



CMS-1670-WN
DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

42 CFR Part 511

[CMS-1670-WN]

RIN 0938-AS85

Medicare Program; Part B Drug Payment Model; Withdrawal

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Withdrawal of proposed rule.

SUMMARY: This document withdraws a proposed rule that was published in the **Federal Register** on March 11, 2016. The proposed rule discussed our proposal to implement a new Medicare payment model under section 1115A of the Social Security Act (the Act).

DATES: As of [Insert date of publication in the Federal Register], the proposed rule published March 11, 2016, at 81 FR 13230, is withdrawn.

FOR FURTHER INFORMATION CONTACT: Rasheeda Johnson, (410) 786-3434.

SUPPLEMENTARY INFORMATION: On March 11, 2016, we published a proposed rule in the **Federal Register** entitled “Medicare Program; Part B Drug Payment Model” (81 FR 13230). The rule proposed the Part B Drug Payment Model as a two-phase model that would test whether alternative drug payment designs will lead to a reduction in Medicare expenditures, while preserving or enhancing the quality of care provided to Medicare beneficiaries. In the first phase, CMS would test a change to the 6 percent add-on to Average Sales Price (ASP) that is used to make drug payments under Part B such

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that the add-on would be 2.5 percent plus a flat fee (in a budget neutral manner). In the second phase, we would implement a collection of value-based purchasing tools similar to those employed by commercial health plans, pharmacy benefit managers, hospitals, and other entities that manage health benefits and drug utilization. We proposed to operate the model for 5 years; phase I would begin in the fall of 2016 (no earlier than 60 days after the rule was finalized), and phase II would begin no sooner than January 1, 2017. The proposed goal was to have both phases of the model in full operation during the last 3 years of the proposed 5-year duration to fully evaluate changes and collect sufficient data.

We received 1,350 timely public comments in response to the March 11, 2016, proposed rule. Some commenters signaled their support for the proposed rule, however, a number of commenters expressed concerns about the proposed model. As we worked to address these concerns, the complexity of the issues related to the proposed model design and the desire to increase stakeholder input led us to the decision to withdraw the March 11, 2016 proposed rule. Moving forward, we want to ensure agency flexibility in re-examining these important issues and exploring new options and alternatives with stakeholders as we develop potential payment models that support innovative approaches to improve quality, accessibility, and affordability, reduce Medicare program expenditures, and empower patients and doctors to make decisions about their health care.

Accordingly, the proposed rule published March 11, 2016, at 81 FR 13230, is withdrawn.

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Dated: July 17, 2017.

Seema Verma,

Administrator,
Centers for Medicare & Medicaid Services.

Dated: August 25, 2017.

Thomas E. Price,

Secretary,
Department of Health and Human Services.

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