CMS Seeks to Improve Access to SCD Gene Therapies with Hospital Payment Change

CMS's Proposed Hospital Inpatient Prospective Payment System's New Technology Add-on Payment Policy Would Benefit Gene Therapies for Sickle Cell

Provision Explanation

In April 2024, CMS released its proposed rule for hospital inpatient care, the Inpatient Prospective Payment System (IPPS) under Medicare Part A. The rule included a notable provision to improve payments for gene therapies for Sickle Cell Disease (SCD).

- The agency is proposing to increase the New Technology Add-on Payment (NTAP) percentage for SCD gene therapies to 75%; the NTAP percentage is 65% for most other products.
- If the costs of administering a gene therapy to a person with SCD exceed the full Medicare Severity Diagnosis-Related Group (MS-DRG) payment (which is expected, given the commercial price of gene therapies), Medicare would make an add-on payment. This add-on payment would be for an amount that is the lesser of 75% of the cost of the service or 75% of the excess cost above the standard DRG amount.
- The increased amount would apply to patient discharges that occur on or after October 1, 2024, and last for the two to three-year "newness period."

About the New Technology Add-on Payment (NTAP) Program

The NTAP program recognizes that new technologies are often important to improve patient care and outcomes. The NTAP program was developed to help encourage hospitals to use new, costly technologies in the inpatient setting before the payment rate is updated to account for the cost of the new technology.

Under the NTAP, the manufacturer of the new technology applies to CMS for NTAP designation and receives the NTAP if it meets three criteria: (1) The technology is new and not substantially similar to available therapies; (2) the current payment rate under Medicare is low enough to disincentivize product use and thus effectively impede patient access, and (3) the product represents a substantial clinical improvement over available therapies.

Policy Considerations

Currently, there are only two other types of products that have this higher payment percentage, both of which had special government-wide efforts to ensure patient access: (1) Limited Population Pathway for Antibacterial and Antifungal Drugs, and (2) Qualified Infectious Disease Products. Thus, if CMS finalizes this proposal for FY 2025 and approves the sickle cell disease gene therapy NTAP applications, it would represent the Agency using its policy levers (by providing a higher NTAP percentage) to advance its goal of promote wider access to recently-approved gene therapies.

This approach is notable and, if finalized, would be positive; but it must be noted that the remaining costs are left unaddressed by this proposed change. More broadly, additional Medicare and Medicaid policies need to be adopted in the future to address gaps more comprehensively in access to care and treatments. Medicaid policies are important, as Medicaid is the largest payer of care and treatments for Americans with SCD. The Partnership looks forward to continuing to work with the Administration and Congress on these important matters.