



Sound Policy. Quality Care.

September 30, 2019

Chairman Grassley and Ranking Member Wyden:

The undersigned members of the Alliance of Specialty Medicine write to express concern about the impact of Section 109 of the Prescription Drug Pricing Reduction Act of 2019, which would set a cap on physician reimbursement for administration of Part B drugs.

For most Part B drugs, Medicare reimburses providers the Average Sales Price (ASP) plus a six percent add-on. For biosimilars, Medicare reimburses at ASP plus six percent of the reference product's ASP and for drugs new to market that do not yet have an ASP, Medicare reimburses at the Wholesale Acquisition Cost plus three percent.

Section 109 ("Establishment of a Maximum Add-on Payment for Drugs and Biologicals") would establish a flat dollar "ceiling" on the add-on, starting in 2021. The flat add-on amount is frozen until 2029. This means providers would be subject to a flat \$1,000 maximum add-on payment, regardless of the administration, storage, and handling costs associated with the particular product.

As physicians, we keenly understand the urgent need to bring down the price of medicines for patients. However, artificially capping what physicians are reimbursed for acquiring, storing, administering, and managing these products will do nothing to lower the underlying prices. Rather, it is simply another physician reimbursement cut. Small and rural practices already report difficulty with purchasing drugs at current ASPs. They must use the add-on to close the gap between what they pay to acquire the drugs for their patients and the ASPs based on which they are reimbursed by Medicare. Capping the add-on amount could result in decreased access for patients and increased cost when these patients are shifted to hospital outpatient departments to receive their medicines.



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While we appreciate your efforts to lower drug prices, section 109 would not accomplish that result. We welcome the opportunity to work with you to identify ways to address rising drug costs that do not target physicians. Should you have any questions, please contact Judith Gorsuch, jgorsuch@hhs.com.

Sincerely,

American Gastroenterological Association

American Society of Plastic Surgeons

American Urological Association

Coalition of State Rheumatology Organizations

Society for Cardiovascular Angiography and Interventions