

Alzheimer's Drug Costs Spur Reconsideration of Medicare Part B Rate Hike

The Biden administration is considering reducing the 15% hike for the standard Medicare Part B premium for this year after the maker of the new Alzheimer's drug Aduhelm announced that it would halve the price of the controversial medication.

But after a preliminary decision by the Centers for Medicare and Medicaid Services (CMS) on Jan. 1 that it would limit coverage of Aduhelm to recipients in clinical trials for the medication, there may be calls for a larger rate cut. A final decision will be issued in April.

When setting Medicare Part B rates for 2022, the CMS expected outlays for Aduhelm had contributed to half of the jump in Part B premiums to \$170.10 a month for 2022, from \$148.50 in 2021.

That's despite not knowing at the time to what extent Medicare would cover the Biogen-manufactured drug. The extent was just decided with the most recent CMS announcement.

What is Aduhelm?

Aduhelm received Food and Drug Administration approval in July 2021, after which the company was roundly criticized for the cost of the drug, estimated at \$56,000 a year. Then, in December, Biogen announced that it was cutting the annual price of the medication to \$28,000.

As a result, Health and Human Services Secretary Xavier Becerra instructed the CMS to reassess this year's standard Part B premium increase.

"With the 50% price drop of Aduhelm on Jan. 1, there is a compelling basis for CMS to reexamine the previous recommendation," Becerra said in a prepared statement.

The CMS announced on Jan. 11 it would limit the use and coverage to people involved in clinical trials, because drugs that target amyloid beta plaques can also lead to brain bleeds.

As a result, it's even more likely that part of the rate hike will be reversed.

Why Medicare Part B?

Most drugs are covered by Medicare Part D, but it only covers medications that are prescribed and taken at home, not those that are administered in a health care setting, like a hospital.

Aduhelm is administered intravenously in a doctor's office and thus it would have been subject to Medicare Part B coverage. For now, that will only apply to people in clinical trials for the drug.

The vast majority of drugs prescribed to Alzheimer's patients under Medicare are covered under Part D. In 2017, about 2 million Medicare beneficiaries were prescribed drugs for Alzheimer's treatments covered under Part D, according to the Kaiser Family Foundation.

The fallout

As a result of the CMS decision, Medicare recipients who want access to the drug will have to try to get enrolled in a clinical trial or pay the full cost out of pocket. At \$28,000 a year, that is almost as much as the average income of Medicare recipients.

*This material was created by Insurance Newsletters and authorized for use by Brown & Stromecki Agency

###