

Separately payable drugs in the hospital outpatient prospective payment system

ISSUE: In the outpatient prospective payment system (OPPS), the cost of most drugs is packaged into the payment rate for the related service. However, the OPPS also has two policies for paying relatively costly drugs separately. Drugs must meet requirements to qualify for these programs, but these requirements could be modified to better target drugs for which separately-payable status is beneficial.

KEY POINTS: We evaluate the requirements that CMS has developed for both pass-through drugs and separately-payable nonpass-through drugs. We compare these requirements to the requirements in other programs for separately-payable drugs and medical devices as well as requirements discussed in the relevant literature. We discuss changes that could be made in the OPPS to develop a more effective program for separately payable drugs.

ACTION: Commissioners will review our analysis of separately-payable drugs in the OPPS and provide feedback at the March 2020 meeting.