Variation in Provider Reimbursement for Biosimilars and Reference Biologics by Commercial Payers in the U.S.

RWD83

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BACKGROUND

- Biosimilars can significantly reduce pharmaceutical spending in the U.S., but opacity in the drug reimbursement rates negotiated by providers with private health plans makes understanding of market pricing dynamics difficult.
- Little is known about the variation in reimbursement for biosimilars and biologics across payers and providers.
- The Federal Transparency in Coverage Final Rule requires commercial health plans to disclose in- and out-of-network reimbursement rates for procedures.

OBJECTIVE

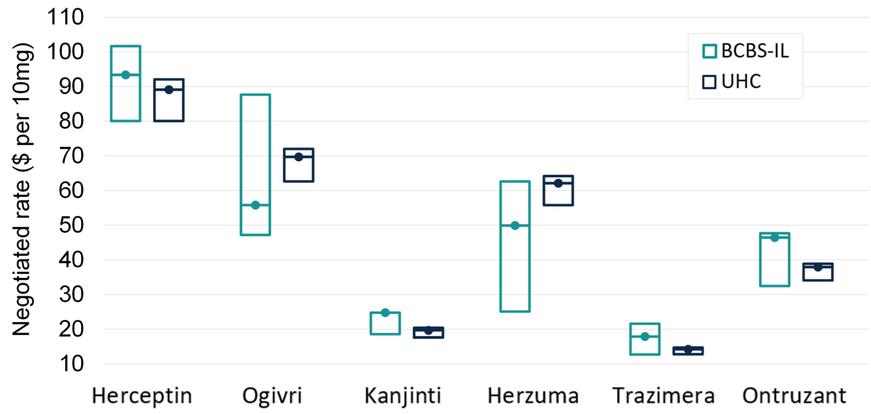
This study is a proof-of-concept examination of the variation in negotiated reimbursement rates for Herceptin and biosimilars across payers in the Chicago area.

METHODS

- Extracted Q4 2024 negotiated in-network professional (non-facility) and institutional (facility) reimbursement rates from Mathematica's *Health Care Price Transparency Data Solution*:
  - Chicago-Naperville-Elgin Core-Based Statistical Area
  - UnitedHealthcare (UHC) and Blue Cross Blue Shield of Illinois (BCBS-IL)
  - Individual oncologists and organizational (Type II) NPIs expected to administer oncology infusion drugs
  - Identified drugs with HCPCS J and Q codes
- Included only drug rates (not administration rates)
- Calculated mean rates per 10 mg of drug paid for each provider (defined as TIN+ZIP combination), to proxy for average rates for each organization
- Winsorized highest and lowest 1% of rates for each drug by each payer, to exclude outliers
- Summarized distribution of mean rates for each payer.

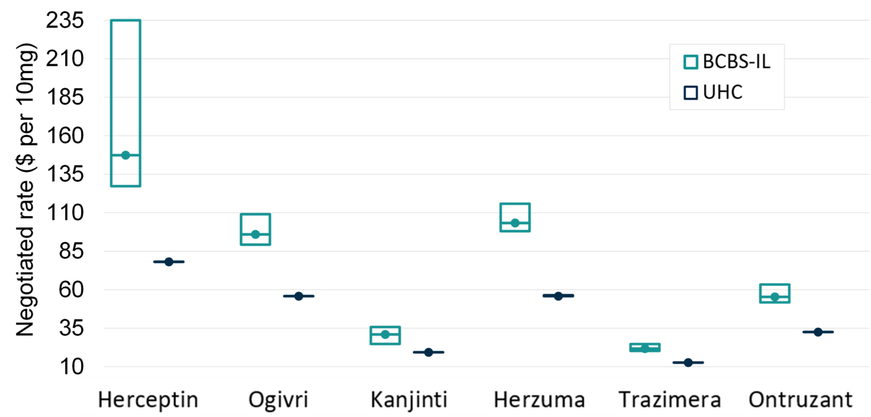
NPI = National Provider Identifier; HCPCS = Healthcare Common Procedure Coding System; TIN = Taxpayer Identification Number.

Figure 1. Median and IQR of professional rates for Herceptin and its biosimilars in Q4 2024



Note: Median rates shown as dots. For BCBS-IL, distribution shown across N=175 providers; for UHC, across N=414 providers.

Figure 2. Median and IQR of institutional rates for Herceptin and its biosimilars in Q4 2024



Note: Median rates shown as dots. For BCBS-IL, distribution shown across N=87 providers; for UHC, across N=216 providers. No variation in IQR was observed for UHC institutional rates.

Table 1. Average Sale Price (ASP) and median professional and institutional rates in Q4 2024

Product	Manu-facturer	Market entry year	ASP, per 10mg	Median professional rate, per 10mg ($)		Median institutional rate, per 10mg ($)	
				BCBS-IL	UHC	BCBS-IL	UHC
Herceptin	Genentech	1998	80	93	89	147	78
Ogivri	Biocon	2019	44	56	70	96	56
Kanjinti	Amgen	2019	13	25	20	31	19
Herzuma	Teva	2020	40	50	62	103	56
Trazimera	Pfizer	2020	16	18	14	22	13
Ontruzant	Organon	2021	39	46	38	55	32

Note: ASP values obtained from the Centers for Medicare and Medicaid Services' January 2024 ASP Pricing Files.

RESULTS

- Professional and institutional reimbursement rates for Herceptin were higher than for biosimilars (Figures 1 and 2).
- There was no relationship between ASP and the approval year for biosimilars (Table 1).
- Median professional rates generally exceeded ASP (Table 1), and institutional rates were higher than professional rates for BCBS-IL but not for UHC.
- Significant variation in rates was present between biosimilars for both payers: Ogivri and Herzuma had the highest median negotiated rates, while Trazimera had the lowest.
- Variation in rates was consistently larger for each drug under BCBS-IL than UHC (Figures 1 and 2).

LIMITATIONS

- Some rates in the data may not be accurate, they may not reflect paid amounts on claims.
- Negotiated rates do not account for:
  - Alternative reimbursement pathways (e.g., through value-based contracting) between health plans and manufacturers
  - Discounts providers may receive from manufacturers at the time of purchasing.
- Our analysis did not account for drug utilization.

CONCLUSIONS

- Reimbursement rates can guide manufacturers in tailoring pricing and contracting strategies by region
- Reimbursement rates can assist in determining billing methods (e.g., buy-and-bill versus specialty pharmacy).
- Providers can negotiate more effectively with payers if they understand variation in reimbursement in their markets.
- Subsequent analyses should investigate variation in reimbursement based on the extent of vertical integration between payers and providers and specialty pharmacies.

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