

Increase Patient Access to Low-Cost Biosimilar Medicines Through the Creation of a Voluntary, Shared Savings Program in Medicare Part B

Summary: *Biosimilars continue to face slow adoption in settings where Medicare Part B providers receive higher reimbursement rates for use of originator biologic drugs. Congress should enact legislation directing the Centers for Medicare & Medicaid Services (CMS) to create a shared savings demonstration program to reward providers for new biosimilar adoption.*

The Problem:

- Biosimilars are key to reducing prescription drug costs and increasing access to care, but they continue to face slow adoption. This is in part because Medicare Part B providers receive higher reimbursement rates for use of originator biologic drugs, which leads to wasteful health system spending and higher out-of-pocket costs for Medicare beneficiaries.
- To correct this, the Inflation Reduction Act (IRA) implemented a temporary reimbursement increase for qualifying biosimilars under Part B from Average Sales Price (ASP) plus 6% (ASP+6) to ASP plus 8% (ASP+8). While well intended, this is insufficient to meaningfully change the biosimilar adoption curve and expand patient access to effective, lower-cost medicines.

The Solution:

- Congress should enact the Increasing Access to Biosimilars Act (S. 3934 / H.R. 1352), directing CMS to create a shared savings demonstration program in Medicare Part B to reward providers for new biosimilar adoption. An independent analysis conducted to assess the potential impact of a shared savings demonstration shows that it could save more than \$4 billion for seniors and \$12 billion for the Medicare program over 10 years.
 - The Act was introduced in March 2023 by Rep. Richard Hudson (R-NC) and passed through the House Energy & Commerce Committee by a 44-0 vote in December 2023.
 - The Senate version (S. 3934) was introduced in March 2024 by Sen. John Cornyn (R-TX) and Michael Bennet (D-CO).
- The program would be optional for providers and apply only to new patient starts. Participants would continue to be reimbursed at current Part B payment rates, but when they choose a biosimilar that has a lower price than the reference biologic, would become eligible for enhanced shared savings payments.
 - The shared savings add-on payment would be calculated quarterly for each biosimilar, based on difference in prices of each biosimilar and reference biologic. This results in a shared savings add-on payment in addition to the current payment under the IRA, which is 100% of a biosimilar's ASP + 8% of the reference product ASP.

Long-Term Impacts of a Shared Savings Program:

Milliman conducted an analysis on the impacts and potential benefits of a shared savings program and found that:

- Without a shared savings program, growth in the use of biosimilars would happen slowly, starting at 20% in 2020, increasing to 30% and eventually 50% by 2029.
- With the introduction of a program, biosimilar market share would increase by an additional 10-30%, ending at 40-80% by 2029.

2020–2029 Impact (\$ Billion)				
Biosimilar Utilization Shift	Member Savings ¹	Government Savings ²	Provider Payments	Member and Government Savings
+10%	\$1.2	\$1.9 to \$2.9	\$3.4 to \$4.4	\$3.0 to \$4.1
+20%	\$2.4	\$6.7 to \$7.7	\$4.9 to \$5.9	\$9.0 to \$10.1
+30%	\$3.6	\$11.5 to \$12.5	\$6.4 to \$7.4	\$15.0 to \$16.1

¹ Member cost is defined as member’s total medical cost sharing plus premium. Across all markets, “cost sharing” may be covered by medicaid or employers, and is not entirely member out-of-pocket costs. Member cost sharing is a range that does change when rounded.

² Government cost includes all government medical claim expenses, Medicare Advantage payment rates, and bonus payments to providers.

*Source: Milliman Report, October 2020. Savings estimates are based on studies published by the Center for Medical Economics and Innovation at the Pacific Research Institute (www.medecon.org).

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