

Congressionally requested report: Home infusion therapy

The Congress requested that MedPAC conduct a study on home infusion therapy to explore the costs and benefits of this type of therapy and potential implications of broader coverage of home infusion in Medicare. This study is included as a chapter in the Commission's June 2012 report.

Home infusion therapy is a mode of intravenous drug administration to an individual in his or her home. Several components are needed for this treatment:

- drugs to be infused (e.g., antibiotics, immune globulin);
- infusion equipment (e.g., a pump or a pole);
- infusion supplies (e.g., tubing and catheters); and
- visiting nurses (who may play a role in home infusion, depending on the drugs involved).

Determining which patients are the best candidates for home infusion therapy depends on the patient's clinical needs, patient and family preferences, and other factors. Patients, physicians, hospital discharge planners, health plans, home infusion providers, and home health agencies all play a role in identifying patients best suited for this therapy.

Traditional fee-for-service (FFS) Medicare covers some or all components of home infusion therapy, depending on the circumstance.

- Infusion drugs are generally covered under Part B or Part D.
- Supplies, equipment, and nursing are covered in some (but not all) circumstances through the Part B durable medical equipment (DME) benefit, the prosthetic benefit, the home health benefit, or some combination.

Infusion services are available to beneficiaries in other settings such as physician offices, hospitals, and skilled nursing facilities.

The most common way that private health plans and MA plans pay for home infusion is one payment for drugs; a separate payment for nursing (as needed); and a per diem payment covering supplies, equipment, pharmacy services, and additional services (e.g., administrative and care coordination services). Plans use utilization management techniques, particularly prior authorization, to ensure that home infusion is provided appropriately.

Costs and benefits of providing coverage for home infusion are dependent on many factors.

Current data do not allow us to provide good estimates of the costs associated with home infusion therapy generally or within the Medicare program. Whether home infusion yields Medicare savings or costs for an individual beneficiary will depend on the answers to several key questions.

- **How do the costs of home infusion therapy compare with what Medicare pays for infusions in alternate settings?**
 - For a *hospitalized patient who needs intravenous antibiotics*, broader home infusion coverage might lead to shorter lengths of stay. However, because Medicare pays a flat DRG

rate for most Medicare patients in the hospital, shorter length of stay would not generally reduce Medicare program spending.

- For a *patient currently receiving the Medicare skilled nursing facility (SNF) or home health benefit only due to the need for assistance with infusions*, the possibility for savings is greater. In most cases, infusions at home are likely to be less expensive than care in a nursing facility. Also, nursing services might be provided less expensively through separately paid nurse visits for home infusion than through the home health or SNF benefit.
- For a *patient currently receiving infusion drugs in the physician office or outpatient setting*, receiving infusions at home may create savings or increase costs depending on many factors (e.g., the payment levels Medicare would establish for home infusion, how frequently home nurse visits are needed).
- **Was the cost of home infusion being covered by another payer, or was another therapy being substituted for home infusion?**
 - Some beneficiaries currently pay out of pocket or have third-party insurers cover the costs of home infusion that Medicare does not cover. If coverage were expanded for home infusion services, those costs would shift from the beneficiary or another insurer to the Medicare program. This is known as the *crowd-out effect*.
 - Some patients who could be effectively treated with other therapies (e.g., oral drugs) might be prescribed home infusion if Medicare expanded home infusion coverage. If that patient switched to home infusion therapy, this would likely add new costs to the program. This is known as the *woodwork effect*.

Overall, whether expanded home infusion coverage on net saves or costs Medicare money depends on whether shifting infusions from other settings to the home generates net savings across affected beneficiaries and whether any savings exceed the additional costs from the crowd-out effect and woodwork effect.

If the Congress wishes to expand coverage of home infusion therapy, it may choose a number of different approaches.

- The intensity of and safety requirements for home infusion is dependent upon a patient's diagnosis and the prescribed drugs and dosages required. Thus, while the Congress could choose to fill in the coverage gaps for home infusion (e.g., develop a payment rate for supplies and nursing), such a policy would be costly and may provide incentives for inappropriate utilization. A broad, unmanaged expansion of home infusion coverage under Medicare FFS could lead to fraudulent actors entering the field.
- Alternatively, the Congress could consider setting up a demonstration project to test the effects of providing an integrated home infusion benefit for beneficiaries needing infused antibiotics. Any demonstration project testing provision of home infusion therapy benefits would require management controls to prevent fraud or abuse of the benefit. This project could test CMS's ability to administer a targeted prior authorization policy designed to improve quality of care and reduce costs.