



ASSOCIATION OF COMMUNITY CANCER CENTERS

# Oncology Reimbursement Review

ACCC Administrators Speak Out On...

## Quality of Care, Differential Reimbursement, and Product Lines

**P**POs and DRGs have affected the quality of care. Differential reimbursement of cancer patients is possible. Oncology is one of four major product lines. These are only some of the results from a survey of ACCC cancer program administrators. In response to a request from the Administrator's Special Interest Group and the Clinical Practice Committee, a questionnaire was mailed to all Delegate institutions in February. This report summarizes the responses of sixty-seven institutions.

### Reimbursement Changes Do Affect the Quality of Care

Forty-three percent (43%) of the ACCC Delegate respondents reported that PRO decisions have affected the quality of care, and more than 50 percent reported the same effect for DRGs. Two major quality issues were identified by respondents: shortened stays (28%) and increased use of outpatient facilities (13%). Though these

two issues were frequently not cited by the same administrator, they potentially represent opposite sides of the coin. Specific responses on shortened stays ranged from merely noting a "pressure" to shorten hospital stays to one responder boldly stating, "...patients are going home sooner and sicker."

"The questions are, 'Will the hospital be reimbursed for this hospital stay?' What will be the rate of reimbursement?"

If there is no reimbursement -- are we going to offer this service only to people with insurance?" Comments like these reflect the consensus regarding the major reimbursement issues facing their inpatient programs. No one reimburer is consistently cited as the culprit. Concern was voiced for reimbursement at both the federal level and from third parties.

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Unreimbursed care was also mentioned as a growing concern.

The increased use of outpatient facilities often relates to the changing environment in which chemotherapy is administered. There are clear financial incentives for this. Responders stated, "DRG 410 makes our administrators view cancer chemotherapy (inpatient) as a 'losing' professional activity" and "Reimbursement for chemotherapy is much less than cost (DRG 410) -- this is a potential threat to our program's viability."

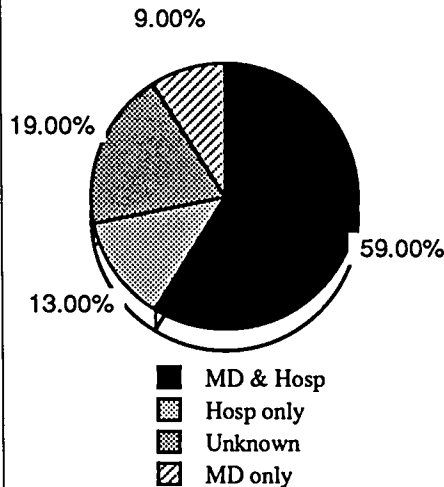
When prospective payment for outpatient procedures is instituted by HCFA, will the trend to increased use of outpatient facilities continue? Responders wondered about the effects of federal efforts to impose a DRG-like structure, Ambulatory Visit Groups, on outpatient care. On the private side, the escalation in health care costs has resulted in insurers covering less; as a consequence, it is becoming increasingly difficult to recover the remaining costs from the patient. A few responders cited the shift to the patient paying more of the outpatient costs as placing a major burden on the patient and their families.

Anticipating the trend toward outpatient administration of chemotherapy, a question on reimbursement was included. When doctors administer chemotherapy on an outpatient basis at the hospital, in 59 percent of the institutions both the doctor and the hospital get reimbursed. Only rarely does either the hospital (13%) or the doctor (9%) only get the reimbursement. Nineteen percent (19%) of the institutions did not answer this question.

## Some Hospitals Report Differential Reimbursement for Oncology Patients

Twenty percent (20%) of the ACCC delegate institutions have higher inpatient charges for the oncology unit than for med/surg units. One hospital reported their oncology bed rates are approximately \$100 more per day than med/surg rates; the rationale being the more complex care

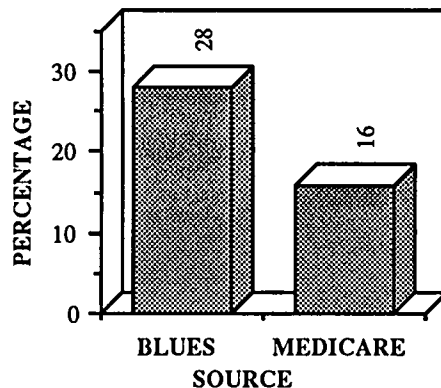
HOW OUTPATIENT HOSPITAL-BASED CHEMOTHERAPY IS REIMBURSED



and increased staffing needed by oncology patients.

Twenty-eight percent (28%) receive additional reimbursement from the Blues for inpatient chemotherapy administration, while only 16 percent get additional reimbursement from Medicare. Typically, this was done by charging for the specific supplies used with the chemotherapy and/or charging patients a mixing or administration fee. Some hospitals have either a minimum charge for chemotherapy, or they use a rate based on time. One hospital uses 15 minute increments for infusion, while another has an hourly rate

ADDITIONAL REIMBURSEMENT FOR ONCOLOGY



with a four-hour minimum. More than half the institutions (61%) reported having a standard charge for mixing chemotherapy, though 39 percent could not specify the amount of the charge. Among those noting a charge, the range was from \$5.00 to \$75.00 with a mean of \$12.52.

Nearly all ACCC reporting institutions (88%) have nurses who are certified to administer chemotherapy. The average percentage of oncology nurses who are presently certified at each hospital was 76 percent. These certified nurses perform other duties besides administering chemotherapy and IVs at most institutions (76%).

With the use of outpatient settings becoming more common, there is a need for nurse oncologists to provide ancillary services, e.g. patient education and psychosocial care. Who reimburses for this? In only 16 percent of the institutions was there an additional reimbursement above and beyond that for doctors' fees.

## Cancer is a Designated Product Line at 70 Percent of the Reporting Institutions

At approximately 70 percent of the institutions, oncology is a "product line." Oncology competes with a number of other product lines in the hospital. On average, there are four top product lines. One institution reported having 23 top product lines!

The cancer program has a separate budget in half the institutions. Among these institutions, the average budget is \$161,000; however, among institutions having oncology as a product line, the average was \$176,000. Data on differential reimbursement were reanalyzed controlling for whether the institution had an oncology product line. Generally these were institutions getting the higher charges, additional reimbursements, and having the certified nurses. ■