

NEW EDITION OF DRG RESEARCH BOOK SENT TO SPONSORS

ACCC DRG Research Sponsors received the second in-depth report on cancer DRGs from the Association's Executive Office this week. The monograph, *Cancer DRGs: A Second Look*, presents new data on individual DRGs, and new analyses on cancer site-specific DRGs to administrators and clinicians.

"Our use of computerized data reporting allowed us to expand our data collection and analysis," stated Lee Mortenson, ACCC Executive Director and manager of the ELM Services, Inc., research analysis team. "Because DRG Research Sponsors assisted in the funding of the research, we felt that they should receive some of this new information before it was released to anyone else. Thus, the book reports our preliminary findings on the potential profitability of breast, colon, prostate, small cell, and non-small cell lung cancer. This will be invaluable information for hospital cancer program planners."

The new edition includes information on each of five major cancer sites, their total distribution of DRG admissions, and their profit or loss. Cancer program administrators may utilize this type of information in determining the viability of new initiatives, such as breast cancer or colon cancer screening programs.

"Hospital executives may wish to determine the total impact of their cancer initiatives before they commit to a new project," Mortenson said. "For example, one kind of screening program may bring in patients that are profitable while another may bring in unprofitable patients."

"By relying on computerized DRG information from a number of institutions, we have been able to see the total impact of multiple patient admissions, many of them to DRGs that one would not ordinarily categorize as cancer DRGs. This gives us a totally different view of the product line, and its potential profitability or lack of profitability."

In addition to the new data on cancer site-specific profitability, the second edition also provides information on each of 70 major cancer DRGs in a format that allows individual institutions to compare

their own cancer case mix, their relative profitability, total charges, total reimbursement, and average cost with a large number of similar institutions, which contributed data to the study. ■

BOARD APPROVES EXPANSION OF REIMBURSEMENT STUDIES

The ACCC Board of Trustees approved expansion of the DRG research studies to include reimbursement studies on a number of fronts of interest to Association members. Hospital-based studies will be developed to include patients that are not DRG patients. Office-based reimbursement studies will be piloted this next year. These studies will target the development of a comprehensive picture of hospital and outpatient reimbursement and focus on special reimbursement problems or issues.

"We need a more complete view of the reimbursement picture for cancer patients and cancer programs," said Dr. Paul Anderson, ACCC's President. "Hospitals are interested in the comparative DRG information that we have been able to provide them over the past several years, but hospitals also are increasingly interested in comparative information all across the board. Similarly, oncologists in office practice need more information on reimbursement so that they can begin to understand ways to increase their profit margins through better billing practices, tighter management, and ways of accurately predicting the revenues and costs to be generated if they work with a particular HMO or PPO at a specific price per enrollee. Data on inpatient and outpatient costs will provide us with the best available information to assist our members in their competition with other institutions and practices," said Anderson.

ACCC BOARD APPROVES PHARMACEUTICAL REIMBURSEMENT INITIATIVES

The ACCC Board unanimously approved a new series of initiatives to isolate and address some of the major reimbursement problems plaguing members. The initiatives will include a survey of major third party insurance groups, benefit plan managers, and other key reimbursement decision makers to

determine some of the major problems with inconsistencies in reimbursement policies.

"There are four or five major areas of concern, including differences in reimbursement between hospital outpatient areas and physician offices, between different modalities of drug delivery, with mechanisms to assure that efficacious drugs are reimbursed for appropriate cancer sites, and with mechanisms to assure that innovative devices and modalities of care are reimbursed appropriately," said Dr. Paul Anderson, ACCC's President.

Once information is gathered from the major sources of reimbursement, ACCC will hold a small, invitation-only conference on major reimbursement problems, involving representatives of key consumer groups, major providers of care, major reimbursement, and pharmaceutical groups to review the results of the survey and begin to discuss strategies of mutual benefit.

"We recognize that there are just too many reimbursement problems to be tackled all at once," said Lee Mortenson, the Association's Executive Director. "Some problems require that we talk to Congress, others to PROPAC or HCFA, still others to third party insurers, major companies, benefit plan managers, state legislators...the reimbursement maze goes on and on. That's just too big an agenda for any one organization. However, we believe that we could have an important effect on a small, highly targeted group of problems. ■

CORRECTIONS:

In "Oncology DRG Winners and Losers: A Second Look," (Vol. 1, No. 2, November 1986) on p. 21, Exhibit 3, DRG 48 is "Age 0-17," with reimbursement of \$7,778.00. On p. 22, Exhibit 4, DRGs 403 and 410 have the total charges of \$8,904,693.00 and \$4,441,590.00, respectively. On p. 23, Exhibit 4, DRGs 396 and 48 are for patients "Age 0-17," with charges of \$7,844.00 and \$5,462.00, respectively.