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Provider Perspectives on Medicare Drug Price Negotiation: Implications for Part B Beneficiary Access, Practice Operations, and Reimbursement

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Key Findings

In a survey of more than 300 providers, Avalere Health finds that respondents anticipate that Medicare drug price negotiations for Part B drugs will negatively affect provider reimbursement rates and add-on payments, contribute to administrative burden, and reduce prescribing autonomy. The survey found that:

- 92% of providers would be somewhat or very likely to stop stocking Part B drugs that are subject to negotiation.
- 79% of providers anticipate a moderate or severe impact to patient access to Part B drugs due to reimbursement cuts.
- 98% of providers believe that average sales price (ASP) reductions due to Part B negotiations will interfere with physician-patient decision making.
- 68% of providers are moderately or severely concerned that reimbursement cuts for Part B drugs in Medicare will lead to negative treatment outcomes for their patients.

These changes may, in turn, impact provider financial sustainability and patients' access to treatment.

Background

Provider reimbursement for Medicare Part B drugs has faced various pressures over the past decade, including Medicare sequestration reducing add-on payments and provider payment rate growth lagging behind inflation and rising practice costs. Financial strain among providers can harm patient access to important and necessary medical treatments if they are forced to reduce service offerings or face potential closure. These trends have contributed to ongoing concerns about overall practice viability, especially for non-hospital infusion centers and private practices, and have accelerated consolidation in the healthcare system.[1]

In 2022, Congress passed the Inflation Reduction Act (IRA), which introduced several drug pricing provisions, including the Medicare Drug Price Negotiation Program (MDPNP). The MDPNP authorizes the Centers for Medicare & Medicaid Services (CMS) to negotiate prices for certain high-spend drugs covered by Medicare. While the first two years of the MDPNP focus on Part D drugs, CMS will begin selecting provider-administered Part B drugs for negotiation in 2026, with Maximum Fair Prices (MFPs) taking effect in 2028. Currently, Medicare reimburses provider-administered drugs based on their ASP plus a 6% add-on payment. Under the MDPNP, the reimbursement will shift to MFP+6% for negotiated Part B drugs, effectively lowering the reimbursement rate for the product itself and the metric on which the add-on payment is calculated.

An Avalere Health analysis estimated that add-on payments to providers could be reduced by up to 50% for the 10 Part B drugs expected to be negotiated for Initial Price Applicability Year 2028.[2] Additionally, CMS has proposed that MFP discounts be accounted for in ASP reporting government

[1] American Medical Association, Recent Changes in Physician Practice Arrangements: Shifts Away from Private Practice and Towards Larger Practice Size. Available here.
[2] Avalere Health. Commercial Spillover Impact of Part B Negotiations on Physicians. Available here.

pricing metrics, which will gradually reduce the ASP for negotiated products. Most Medicaid programs and an estimated 63% or more of private payers base their provider-administered drug reimbursement and contract rates in the physician office setting on ASP, so lower negotiated prices in Medicare would also drive down reimbursement rates for negotiated drugs across the broader market (i.e., outside of Medicare) as well.

Avalere Health conducted a provider survey to assess how these changes might affect clinical decision-making and practice economics for Part B providers.

Project overview

In May 14-29, 2025, Avalere Health surveyed 304 providers on the anticipated financial and operational impacts of Part B drug price negotiations. The survey consisted of 15 multiple-choice, multi-selection, open response, and ranking questions, assessing:

- Awareness of the MDPNP
- Anticipated impacts on Part B drug reimbursement
- Additional administrative burden
- Anticipated effects on patient access and outcomes

Avalere Health analyzed provider responses to identify key trends and themes across respondents.

Survey demographics

The survey was deployed to providers that operate outside of hospitals and health systems, focused on private practices and infusion clinics, and received 304 responses. Of these, 87% were physicians, while the remaining 13% included registered nurses, nurse practitioners, physician assistants, healthcare administrators, and practice administrators. While all physician specialties were represented in the sample, the most prevalent were primary care (27%) and oncology (18%).

Over 50% of respondents reported seeing more than 80 patients per week, and nearly all respondents had a patient population made up of 25% or more Medicare beneficiaries. Sixty-seven percent had 10+ years of experience with prescribing Medicare Part B drugs. Respondents represented 41 states, with the top states being CA (11%), TN (11%), and NY (8%).
Approximately half of provider respondents reported negotiating directly with manufacturers for some products, while 56% reported that they leverage a Group Purchasing Organization for some drug purchases.

Findings

Patient outcomes and access

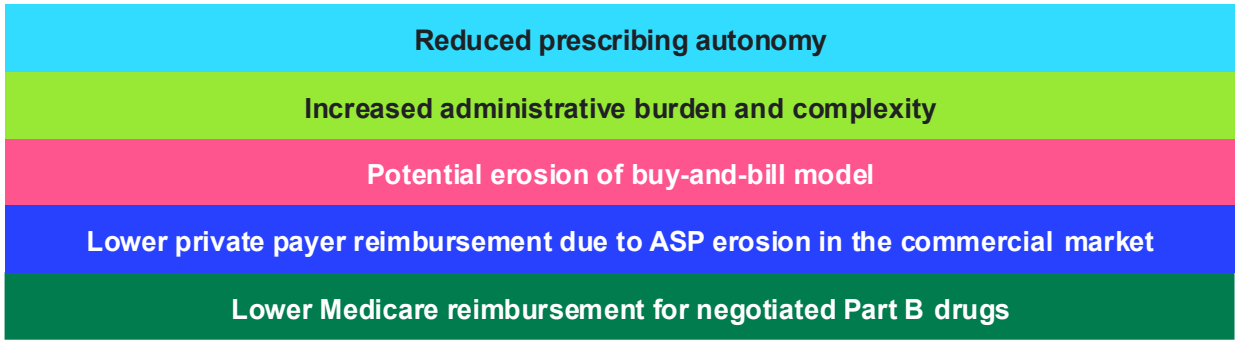
Respondents raised concerns about the impact of Medicare Part B MFPs on patient outcomes and access. If provider add-on payments were reduced by nearly 50% (as estimated in recent Avalere Health modeling), 92% of respondents stated they would be somewhat or very likely to stop stocking negotiated drugs. Failure to stock drugs could result in decreased patient access to selected Part B medicines. Further, 79% of respondents anticipated a moderate or significant impact on patient access to provider-administered therapies. Nealy all (98%) of respondents believed ASP reductions due to Medicare drug price negotiations would interfere with shared decision-making between providers and patients, particularly if provider reimbursement margins decrease. More broadly, 68% were either moderately or significantly concerned that Medicare drug price negotiations would lead to negative treatment outcomes for patients.

Reimbursement cuts could not only effect patient access to drugs themselves, but also the setting of care in which patients receive those drugs. The majority (81%) of providers surveyed indicated they would refer more patients to hospital outpatient departments if add-on payments were significantly reduced. Aside from patients requiring treatment from a provider that may be different than their current provider, hospital outpatient departments tend to be a higher-cost setting of care relative to physician offices.

Provider sustainability and prescribing autonomy

As previously noted, providers already faced significant reimbursement cuts and financial pressures resulting from several different factors prior to the passage of the IRA. Although negotiated Part B drug prices have not yet gone into effect, 70% of providers already have reported that current reimbursement rates are not sufficient or only sufficient for some Medicare Part B drugs after accounting for acquisition costs and overhead expenses. Most (75%) of provider respondents answered that they would be either moderately or very concerned if add-on payments were to drop by 50%.Providers commonly cited certain issues regarding the financial impact of Part B drug price negotiations when asked which impacts were most concerning (Figure 1).

Figure 1. Which of the following financial impacts are the most concerning to you regarding Part B drug price negotiations if provider add-on payments for negotiated drugs drop by almost 50%?



Due to the risk of ASP erosion resulting from Medicare price negotiations of Part B drugs, providers were asked how likely it was that they could negotiate better commercial reimbursement rates or rates based on alternatives to ASP; only 6% indicating it was a “very likely” outcome.

Operational impact

Most respondents expected that both reimbursement changes from Medicare drug price negotiations and operational flows and timelines associated with MFP effectuation would create new administrative pressures. A total of 72% of respondents indicated there would be either a moderate or significant impact on operational decisions, workflow, and staffing levels. Respondents were split on scaling back practice operations and staff under this scenario (36% answered not likely, 44% answered somewhat likely, and 21% answered very likely).

Conclusion

Providers anticipate that Medicare drug price negotiation may heighten existing financial pressures. These effects will likely be more acute amongst certain providers, particularly for practices that provide infusion services in non-hospital infusion centers and private practices. The impacts of negotiation may further vary based on a given provider’s payer mix and therapeutic focus, with specialties like oncology and immunology more exposed to changes in reimbursement due to the likelihood of these products to be selected for negotiation.

While MFPs apply directly to Medicare use, their effects are expected to ripple far beyond the program. Based on Avalere Health research, which estimates that ASP is used by nearly two-thirds of private payers to set reimbursement, changes to ASP will impact infusion centers and providers nationwide, including those that do not primarily serve Medicare beneficiaries. Practices with greater operational flexibility, broader therapeutic focus, and more diversified service lines may be better insulated from the changes that will be implemented in coming years.

Medicare price negotiations of Part B drugs could increase financial pressure on providers, particularly smaller and independent practices. Surveyed providers pointed to key concerns around the direct impact on their practices:

- Shifts in site of care away from provider offices and towards more expensive settings (e.g., hospital outpatient departments)
- Decreased patients’ access to high-cost therapies and continuity of care
- Increased administrative complexity
- Operational adjustments and cuts among practices, including staffing and treatment offerings

As policymakers continue to debate drug pricing reform and make policy changes to the MDPNP, provider perspectives highlight potential areas for consideration, including practice viability and the downstream effects on patient access and continuity of care.