

November 30, 2018

TO: Chief Executive Officers and Chief Financial Officers, Member Institutions

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### **VA Contracts with TriWest to Support Patient-Centered Community Care and Veterans Choice Programs**

TriWest has partnered with the Veterans Administration (VA) in 28 states in the western and southern parts of the country to administer VA's Patient-Centered Community Care (PC3) and Veterans Choice (Choice) Programs. These programs provide Veterans with access to community providers when the VA is unable to meet their health care needs directly, timely, or within reasonable drive times.

As you may recall, Health Net Federal Services (HNFS) was the VA's Third-Party Administrator for North Carolina until Sept. 30, 2018, the date its contract ended. In order to ensure continuity of services, the VA has extended the contract with TriWest to support the PC3 and Choice and modified it to include responsibility for network build, customer support services, and claims payment in the areas previously supported by HNFS. TriWest is working to expand the provider network in North Carolina and may be contacting you soon.

We have provided links to documents on the TriWest website (<http://triwest.com/triwest-expansion>) that may assist you as you evaluate the TriWest relationship:

Sample Provider Contract - <https://bit.ly/2PbaDO2>

Provider Handbook - <https://bit.ly/2PbaWIG>

Billing Frequently Asked Questions - <https://bit.ly/2AAiGyP>

### **CMS Launches Cost Estimator for Hospital Outpatient Surgeries**

The Centers for Medicare & Medicaid Services (CMS) is launching a cost estimator for hospital outpatient surgeries. This tool, Procedure Price Lookup, will allow beneficiaries to compare Medicare payments and copayments for certain procedures that are performed in both hospital outpatient departments and ambulatory surgical centers. The tool displays national averages for the amount Medicare pays the hospital or ambulatory surgical center and the national average copayment amount a beneficiary with no Medicare supplemental insurance would pay the provider. CMS's Press Release can be found at: <https://www.cms.gov/blog/you-have-right-know-price>. The Procedure Price Lookup tool can be found at: <https://www.medicare.gov/procedure-price-lookup/>.

### **HHS Issues Final Rule on 340B Drug Pricing Ceiling Price and Manufacturer Civil Monetary Penalties**

The Department of Health and Human Services (HHS) issued a final rule making Jan. 1, 2019, the effective date of its final regulations on drug ceiling prices and civil monetary penalties for manufacturers under the 340B Drug Pricing Program. On Nov. 2, 2018, HHS issued a proposed rule (83 FR 55135) to cease any further delay of the Jan. 5, 2017, final rule and to change the effective date from July 1, 2019, to Jan. 1, 2019. The North Carolina Healthcare Association submitted a comment letter supporting this proposed change. HHS received a number of comments both supporting and opposing the delay. After consideration of the comments received, HHS has decided to change the effective date of the Jan. 5, 2017, final rule to Jan. 1, 2019. The final rule can be found online at:

<https://s3.amazonaws.com/public-inspection.federalregister.gov/2018-26223.pdf>.

### **OIG Releases Report on Hospital Wage Index System**

The Department of Health and Human Services' Office of Inspector General (OIG) issued a report identifying the following significant vulnerabilities in the hospital wage index system for Medicare payments:

1. The Center for Medicare & Medicaid Services (CMS) lacks the authority to penalize hospitals that submit inaccurate or incomplete wage data
2. Medicare Administrative Contractor (MAC) limited reviews do not always identify inaccurate wage data
3. The rural floor decreases wage index accuracy
4. Hold-harmless provisions in Federal law and CMS policy pertaining to geographically reclassified hospitals' wage data decrease wage index accuracy

The OIG set forth six recommendations to address its findings, including a recommendation that CMS revisit the plan to comprehensively reform the wage index system. CMS said that it would consider the reform recommendation in the president's next budget and concurred with the recommendation to work with MACs to conduct data audits on a limited number of hospitals each year. CMS did not concur with OIG's recommendation to rescind the hold-harmless policy. The OIG's Report can be found at:

<https://oig.hhs.gov/oas/reports/region1/11700500.asp>.

### **CMS Issues Proposed Rule to Lower Drug Prices in Medicare Advantage and Part D Plans**

The Centers for Medicare & Medicaid Services issued a proposed rule that would provide Medicare Advantage and Part D plans more tools to negotiate lower drug prices. In addition, the agency is considering a policy that would require pharmacy rebates to be passed on to seniors to lower their drug costs at the pharmacy counter.

In summary, the proposal would:

- provide Part D plans with greater flexibility to negotiate discounts for drugs in "protected" therapeutic classes, so beneficiaries who need these drugs will see lower costs;
- require Part D plans to increase transparency and provide enrollees and their doctors with a patient's out-of-pocket cost obligations for prescription drugs when a prescription is written;
- codify a policy similar to the one implemented for 2019 to allow "step therapy" in Medicare Advantage for Part B drugs, encouraging access to high-value products including biosimilars; and
- implement a statutory requirement, recently signed by President Trump, that prohibits pharmacy gag clauses in Part D.

CMS will accept comments on the proposed rule through Jan. 25, 2018. Please refer to this week's Financial Feature within the NCHA weekly Newsline publication for more details.

**Palmetto GBA Posts December 2018 Part A Medicare Advisory**

The December 2018 Palmetto GBA Medicare Advisory for JM Part A has been posted to the Palmetto GBA website and contains several updates that affect hospitals including but not limited to Medicare Cost Report E-filing, January 2019 Quarterly Average Sale Price Medicare Part B Drug Pricing files, Part A/B Local Coverage Determinations (LCDs) updates, and upcoming education offerings. The complete Advisory can be found at the following link by clicking on the December 2018 JM Part A Medicare Advisory: <https://bit.ly/2wpaXTm>.

**DHB Issues November 2018 Medicaid Pharmacy Newsletter**

The latest Medicaid Pharmacy Newsletter, dated November 2018, is now available on the N.C. Medicaid Division of Health Benefits (DHB) website. In addition to the December 2018 checkwrite schedule, this edition of the newsletter includes articles about:

- North Carolina Controlled Substance Reporting System Announces New Web Link
- Updates to Clinical Coverage Policy 9, Outpatient Pharmacy Program
- NC Medicaid and NC Health Choice Preferred Drug List (PDL) Changes
- 2018-2019 NC Medicaid and NC Health Choice Preferred Drug List
- No NCTracks Checkwrite on December 25

The November 2018 Medicaid Pharmacy Newsletter can be found by clicking on the Pharm Newsletter Nov 2018 link at: <https://medicaid.ncdhhs.gov/documents/2018-pharmacy-newsletters>.

**Palmetto GBA Announces Part A Quarterly Updates Webcast**

Palmetto GBA will host the Part A Quarterly Updates, Changes and Reminders Webcast on Dec. 12, 2018 at 10 a.m. ET. This 60-minute Webcast will address pertinent updates and changes to Medicare rules and regulations. For more information, please visit:

<https://www.palmettogba.com/event/pgbaevent.nsf/EventDetails.xsp?EventID=AUMNQC1412>.

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