

June 22, 2020

To Whom It May Concern:

Per our conversation today, attached are the materials you requested. Please do not hesitate to reach out should you have any questions. You can contact me directly at dparsons@alnylam.com.

Regards,

A handwritten signature in black ink, appearing to read 'Deirdre B. Parsons', with a stylized, flowing script.

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Medicare Part B Drug Infusion Reimbursement in Hospital Outpatient Department and Home Settings

Estimated Annual Category 1 Drug Infusion Costs for a Drug Administered Every 3 Weeks (Per Beneficiary)

	Hospital Outpatient Dept. ²			Home Infusion ⁵		
Category 1 Infusion ¹	CPT® Code	Units	Unit Cost	CPT® Code	Units	Unit Cost
<u>First infusion</u>						
Line 1	96365	1	\$183.74	96365	1	\$72.18
Line 2	96366	3 ³	\$38.11	96366	4	\$22.01
Calculation		(1 x \$183.74) + (3 x \$38.11)			160% x ((1 x \$72.18) + (4 x \$22.01))	
First Infusion Total Cost			\$298.07			\$256.35
<u>Subsequent infusion</u>						
Line 1	96365	1	\$183.74	96365	1	\$72.18
Line 2	96366	3 ³	\$38.11	96366	4	\$22.01
Calculation		(1 x \$183.74) + (3 x \$38.11)			96.24% x ((1 x \$72.18) + (4 x \$22.01))	
Subsequent Infusion Total Cost			\$298.07			\$154.20
Infusions Per Year⁴			17			17
Annualized Costs Formula		First infusion + (16 x subsequent infusion)			First infusion + (16 x subsequent infusion)	
Calculation of Annual Costs		\$298.07 + (16 x \$298.07)			\$256.35 + (16 x \$154.20)	
Total Annual Category 1 Costs			\$5,067.19			\$2,723.48

CPT: Current Procedural Terminology

¹ Per 2020 Home Infusion Final Rule, payment categories will be carried over from Temporary Transitional Home Infusion Benefit to Permanent Home Infusion Benefit. We assume drug to be covered under Category 1 payment category for modeling purposes. ² Based on CY2020 Medicare Hospital Outpatient Prospective Payment System payment rates. ³ Assume a 4-hour infusion time is typically billed. ⁴ Assume drug is infused every 3 weeks, or approximately 17 times per year. ⁵ Payment rates based on 2020 Physician Fee Schedule. Estimates based on national payment amount. Weighting of first infusion and subsequent infusion based on 2020 Home Health / Home Infusion Final Rule. Per 2020 Home Health / Home Infusion Final Rule, payments will be made based on a 5-hour infusion regardless of the length of the visit.

Estimated Savings to Government and Beneficiaries for Home Infusion Compared to Hospital Outpatient Department-Based Drug Administration

Category 1 Infusion Cost Savings Estimates ¹	
HOPD Total Annual Costs ^{2,3}	\$5,067.19
Home Infusion Total Annual Costs ^{3,4}	\$2,723.48
Difference	\$2,343.71
Savings (%)	46.25%
Savings per beneficiary per year	\$2,343.71
Savings per 1,000 beneficiaries per year	\$2,343,710
Savings per 1,000 beneficiaries over 10 years	\$23,437,100

Cost Savings Estimates for Medicare and Beneficiaries

	Medicare Reimbursement	Beneficiary Liability
Medicare HOPD Annual Costs	\$4,053.75	\$1,013.44
Home Infusion Annual Costs	\$2,178.78	\$544.70
Difference	\$1,874.97	\$468.74
Savings (%)	46.25%	46.25%

Assumptions

- Assumes drug can be safely administered in the home setting
- Assumes majority of Medicare beneficiaries currently treated in hospital outpatient department setting
- Assumes patients adhere to treatment regimen with no change in compliance per prescribing information (e.g., infusion once every 3 weeks)
- Assumes Medicare beneficiaries liable for statutory cost sharing amount of 20%

HOPD: Hospital Outpatient Department

¹Per 2020 Home Infusion Final Rule, payment categories will be carried over from Temporary Transitional Home Infusion Benefit to Permanent Home Infusion Benefit. We assume drug to be covered under Category 1 payment category for modeling purposes. ²Based on CY2020 Medicare Hospital Outpatient Prospective Payment System payment rates. ³Drug is infused every 3 weeks, or approximately 17 times per year. ⁴Payment rates based on 2020 Physician Fee Schedule. Estimates based on national payment amount. Weighting of first infusion and subsequent infusion based on 2020 Home Health / Home Infusion Final Rule.