

CAPITOL STREET

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CMS Reduces List to 20 Part B Drugs (From 27)

Inflationary Rebate Therapies Updated Due to CMS Recalculations

Relevant Companies



CMS quietly released a new list of the first set of Part B drugs that will be subject to Medicare Inflationary rebates. We understand that CMS may have miscalculated, and the inflationary rebate list is now down to 20 drugs from 27 ([here](#)).

As a reminder on March 15, CMS initially released the first list of Part B drugs that would be subject to inflationary rebates. Companies subject to the rebate below will not be billed for penalties until Fall 2025. but the Inflation Reduction Act (IRA) requires Medicare beneficiary co-pay to be *reduced* based on the inflation-adjusted payment amount. The Consumer Price Index for All Urban Consumers (CPI-U or 6%) is used to calculate the inflation-adjusted price. Part B inflationary rebates went into effect on January 1, 2023. Part D rebate period started on October 1, 2022.

Drugs removed from the initial list due to CMS miscalculations are listed below.

- Immunology drugs removed include Winrho SDF (KMDA), and Folutyn (Allos Therapeutics)
- Oncology drugs removed include Rybrevant (JNJ), Elzonris (Stemline Therapeutics)
- CAR-T therapies removed include Tecartus & Yescarta (GILD)
- A macular edema treatment, Xipere (BHC), was also removed

»» Our Take & Next Up

Note that the impact on OOP cost burden for the 9% of Medicare beneficiaries without Medigap is minimal (<\$50) and applies to a small sliver of Medicare FFS beneficiaries.

The list released by CMS impacts co-insurance for the small proportion of Medicare FFS recipients who do not have wraparound (i.e., Medigap) insurance. 8.7% of all Medicare beneficiaries who do not have supplemental insurance would be subject to these lower amounts, and they amount to a very small dollar amount in terms of OOP.

The bigger catalyst coming up for biopharma manufacturers is the Part D (2026) negotiated drug list by Sept 1, 2023 as well as clarification for around ER (extended release, subcutaneous) drugs and biosimilars being lumped into biologics for the sake of negotiation.

»» Key Points

No new drugs were added in the recalculated list, and CAR-Ts are gone. PFE still has the most drugs on the list (5). CAR-T cell therapies, Yescarta (*GILD*) and Tecartus (*GILD*), are absent on the new list. Humira (*ABBV*) is still present, but price declines are expected with biosimilar competition entering the market.

Updated drugs subject to inflationary rebates and adjusted co-pay percentage are listed below.

IMMUNOLOGY includes treatments for anemia, arthritis, cytomegalovirus disease, and rare diseases like multicentric Castleman Disease. - Humira (*ABBV*) – 19.6%, Atgam (*PFE*) – 17.9%, Cytogam (*KMDA*) – 19.1%, Flebogamma DIF (*GRFS*) – 17.8%, Sylvant (*Recordati Rare Diseases*) – 20%.

ONCOLOGY drugs listed included 2 chemotherapy drugs, a bone marrow stimulant, and an anti-nausea medication used in chemo regimens. - Nipent (*PFE*) – 17.4%, Padcev (*Astellas*) – 19.6%, Leukine (*Partner Therapeutics*) – 19.8%, Akynzeo (*Helsinn Therapeutics*) – 16.3%.

OTHER categories include antibacterial/antifungal agents: Abelcet (*Leadiant Biosciences*) – 19.3%, Bicillin C-R (*PFE*) – 19%, Bicillin L-A (*PFE*) – 18.6%, Fetroja (*Shionogi*) – 10.3%, Minocin (*NVS*) – 19.4%, **hormone & enzyme therapies:** Aveed (*Bayer AG*) – 19.4%, Signifor LAR (*Recordati Rare Diseases*) – 18.5%, Xiaflex (*Endo Pharmaceuticals*) – 19.1%, **a blood thinner:** Fragmin (*PFE*) – 14.1%, **treatment for symptoms of ESRD:** Carnitor (*Leadiant Biosciences*) – 14%, and **an anemia treatment:** Mircera (*Roche*) – 17.7%.

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