

Medicare payment systems and follow-on biologics

ISSUE: Medicare spending on high-priced biologics has been increasing rapidly, totaling over \$12 billion in 2007. Medicare pays for these drugs under both Part B and Part D but cannot achieve significant savings given the lack of a regulatory pathway for follow-on biologics.

KEY POINTS: For this presentation, we discuss Medicare utilization and spending on biologics under Part D. We look at factors that might affect Medicare savings on FOBs under the current payment structure.

ACTION: Commissioners should discuss issues raised by this research.

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