

Coding For Hospitals

From APC to ASP: Coping with the Change

by **Barbara Constable, RN, MBA**



In 2006, drug reimbursement in the hospital setting moved from the Ambulatory Payment Classification (APC) payment system to the Average Sales Price (ASP) payment system. Under ASP, your hospital could potentially see some payment reductions this year. To help mitigate the harm to your bottom line, your cancer program must know:

- The cost of your drugs compared with your reimbursement rate
- Whether you are billing for drug waste
- That your drug formulary is current
- That your codes are up to date with the code changes for CY 2006
- If your formulary units correlate with billing units.

The start of a new year—especially one that brings such change—is a prime opportunity for administrators and pharmacists to review their drug formularies, including drug acquisition costs and reimbursement payments. To help you get started, Tables 1 and 2 compare 2005 APC drug payment rates to 2006 ASP +6 percent drug payment rates. While some drugs are now paid more in 2006, the dollar losses for other drugs will have a significant effect on hospital-based cancer programs.

Billing is another area where hospitals could face significant losses. Incorrect billing units on drug formularies, claim denials because new drug codes were not updated, and not reporting for drug

waste can add up to large losses for hospital-based cancer programs. In the final HOPPS rule, Table 25 lists all drugs, biologicals, and radiopharmaceuticals with temporary C-codes that have been deleted and replaced with permanent Healthcare Common Procedure Coding System (HCPCS) codes for CY2006. For example, starting Jan. 1, 2006, the old code for paclitaxel protein-bound particles, 1 mg (Abraxane inj, C9127) was replaced by HCPCS code J9264. A regular review of your drug formulary will protect and perhaps even improve your bottom line. ☐

Barbara Constable, RN, MBA, is a consultant for ELM Services, Inc., in Rockville, Md.

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Table 1: Anticancer Drugs with Reduced Payment Rates

Drug Name	APC Payment	ASP + 6 Payment	Difference (Dollars)	Difference (Percentage)
Aredia® (pamidronate inj.)	\$128.74	\$40.63	-\$88.11	-68%
Neulasta® (pegfilgrastim)	\$2448.50	\$2078.07	-\$370.43	-15%
Paraplatin® (carboplatin)	\$129.96	\$35.25	-\$94.71	-73%
Zoladex® (goserelin acetate)	\$390.09	\$175.04	-\$215.05	-55%
Lupron® (leuprolide acetate)	\$543.72	\$224.42	-\$319.30	-59%

Table 2: Anticancer Drugs with Increased Payment Rates

Drug Name	APC Payment	ASP + 6 Payment	Difference (Dollars)	Difference (Percentage)
Argatroban	\$12.45	\$40.62	+\$28.17	326%
Ethiol® (amifostine)	\$395.75	\$439.31	+\$43.56	11%
Doxil® (doxorubicin hydrochloride)	\$343.78	\$364.53	+\$20.75	6%
Rituxan® (rituximab)	\$437.83	\$455.92	+\$18.09	4%
Hycamtin® (topotecan hydrochloride)	\$697.76	\$763.80	+\$66.04	9%