

Medicare vaccine coverage and payment policies

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Overview

- Update on Medicare's efforts to measure vaccination rates in quality reporting programs for FFS providers, ACOs, and Medicare Advantage (MA) plans
- Vaccine coverage and payment policy options
 - Cover all preventive vaccines under Part B instead of Part D to promote access
 - Modify Medicare payment for Part B vaccines to better reflect acquisition costs

Measurement of vaccine rates varies across Medicare FFS

- Publicly reported measures of flu vaccination rates among health care personnel included in some institutional settings' quality reporting programs
 - No vaccination measures required for ASCs, dialysis facilities (as of payment year 2022), hospice providers, and SNFs
- Vaccination rates are not scored in most existing value-based purchasing programs
 - Some clinicians participating in MIPS have the option to be scored on some vaccination measures

Note: ASC (ambulatory surgical center). SNF (skilled nursing facility). Merit-based Incentive Program (MIPS).
Data are preliminary and subject to change.

Quality measurement of vaccination use across Medicare's providers and plans

- ACOs currently scored on flu vaccination rates of beneficiaries
 - Beginning payment year 2022, ACOs will be scored on a smaller measure set which does not include the vaccine measure
- Flu vaccination of enrollees is publicly reported and scored in quality bonus program for Medicare Advantage plans

Data are preliminary and subject to change.

Medicare's vaccine coverage spans Part B and Part D

- Part B covers:
 - Seasonal influenza
 - Pneumococcal disease
 - Hepatitis B for patients at high or intermediate risk
 - COVID-19 vaccines, per CARES Act
 - Other vaccines when used to treat injury or direct exposure
- Part D covers all commercially available vaccines not covered by Part B, such as shingles or hepatitis A

Coverage of and payment for preventive vaccines

Part B

- Generally no cost sharing*
- Administered in a wide range of settings
 - Mass immunizers, e.g., pharmacies
 - Physician offices
 - Hospitals, SNFs, HHAs, others

Part D

- Cost-sharing amounts vary by plan and benefit phase
- Most are administered in pharmacies

In 2007, the Commission recommended coverage of vaccines under Part B instead of Part D

- At outset of Part D, there were concerns:
 - Physicians would have difficulty billing Part D plans
 - Patient would have to pay for vaccine upfront and then seek reimbursement from plans, hurdle to seeking appropriate preventive care
- Today:
 - Steps have been taken to lessen these billing issues
 - But, there continue to be strong rationales for moving all vaccine coverage to Part B

Coverage policy option: Preventive vaccine coverage under Part B with no cost-sharing

- Moving all vaccine coverage to Part B would promote wider access
 - More Part B beneficiaries than enrollees in Part D
 - Wide variety of settings under Part B for administering vaccines
 - Less confusing for beneficiaries and providers
 - No cost-sharing would ensure cost is not an access barrier
- Policy option: Cover all appropriate preventive vaccines and their administration under Part B instead of Part D without cost-sharing

How Medicare pays for vaccines

- For preventive vaccines, Part B generally pays 95% of average wholesale price (AWP)*
- For vaccines used to treat an injury or direct exposure (e.g., tetanus and rabies), Part B generally pays 106% of average sales price (ASP)
- Part D pays for vaccines based on plan-negotiated payment rates with pharmacies
- Medicare Part B and D also make a separate payment for administration of the vaccine
- If the federal government directly purchases the vaccine, as has occurred for COVID-19, Medicare only pays for administration, not the vaccine itself

Note: *Some providers such as hospitals, skilled nursing facilities, home health agencies, and rural health clinics are paid reasonable cost.

Comparison of Medicare vaccine payment rates to wholesale acquisition cost

	95% AWP as percent of WAC (July 2020)	106% ASP as percent of WAC (July 2019)	Part D rate as percent of WAC (July 2019)
Influenza	117%	NA	NA
Pneumococcal	114%	NA	NA
Hepatitis B	115%	NA	NA
Hepatitis A	NA	87%	104%
Rabies	NA	85%	101%
Td	NA	73%	103%
Tdap	NA	77%	105%
Shingles	NA	NA	101%

- 95% AWP substantially exceeds WAC
- Part D payment rates* are slightly above WAC
- 106% ASP is substantially below WAC for vaccines with data

* The Part D payment rate reflects the median total payment to pharmacies for ingredient cost, including cost-sharing, and does not reflect any manufacturer rebates if available.

Note: WAC (wholesale acquisition cost). NA (Not applicable). Td (tetanus and diphtheria). Tdap (tetanus, diphtheria, and pertussis). Estimates reflect the median national drug code (NDC) when there are multiple NCDs for a particular type of vaccine. Data exclude Part B and Part D payments for vaccine administration and any Part D dispensing fee. Source: MedPAC analysis of Part D PDE data and public ASP payment rate files from CMS and data from First Databank. Data are preliminary and subject to change.

Alternatives for Part B vaccine payment

- Payment based on WAC (e.g., 103% of WAC)
 - WAC does not reflect discounts or rebates when available
 - Would moderately reduce payment rate from 95% AWP
- Payment based on ASP
 - Average market-based price, net of rebates and discounts
- More study would be beneficial to understand:
 - How payment rates would change if based on ASP
 - How much vaccine prices vary across purchasers
 - How the 2-quarter lag in ASP would affect vaccine payment rates (e.g., given seasonality of flu vaccine)

Payment policy option: Modify payment for Part B preventive vaccines

- Modify Medicare's payment rate for Part B-covered preventive vaccines from 95% AWP to 103% WAC, and require vaccine manufacturers to report ASP data to CMS for analysis
- Rationale:
 - As initial step, base payment on WAC, which better approximates acquisition costs; moderately reduced payment rates should be accessible to providers
 - Concurrently, collect ASP data to permit the Secretary to study development of a payment rate that better reflects market prices

Next steps

- Questions and clarifications
- Feedback on material presented and policy options
 - Coverage policy option:
 - Cover all appropriate preventive vaccines and their administration under Part B instead of Part D without cost-sharing
 - Payment policy option:
 - Modify Medicare's payment rate for Part B-covered preventive vaccines from 95% AWP to 103% WAC, and require vaccine manufacturers to report ASP data to CMS for analysis