



Health Policy Briefing

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CBO Scores Repeal of Part B Demo

The Congressional Budget Office (CBO) **estimates** that blocking the proposed Medicare Part B Drug Payment Model would cost \$395 million over the next decade. The model is an attempt by the Center for Medicare & Medicaid Innovation (CMMI) to lower payments for physician-administered drugs under the Medicare Part B program, which are projected to reach \$18 billion in 2017. CBO's new estimate is a score of H.R. 5122, introduced by Rep. Larry Bucshon (R-Ind.) earlier this year, that would stop implementation of the CMMI experiment. CBO projects that prohibiting the demonstration would result in lost savings of \$1.1 billion through 2026, which would be offset in part by additional savings from CMMI's replacement of the blocked demo with other projects – producing a net cost of \$395 million. H.R. 5122 currently has 20 Republican and two Democratic cosponsors. The Centers for Medicare and Medicaid Services (CMS) has not announced when the final version of the demo will be released.

CMS Responds to EpiPen Concerns

In **response** to congressional inquiries, Centers for Medicare and Medicaid Services (CMS) Acting Administrator Andy Slavitt outlined that his agency spent nearly \$1.3 billion on EpiPens over the last five years. Between 2011 and 2015, total Medicaid and Medicare Part D spending on EpiPens increased from \$86.5 million to \$486.8 million – a 463 percent increase. Slavitt's letters to Sen. Ron Wyden (D-Ore.), Sen. Amy Klobuchar (D-Minn.), and Rep. Frank Pallone (D-N.J.) do not, however, offer any additional detail about when CMS became aware that EpiPens were misclassified as a generic drug, allowing its manufacturer Mylan to pay rebates of only 13 percent to the Medicaid program, rather than the 23.1 percent required for brand name drugs. Lawmakers are expected to press the agency for more details on EpiPen's Medicaid Drug Rebate Program classification. Sen. Chuck Grassley's (R-Iowa) office has already performed an analysis of the above figures showing that the share of Mylan's revenue from taxpayer dollars increased from 23.3 percent in 2011 to 53.4 percent in 2015. On Friday, it was announced that Mylan will pay \$465 million in response to questions of misclassification, but without any finding of wrongdoing.

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FDA Panel Recommends Increasing Naloxone Dose

A panel of independent advisors to the Food and Drug Administration (FDA) have recommended that the minimum acceptable dose for naloxone, the opioid overdose reversal treatment, be increased. By a 15-13 vote, the advisory committee recommended a higher starting naloxone dose due to the rising use of more potent opioids, such as the synthetic drug fentanyl. Data was cited showing that emergency responders must frequently administer multiple doses of naloxone to revive an overdose victim. They also cited cases of patients in rural areas who require a stronger dose during the time it takes to travel to the emergency room. The panel also voted 21-7 in favor of using the same minimum dosage for both adults and children, mostly to avoid the potential for confusion if multiple versions of the drug were available. While the FDA is not bound by advisory committee decisions, the agency often bases regulations on their views.

Durbin Questions Dermatology Drug Price Increases

Sen. Dick Durbin (D-Ill.) has **written** to the CEO of Novum Pharma to inquire about recent price hikes for three of the company's skin treatments. In March 2015, Novum acquired three topical medications used to treat various skin conditions such as dermatitis, eczema, acne, and skin inflammations. Since then, the price of Alcantin was increased from \$226 per tube to \$9,561 per tube. The price of Aloquin increased from \$241.50 to \$9,561 per tube. The price of Novacort increased from \$4,186 to \$7,142 per tube. Durbin asks Novum to justify their decision to increase the price of these products, and asks for details about both their profits and manufacturing costs. "If the pharmaceutical industry is unwilling or unable to reasonably price their products in a way that protects access for patients in need and does not place an unnecessary financial burden on our health care system, then Congress must step in and act," he writes. The Senator requests that the company respond to his questions by October 11.

Health Care in State Elections

A number of referendums will be coming up for a vote in states across the country this November that could significantly impact the health care system. In Arizona, Arkansas, California, Florida, Maine, Massachusetts, Montana, Nevada, and North Dakota, voters will weigh in on ballot issues related to the availability of medical marijuana and the legalization of marijuana. In California, voters will consider a constitutional amendment that would prohibit lawmakers from using funds collected from a hospital provider fee for general expenses. California will also vote on whether to require state agencies to pay no more than what the Department of Veteran Affairs pays for pharmaceuticals. Colorado voters will consider a constitutional amendment to fund a universal health care system for the state, paid for through a 10 percent income tax increase. In Washington state, voters will have the opportunity to decide whether to tax adult standalone dental plans to fund the state's insurance exchange. Nevada voters will decide whether to exempt from sales and use tax durable medical equipment, oxygen delivery equipment, and mobility enhancing equipment. Several gubernatorial races also have the potential to impact health care, particularly as it relates to Medicaid expansion. In Missouri, two-term incumbent Jay Nixon (D) is term limited in 2016. Nixon will either be replaced by Chris Koster (D), who favors Medicaid expansion, or Eric Greitens (R), who opposes it, with Koster currently ahead in the polls. In North Carolina, Pat McCrory (R) is running for re-election against Democratic candidate Roy Cooper. While McCrory is focused on privatizing the state's Medicaid system, Cooper is strongly supportive of expanding the program. This race is expected to be one of the most competitive of the 2016 election season.