

DO PROVIDERS CHOOSE TREATMENT BASED ON PAYMENT AMOUNT?

What Medicare Claims Data Reveals About Physician-Administered Drugs

The Medicare Part B program reimburses providers for physician-administered drugs and biologics given in the office setting. This program has been criticized as creating a financial incentive for physicians to prescribe more expensive drugs rather than less expensive alternatives.

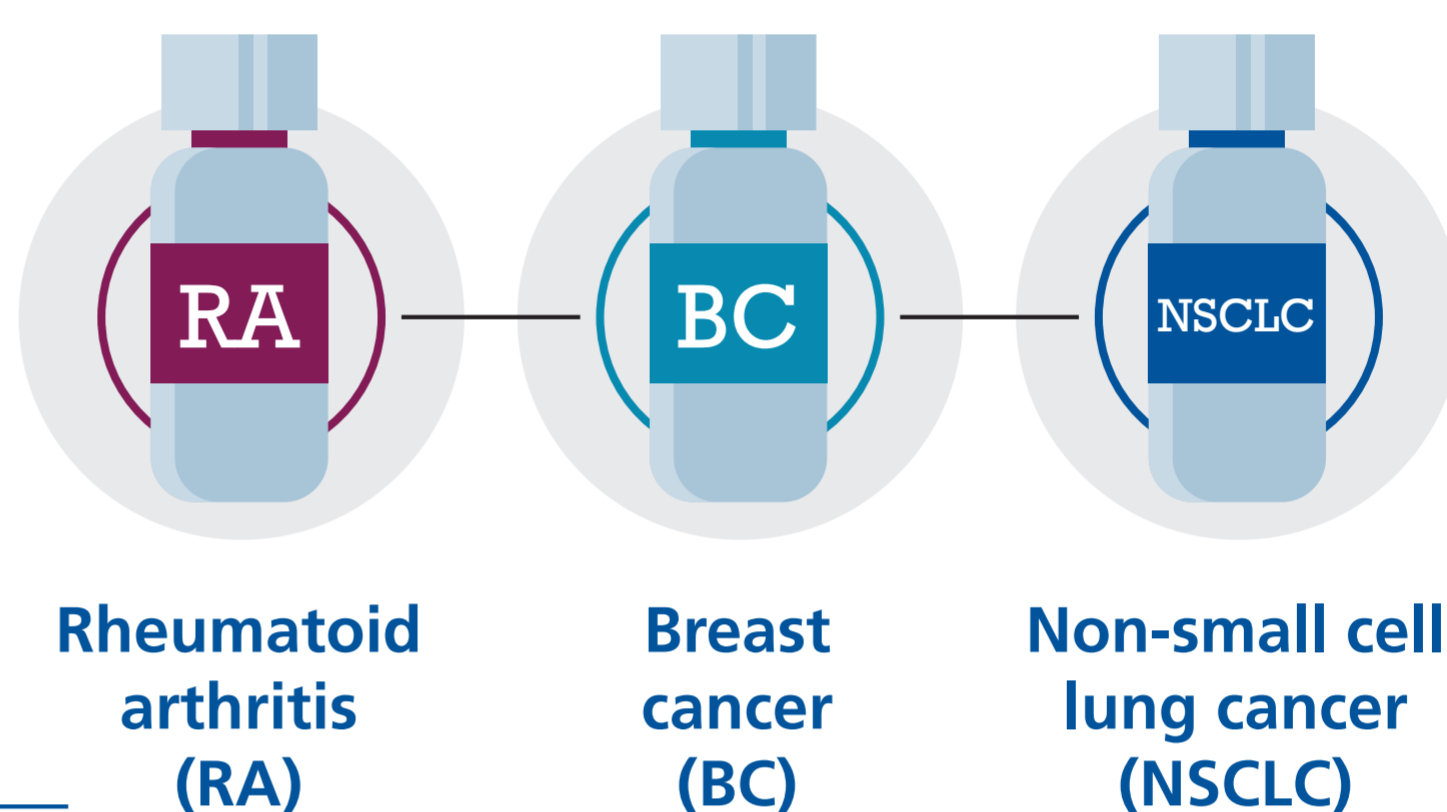
Turning to Data for Answers



Given that limited data exists on this issue, Xcenda conducted a study to see if prescribers of physician-administered drugs disproportionately prescribe therapies with higher reimbursement rates in order to financially benefit from larger add-on payments.⁽¹⁾

What the Study Examined

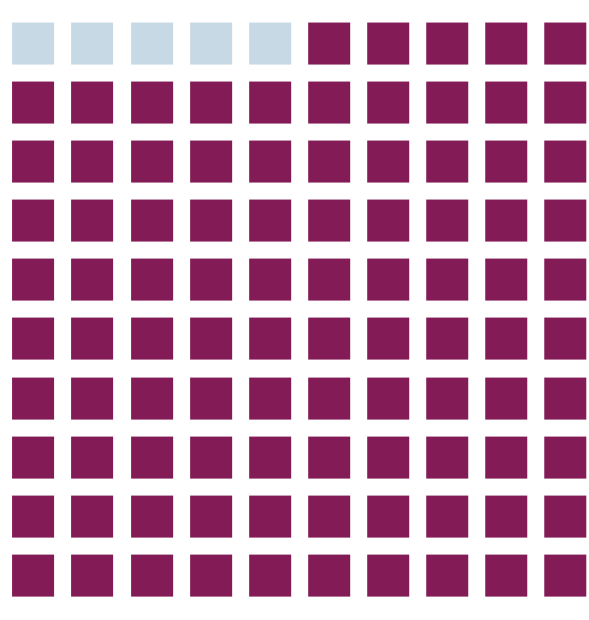
Xcenda identified providers in the 2016 Medicare 5% Carrier Standard Analytic File that treated patients in the office setting with physician-administered drugs for:



Rheumatology and oncology products were selected because these two specialties have a significant volume of Medicare Part B drug utilization in their practices, and drug payments represent a significant portion of practice revenue.

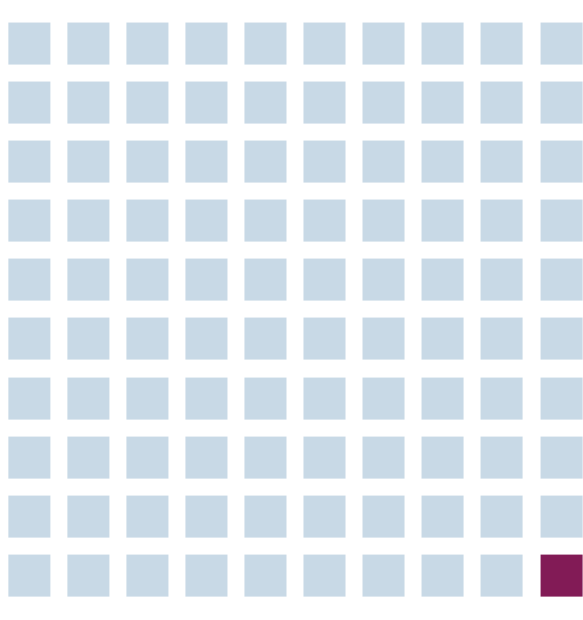
What the Study Found

95%



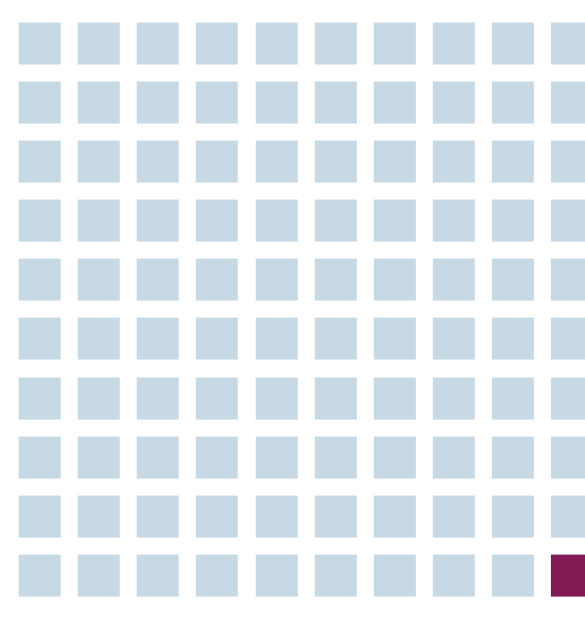
Changes in 2016 RA payment explain only 5% of variation in office utilization, suggesting 95% of office utilization is due to factors other than payment rates.

<1%



Less than 1% of the variation in BC utilization for 2016 can be attributed to payment rates – indicating that other factors beyond payment drove prescribing.

1%



Only 1% of the variation in utilization for NSCLC can be attributed to payment rates in 2016, signaling that payment rates do not appear to drive utilization.

What Does the Data Say?

These findings indicate that there is no meaningful correlation between drug payment and utilization. This presents a data-driven challenge to the theory that physicians significantly favor drugs with high add-on payments.

What Does It All Mean?

The results of this study question whether reforms to Medicare Part B would achieve any substantial cost savings. The findings do not show that the Average Sales Price (ASP) +6% add-on payment rate for prescription drug reimbursement in Medicare Part B distorts prescribing decisions or drives inappropriate spending among clinically similar drugs.