



Oncologists Need to Develop Drug Reimbursement and Cost Control Strategies

Kevin M. Rodondi

To cite this article: Kevin M. Rodondi (1992) Oncologists Need to Develop Drug Reimbursement and Cost Control Strategies, *Oncology Issues*, 7:3, 24-24, DOI: [10.1080/10463356.1992.11905069](https://doi.org/10.1080/10463356.1992.11905069)

To link to this article: <https://doi.org/10.1080/10463356.1992.11905069>



Published online: 19 Oct 2017.



Submit your article to this journal [↗](#)



Article views: 2



View related articles [↗](#)



Oncologists Need To Develop Drug Reimbursement and Cost Control Strategies

The tremendous advances made in the treatment of cancer with novel drugs and drug delivery systems has come with a price. The high cost of these therapies, along with the costs associated with health care in the United States, has contributed to the conflict between health care funding and patient care. While legislators and government agencies talk about the problem, third-party payers have taken steps to control the hemorrhaging of dollars that impacts their bottom lines.

Third-party payers' rationale for controlling drug costs is valid: denying payment for drug regimens with questionable or undocumented efficacy. However, the sweeping guidelines implemented by insurers to enforce this policy can't address the nuances of a specific patient case where the treatment decision is best left to the oncologist. In addition, the bureaucracy of third-party payers moves slowly to incorporate new drug therapies documented in the scientific literature, into their group of accepted regimens.

These circumstances put oncologists' practices at increased financial risk. High drug costs require a significant capital outlay for inventory, and the reimbursement process for drugs is prolonged and uncertain. However, some simple strategies can reduce drug costs, improve drug reimbursement, and even change insurers from adversaries to allies.

Reduce Drug Costs

Inventory control can significantly reduce up front costs. Reducing existing inventory and relying on the consistent delivery

.....
Kevin M. Rodondi, Pharm.D., is Acting Vice Chair, Division of Clinical Pharmacy, and Director of Home Therapy Services, School of Pharmacy, University of California, San Francisco, CA.

schedules of large vendors, or on a "prime vendor" wholesaler who can guarantee one-day turnaround time, will free up capital that can be invested elsewhere, and reduce wastage due to short expiration dates. Focusing on the top 10-20 drugs will provide significant impact with a minimal use of resources. Using FDA-approved generic alternatives, and joining purchasing groups that negotiate regional or national contracts, will further reduce up front costs.

Anticipate Advances

Be aware of emerging technologies and pending drug approvals so that you can prepare for new, high-cost therapies. Resources for information may include medical literature reviews; however, pharmaceutical sales representatives, the pharmacy and therapeutic committee of a major hospital, and business/trade journals (e.g., *The Wall Street Journal*) are more helpful in predicting imminent new drug launches.

Analyze the \$ Impact

The cost of a new drug will have an impact on your drug inventory and annual budget. Anticipate the needs of your practice and estimate the necessary capital outlay for new drugs and the increase in annual expenses. Put yourself in the shoes of the payer and try to predict what reimbursement may be for a new therapy.

Develop Prospective Payment Procedures

Involve your billing department in the development of a "reimbursement packet" that can be forwarded to payers in support of claims for patient-specific therapy. This might include a standard "letter of medical necessity" signed by the physician, journal articles documenting the efficacy of new therapies or the off-label uses for drugs, and references to the drug compendia which

support off-label indications. Develop standard billing templates for new therapies to reduce denials caused by erratic and inconsistent billing. You should also take advantage of support programs provided by pharmaceutical manufacturers that assist with obtaining reimbursement from payers.

Negotiate With Payers

With the above information in hand, personally meet with payers to discuss reimbursement issues surrounding new therapies. The major payers will be more than willing to address these issues, especially if you can come to an agreement on accepted criteria for the use of new drug regimens that help the payer control costs and help ensure consistent reimbursement within the agreed-upon criteria.

Justifying claims on a case-by-case basis is tedious, frustrating, and uncertain for both you and the payer. In the absence of accepted guidelines, the payer's first line of defense is to deny payment. The key is to develop reasonable guidelines for the use of new therapies and to obtain the acceptance of those guidelines by the regional offices of the major payers. Local or regional professional societies, or chapters of national organizations, can be a helpful resource for negotiating with payers on the local level.

Drugs represent a significant cancer treatment cost and will continue to be a target for containment by third-party payers. Oncologists must proactively manage both up front drug costs and reimbursement issues. Third-party payers are willing to negotiate, especially if you work with them to develop guidelines that will help to control drug costs. Most importantly, if oncologists don't develop reasonable guidelines for drug use, third-party payers will unilaterally implement guidelines for payment that may be less than favorable. ■