

**Policies to Improve  
Home Infusion  
Reimbursement:  
Fiscal Implications**

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## **Policies to Improve Home Infusion Reimbursement: Fiscal Implications**

Recent legislation has sought to improve the ability of Medicare beneficiaries to receive infusions of certain drugs and biologics in their homes. The 21<sup>st</sup> Century Cures Act established a permanent benefit beginning in 2021, while the Bipartisan Budget Act of 2018 created a temporary benefit to provide access in 2019 and 2020. The Centers for Medicare & Medicaid Services (CMS) has implemented policies that various stakeholders have felt overly restricted reimbursement under the new benefit, potentially creating obstacles to patient access to home infusion services.

The Moran Company was asked by our client the National Home Infusion Association to analyze the potential budgetary impact of legislation that would remove some of these potential obstacles to patient access by:

- Amending the definition of home infusion therapy ‘calendar day’ to ensure that providers are reimbursed for each day a home infusion medication is received, rather than requiring the physical presence of the provider in a patient’s home; and
- Expanding the definition of professional services in the home infusion benefit to capture pharmacy and other remote services.

We were asked to estimate how the Congressional Budget Office (CBO) might “score” these policies.

### **Highlights of Our Findings:**

- While the legislation would increase reimbursement for home infusion providers, based on scores of 21<sup>st</sup> Century Cures and the Bipartisan Budget Act, we expect that CBO would view the policy as shifting some infusions from other more expensive sites of service to the home.
- Relative to reimbursement in the hospital outpatient department (HOPD), Medicare reimbursement rates in the home can produce significant savings—particularly for the chemotherapy drugs that CMS has assigned to the highest home infusion payment category.
- Thus, any cases that move from the HOPD to the home setting in light of the increased reimbursement rates could produce savings, depending on the incremental reimbursement resulting from the policy.
- By contrast, any cases already in the home would be assumed to increase in cost due to higher levels of reimbursement.
- Our model estimates on balance that the legislation would produce more savings than costs—with an estimated savings over ten years of \$93 million.
- We caution that CBO may use different assumptions about the impact of the policy that could lead it to reach different conclusions.

The balance of this report provides more detail on our methodology and findings.

## Methodology

We used the CBO score of the 21<sup>st</sup> Century Cures Act as our baseline for the potential growth rates in home infusion over time and as the baseline savings curve for the policy. We believe that the score for this legislation demonstrates CBO's view of the potential for savings in shifting infusions from other sites of service to the home.<sup>1,2</sup> Using a mix of infusion categories and comparing reimbursement rates in the physician office and hospital outpatient department versus the home, we estimated the legislative proposal can result in savings of \$2,000-\$4,000 per beneficiary per year. We used an assumed savings per beneficiary of \$2400 for infusions shifted into the home setting as a result of this policy.

It is our understanding that the legislation being considered would still leave CMS with significant discretion in setting the reimbursement amounts for categories of home infusion services. Our model is sensitive to the amount of incremental reimbursement that is assumed to result from the CMS implementation of the legislation being considered. The results presented below are based on the assumption that reimbursement for home infusion services would increase under the policy due to the requirement that payments be made on each day a home infusion medication is received and specifically account for the cost of pharmacy and other remote services. Moreover, we assume that the reimbursement rates established by CMS for home infusion services would remain lower than in physician offices and hospital outpatient departments, as is the case in the commercial market where per diem payments for home infusion services are viewed as the industry standard.

Our model estimates costs from the policy due to increased reimbursement for home infusion cases already in the CBO baseline for scoring purposes. Savings result from cases that are done in the home because of this policy but would have been performed in other settings absent the increase in reimbursement offered.

## Results

Based on the assumptions described, we estimate \$186 million in costs over the scoring window from increased reimbursement under the legislation as we understand it. By contrast, we estimate \$279 million in savings from beneficiaries shifted to the home from other settings. Thus, we project a net ten year savings from the policy of \$93.1 million.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-2029
Change in Direct Federal Spending	-	(1.0)	(2.8)	(4.1)	(5.6)	(7.2)	(10.4)	(14.3)	(19.5)	(28.3)	(93.1)

<sup>1</sup>Congressional Budget Office. Direct Spending and Revenue Effects for H.R. 34, The 21<sup>st</sup> Century Cures Act. RULES COMMITTEE PRINT 114-67 <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/costestimate/hr34.pdf> (November 28, 2016).

<sup>2</sup> We focused for present purposes on section 5012, the provision which established the Home Infusion Benefit. We note that a separate section of the statute provided for reduced reimbursement rates for home infusion therapy drugs.