

Cancer at a Crossroad

by Teresa D. Smith, R.N., M.S.N.

I have always dreamed of starting my own business someday... a coffee shop, a catering business, or a kitchen store. Some days I dream about what it would take to make this venture a success. Part of the reason that I haven't acted on my dream is because I like to use the best ingredients, which means I may have to price the product more than people are willing to pay. It doesn't make sense to have a business in which you lose money. Businesses don't stay open for long if they sell their product for less than it costs them to provide the service.



Although this concept seems quite straightforward, that is exactly what Medicare is asking hospital outpatient departments to do with reimbursement for chemotherapy. In the September/October 2001 issue of *Oncology Issues*, ACCC reported that it had contracted with Abt Associates to analyze the costs of providing chemotherapy for cancer treatment in hospital outpatient departments. The study measured both the cost of purchasing therapeutic and supportive oncology drugs and the cost of administering these drugs to the patient. What Abt found was that current Medicare payments of average wholesale price (AWP) minus 5 percent for therapeutic and supportive care oncology drugs resulted in reimbursement that was about 12 percent below the total allowable Medicare outpatient costs (acquisition, pharmacy-mixing time, storage, wastage, and disposal).

At the same time the study showed that hospitals incur even larger losses on chemotherapy administration. Under current Medicare payment, hospitals receive only 57.7 percent of their

costs for providing chemotherapy in the hospital outpatient department. How can hospitals continue to give chemotherapy if they lose on both the administration and the drug itself?

But, that's not all! On Oct. 31, 2001, the Centers for Medicare and Medicaid Services (CMS) published its

final rule on the Medicare outpatient prospective payment system (OPPS). ACCC's analysis of these changes shows that reimbursement rates will be cut for sole-source, multi-source, and generic drugs.

ACCC has asked that this final rule be delayed until a reasonable payment structure can be created. And the rule was delayed until at least April 2002! ACCC staff continues to be very active on Capitol Hill explaining the devastating effect these payment rates will have on hospital outpatient cancer programs.

Clearly, cancer programs are at a crossroad. How can they plan for a program in which they will lose money on each patient they treat?

The business I dream of starting someday is on hold because I don't think I can cover my expenses. Cancer programs, however, cannot be put on hold. Patients need access to cancer care close to home, and they need skilled caregivers to provide their treatment.

My dream right now is not about a coffee shop, but rather about providing access to the latest treatments for people with a life-threatening disease called cancer. ☐

Teresa D. Smith

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We hope the new *Oncology Issues* will be even more useful to readers than before. Easier to read... timely product and cancer drug information... financial and public policy articles that affect the oncology team and the bottom line.

And don't forget to check out ACCC's web site at www.accc-cancer.org. News is updated daily...and the oncology drug database changes monthly.