Opioids and alternatives in hospital settings: Payments, incentives, and Medicare data

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Today's presentation

- Commissioners have requested more information on opioids
- Recently passed legislation calls on MedPAC to report on opioid issues in inpatient and outpatient hospital settings

SUPPORT for Patients and Communities Act

Calls on MedPAC to report to the Congress by March 15, 2019 on 3 items:

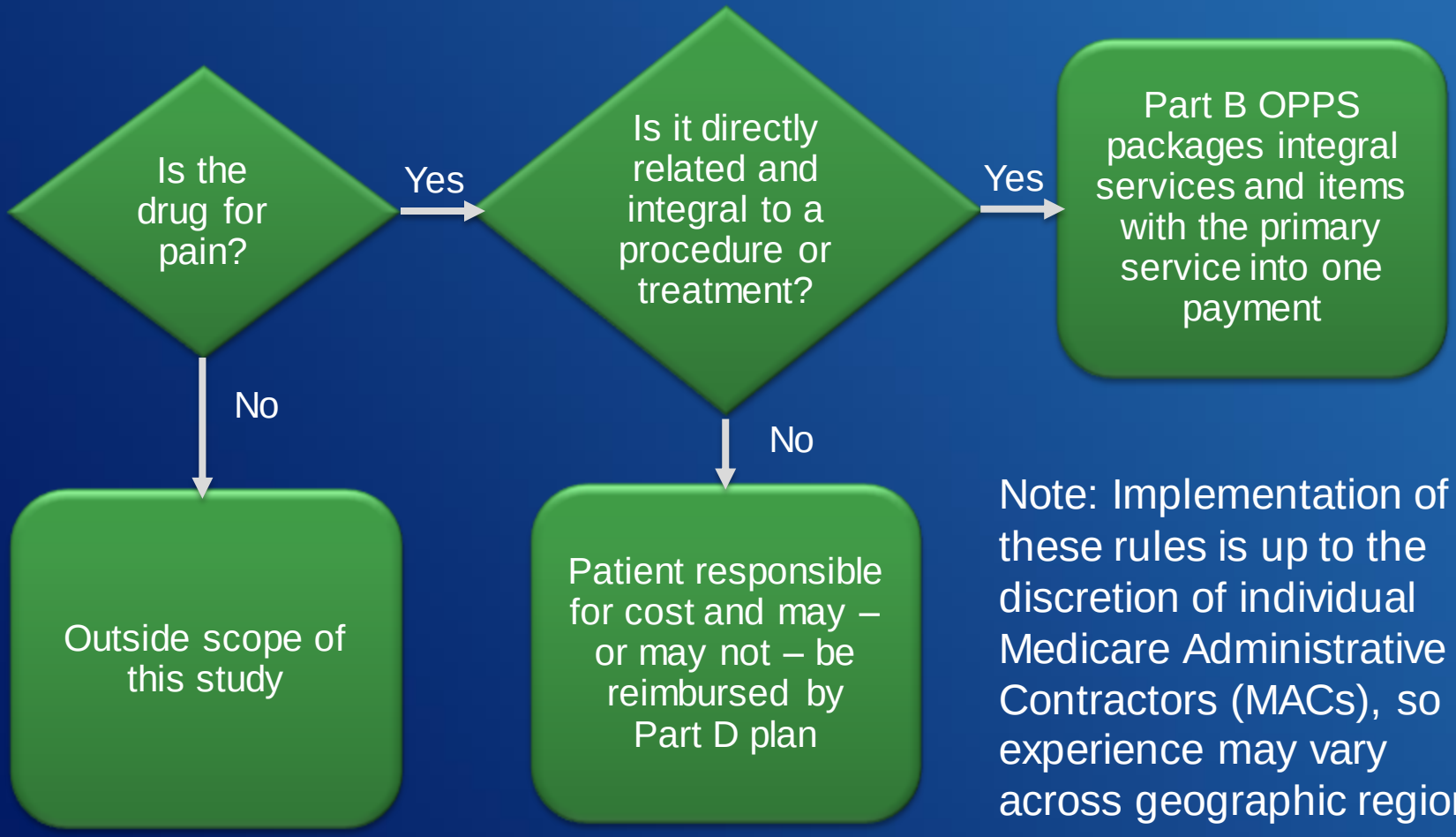
1. How Medicare pays for opioids and non-opioid alternatives in inpatient and outpatient hospital settings
2. Incentives under these prospective payment systems for prescribing opioids and non-opioid alternatives
3. How Medicare tracks opioid use

Note: SUPPORT (Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment)

1. How Medicare pays for opioids and alternatives in hospital settings

- Medicare uses bundled payments in both the inpatient and outpatient settings
- The inpatient prospective payment system's (IPPS) bundles include *all* goods and services
- The outpatient prospective payment system's (OPPS) bundles include *integral* goods and services

Outpatient hospital payment for opioids and non-opioid alternatives



Note: Implementation of these rules is up to the discretion of individual Medicare Administrative Contractors (MACs), so experience may vary across geographic regions.

2. IPPS and OPPS incentives for opioids and non-opioid alternatives in hospital settings

- Legislation asks for identification of payment system incentives
  - This study focuses on these financial incentives
  - There are also patient-specific and clinical factors that guide prescribers' pain drug choices
- IPPS and OPPS create a financial incentive for hospitals to select the lowest-cost goods and services possible
  - This incentive is balanced by Medicare's quality measurement and reporting programs, along with providers' clinical expertise and professionalism
  - These balanced incentives are intended to result in high-quality outcomes for patients at the best prices

Planned analysis of prices for pain drugs commonly used in hospital settings

- Plan to examine relative prices of opioids and non-opioids
- However, drug price data are not readily available
  - Average sales prices (ASP) does not reflect prices actually paid and is not available for many of the drugs in our study
  - Will attempt to examine list prices such as wholesale acquisition cost (WAC) and average wholesale price (AWP)

3. Medicare monitoring of opioid use through data

- CMS monitors opioid use through data available in the Part D program
  - Overutilization Monitoring System (OMS)
  - Quality Measures
  - Medicare Part D opioid prescribing mapping tool
- These rely on prescription drug event (PDE) data
- The agency does not operate opioid tracking programs in Part A and Part B

Should CMS track opioid use in hospital settings?

- Pros:
  - Severity of the opioid epidemic
  - Gap in knowledge about the degree to which Medicare beneficiaries are exposed to opioids while in the hospital
  - Oversight of hospitals' use of opioids versus non-opioids
- Cons:
  - Current lack of claims and other data infrastructure to support a tracking program
  - Questions about how to interpret the appropriateness of opioid prescriptions identified by a tracking program

Tracking opioid use in hospital settings would require program changes

- There are structural differences between Parts A and B versus Part D
- Medicare relies on Part D plan sponsors to report data and implement drug management programs
- Part A and Part B claims do not include information on pain management drugs
- Need to determine to whom and how the results should be communicated

Discussion

- Questions?
- Additional items?
- Next discussion at January meeting
- Chapter in March 2019 report