EDT



**CNN Health** Life, But Better Fitness Food Sleep Mindfulness Relationships

### Drug shortages reach record high in US

By Deidre McPhillips, CNN  
 3 minute read · Updated 3:31 PM EDT, Fri April 12, 2024

[f](#) [X](#) [e](#) [s](#)

**DRUGS** Published April 12, 2024 11:07am EDT

### US drug shortages hit all-time high, pharmacists warn

Data shows that there are 323 active drug shortages

By [Daniella Genovese](#) | FOX Business

[f](#) [X](#) [v](#) [e](#) [s](#)

**U.S. Stock Market Quotes**  
 Quotes displayed in real-time

Quote Lookup

INDEX	VALUE	CHANGE
DOW JONES AVERAGES (DJI)	37,669.90	▼ -129.07 (-0.34%)
NASDAQ COMPOSITE INDEX (COMP)	15,761.81	▼ -103.44 (-0.65%)
S&P 500 (SP500)	5,031.23	▼ -20.18 (-0.40%)

**90% OF CANCER CENTERS FACE CHEMO DRUG SHORTAGE**

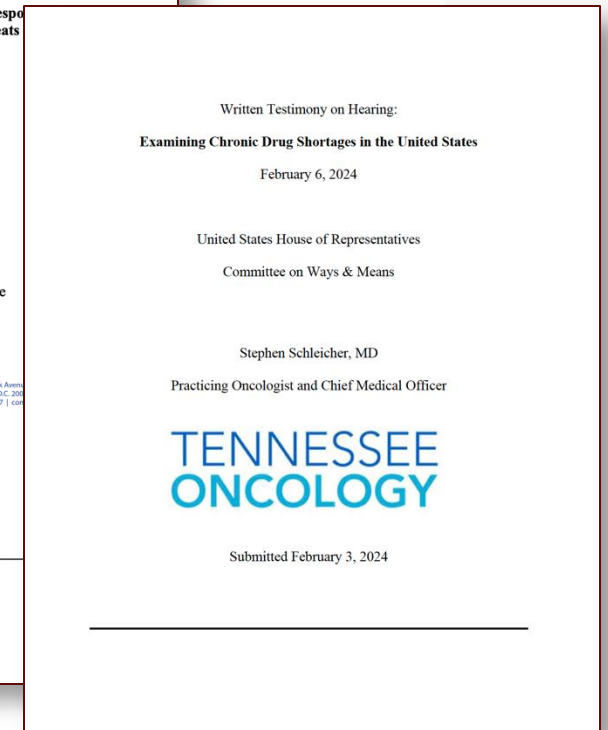
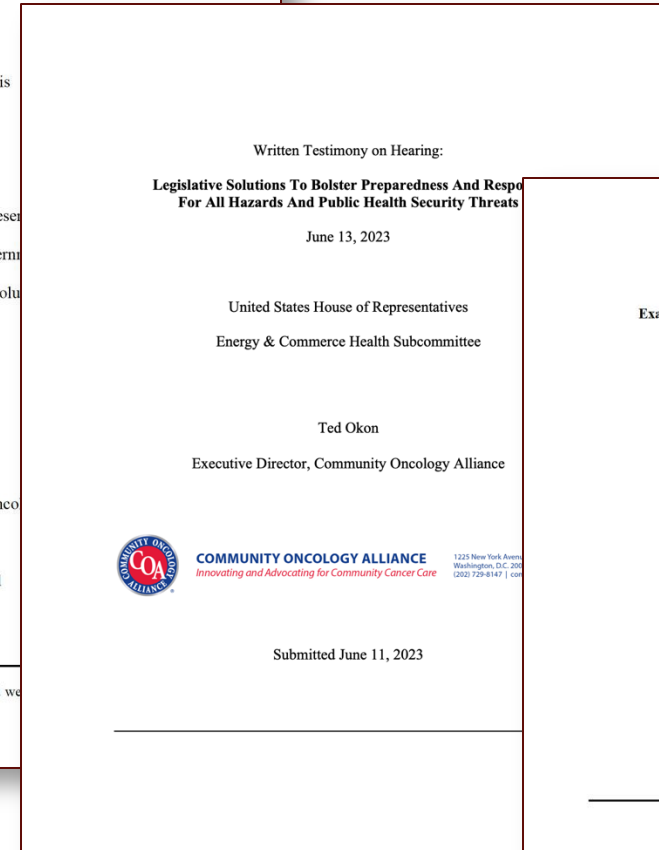
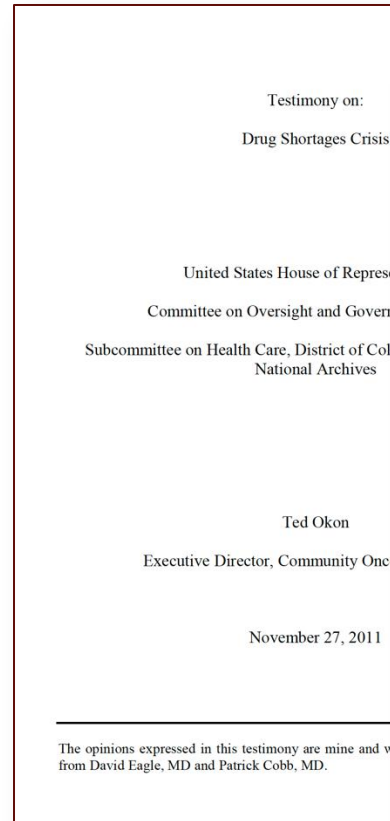
**FOX BUSINESS ALERT**

**Cancer centers face drug shortage**  
 FOX Business' Lydia Hu has the latest on supply chain worries on 'The Evening Edit.'

Helps Relieve Symptoms and Restore Your Gut

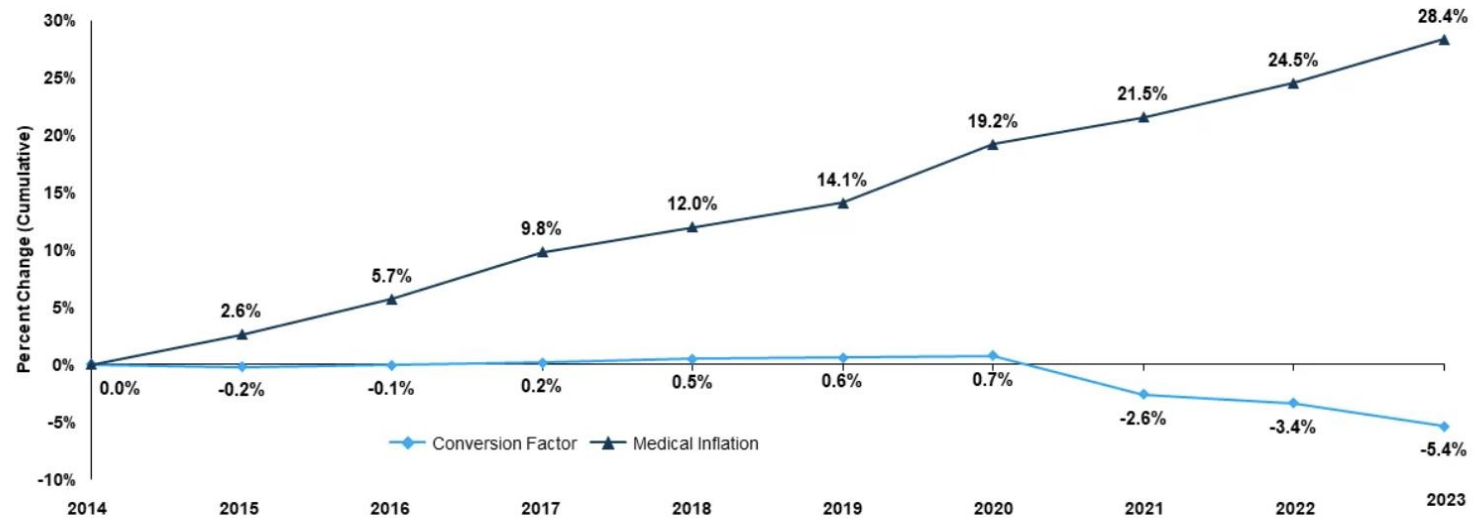
# Drug Shortages: Solutions

- Problem won't be fundamentally fixed until underlying financial problem is addressed
  - Discounts and rebates make low-cost generic drugs financially not viable
  - ASP reimbursement doesn't work
- Basic problem Congress has is acknowledging that fixing the problem of drug shortages means paying more for generics
  - *Fundamentally that simple!*



# Stopping Physician Pay Cuts

**Figure 1. Cumulative Change in Conversion Factor and Medical Inflation Since 2014, by Year**



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Source: US Bureau of Labor Statistics, “Consumer Price Index Historical Tables for US City Average, 2023”; US Bureau of Labor Statistics, “BLS Data Viewer, 2023”; American Medical Association, “History of Medicare Conversion Factors, 2023.”

# Problems with IRA Drug Price “Negotiations”

- Unclear how Part D IRA “negotiated” prices will play out in rebates to pharmacy providers
  - Concerns that pharmacy providers will have to float the discounts until rebated
- Part B maximum fair price (MFP) will artificially lower average sales price (ASP) and cause reimbursement headaches
- Will likely curb investments in additional cancer drug indications, especially pediatric indications
- Unclear if less research in small molecules

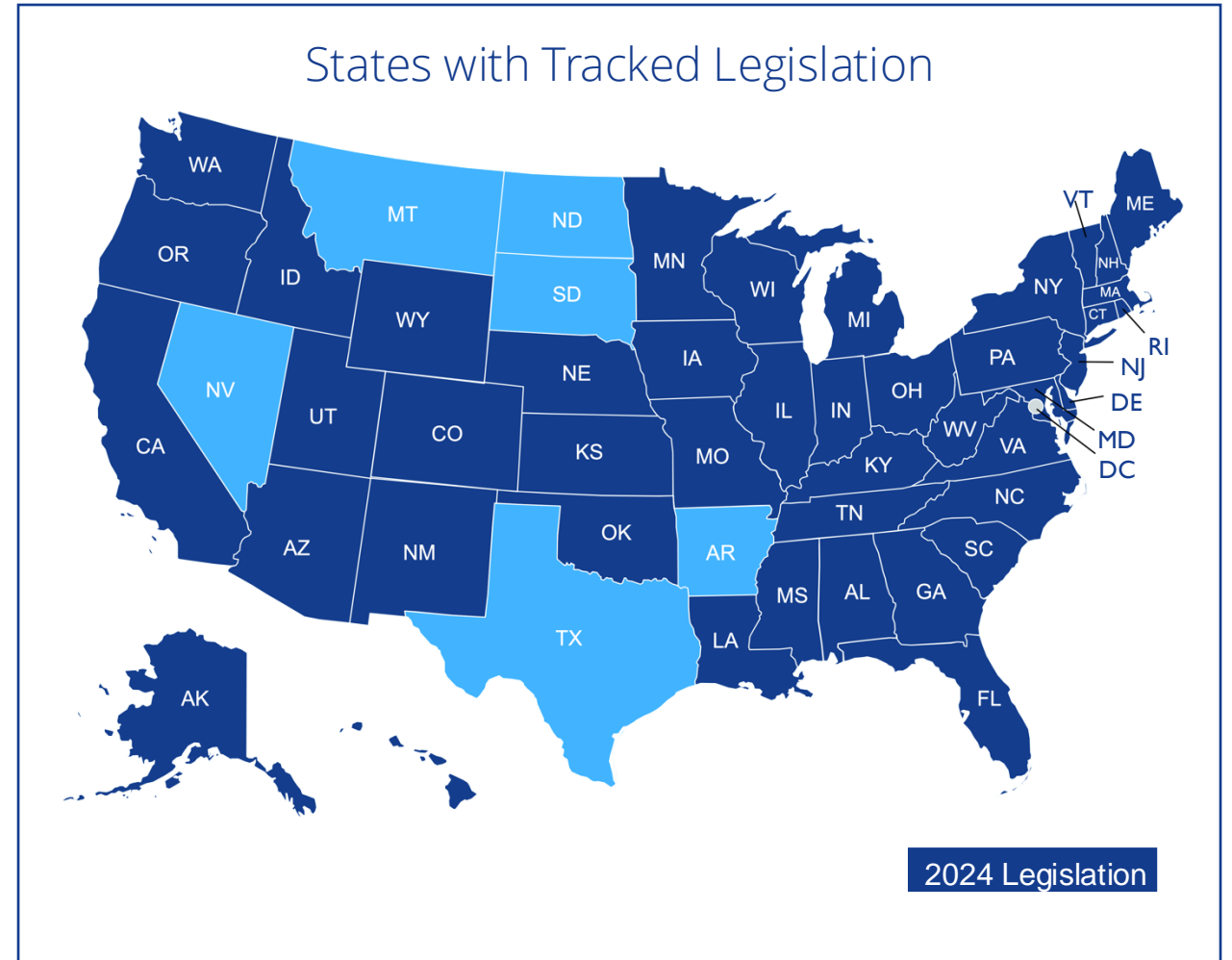
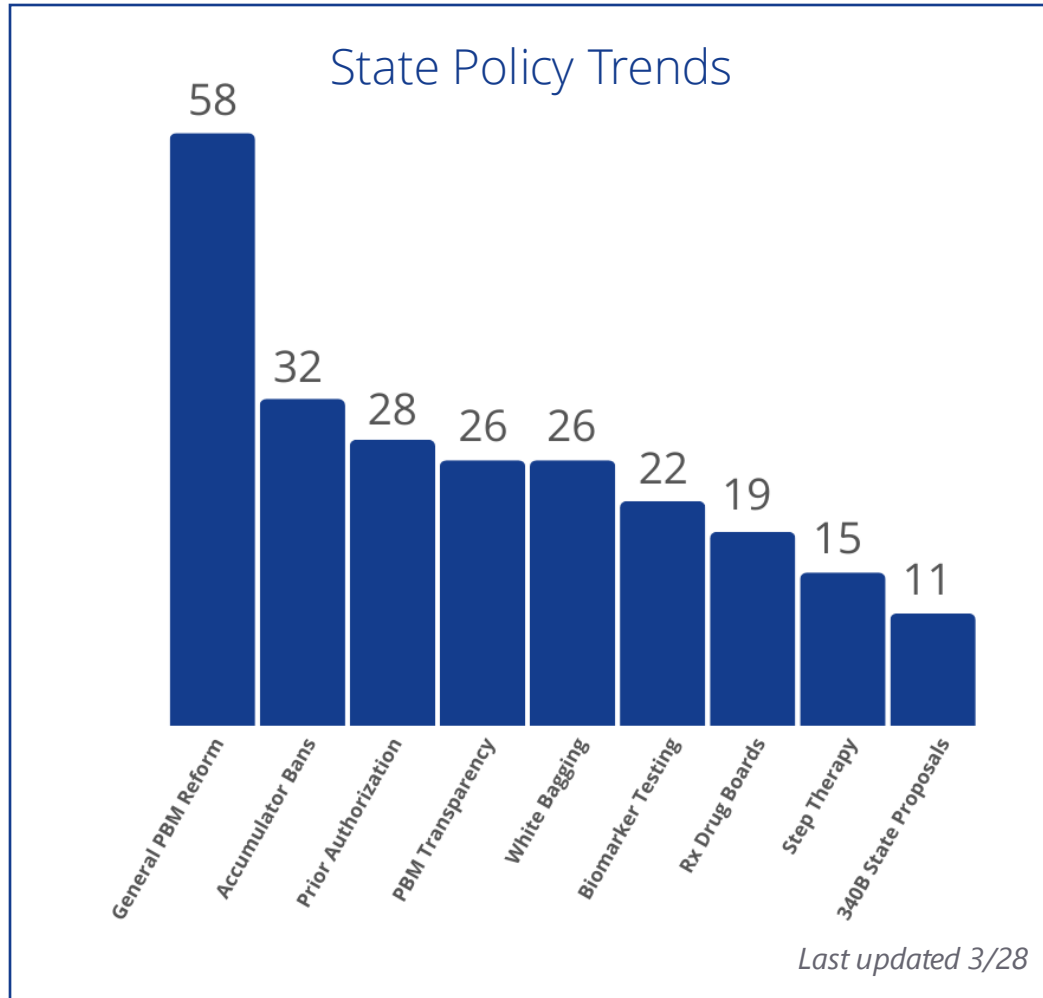
The screenshot shows the top of an Avalere report. The header includes the Avalere logo, navigation links for 'Who We Help', 'Services', 'Products', 'Insights', 'About Us', and a 'Connect' button. Below the header, the date 'September 16, 2024' and categories 'Insights & Analysis' and 'Drug Pricing and Affordability' are displayed. The main title of the report is 'Commercial Spillover Impact of Part B Negotiations on Physicians'. The report includes a 'Summary' section with a key finding: 'Physicians could lose at least \$25 billion in add-on payments for 10 Part B drugs expected to be negotiated by CMS, with oncology products accounting for at least \$12 billion.' A list of authors is provided on the right side of the page, including Milena Sullivan (Managing Director), Miron Dilmanian (Research Scientist II), Luke Frazier (Consultant I), Gina Krupp (Senior Associate), and Ekemini Isaiah. A dark blue box at the bottom right of the report contains the text 'Webinar | 2026 Part D Plan and Manufacturer'.

# Snapshot of COA Legislative Priorities & Action

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- Pushing for Stark drug delivery bill H.R. 5526 to be passed in year-end legislation
- Fighting for Medicare payment increases for physicians
- Push for PBM legislation to advance in year-end legislation
  - Includes transparent, "reasonable and relevant" reimbursement, and much more
- Possibly taking legal action against CMS for not "policing" Medicare Part D
- Working on solutions to IRA drug price negotiations
- Making sure practices understand the IRA cap on out-of-pocket patient expenses and how they can be "smoothed" out during the year
- Continue to ramp up state legislative activities

# COA State Policy Team Monitoring 222 Policy Proposals Introduced Across 44 State Legislatures in 2024



# Questions?



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