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URGENT

MEMORANDUM

TO: Chief Financial Officers

FROM: Katie Wunderlich, Executive Director

DATE: October 8, 2019

RE: Instructions for FY 2019 Schedule CDS-A – Change in Volume of Outpatient Infusion, Chemo-therapy, and Biological Oncology Drugs

For the fourth consecutive year, the HSCRC earmarked a portion of the annual Update Factor to fund costs attributable to the increasing use of high-cost physician-administered outpatient oncology drugs, i.e., infusion, chemo-therapy, and biological. For Fiscal 2020 the Commission earmarked 0.2% for this purpose. Therefore, in order to prospectively allocate the earmarked funds to the appropriate hospitals as part of the January 1, 2020 revised rate orders, it is necessary to again collect costed volume data for the specific drugs that make up the majority of outpatient infusion, chemo-therapy drugs.

As in prior years, HSCRC staff intends to make a retrospective adjustment to hospitals' Global Budget Revenue for the volume change in high-cost physician-administered outpatient oncology drugs (infusion, chemotherapy, and biological). The adjustment may be positive to reflect increased volumes, or negative to reflect decreased volumes. Hospital GBR agreements require that the HSCRC be notified of the movement of services including drugs to unregulated settings regardless of whether the movement was initiated by the hospital, the payers, or other third parties. The schedule CDS-A does not substitute for this disclosure requirement.

This year we are implementing a change to the data collection process to save time and effort. Instead of having each hospital develop a list of drugs from the EAPG population representing 80% of their cost of these drugs, hospitals are to review their utilization of a standard state-wide list of drugs as reflected on a pre-populated template constructed from their case mix data.

The standard state-wide list of high-cost physician-administered outpatient oncology and infusion drugs was developed by first referencing prior year's CDS-A submissions and case mix data, as well as recent additions to the Medicare ASP list. The list was trimmed down by setting rules for inclusion, such as: 3M's EAPG Class Code of VII or higher (to reference relatively high cost per patient visit); state-wide case-mix charges in either of the past two years of $2 million or greater (to measure relatively high cost utilization); market share by point of service of less than 90% at physicians' offices (to minimize inclusion of drugs best served outside of a hospital setting); and inclusion of alternate HCPCS codes for listed drugs (so to capture brand, generic, biologic, biosimilar, replacement, discontinued and temporary codes). The list was then reviewed by members of the Volume Work Group.

Attached you will find one of two CDS-A related templates and related instructions. The pre-populated CDS-A template for your hospital will be sent to your hospital's Case Mix Liaison via Repliweb. We are requesting each hospital to review the pre-populated CDS-A template, indicate exceptions, and suggest revisions. In addition, we have flagged case mix data that looks as if it may be inaccurate for you to review. The 340B Price Data template (attached here) is to be completed by all hospitals that participated in the federal 340B drug discount program in either Fiscal 2019 or 2018.

HCPCS Code dosages as defined in Medicare 2019 ASP Drug Pricing File effective July 1, 2019 through September 30, 2019, found at CMS.gov, should be used when referencing dose volumes. Drugs procured free of cost, and billed at nominal value – for research and promotional programs – should be excluded. Procurement prices in effect at the end of the fiscal year, June 30, 2019 should be used for 340B drugs. **Both templates should be transmitted to the HSCRC as Excel worksheets to hscrc.oncology-drugs@maryland.gov on or before October 31, 2019.**

The completed schedule CDS-A is subject to audit review. The audit review may include volume data comparison to the case-mix reporting, and pricing comparisons to other hospitals and/or external data. If evidence of unreported shifting to unregulated settings is found, hospitals may have 0.5% of the annual update withheld. Since the schedule CDS-A may be used in adjusting GBR revenue, please take care and diligence in reviewing the templates for accuracy.

If you have any questions concerning the above, you may contact Dennis Phelps at (410) 764-2565. Thank you for your cooperation on this important funding initiative.