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1999 Initiatives

by Christian Downs

We can expect the more significant legislative initiatives to occur in 1999 because the Democrats and the Republicans are unlikely to push major health care reform during the 2000 election year cycle. On the regulatory side, many new Health Care Financing Administration (HCFA) programs may be hindered by the Year 2000 computer issue. Here is a synopsis of the major issues affecting cancer care providers in the coming months.

President's Budget. The FY 2000 budget request for HCFA is $333.1 billion to cover Medicare, Medicaid, and other programs, an increase of $18.2 billion over FY 1999. Medicare/Medicaid spending represents 82.7 percent of the total budget for the Department of Health and Human Services in FY 2000.

The Clinton budget includes several proposals, the most ominous of which is to "eliminate the physician markup for outpatient drugs by limiting Medicare payment to 83 percent of the average wholesale price (AWP)." Such action would effectively move the current reimbursement from 95 percent of AWP to 83 percent of AWP, roughly the actual acquisition cost of the drug. While many in Congress do not want to revisit this issue, HCFA is making AWP a key initiative in its efforts to save $2.9 billion over five years.

ACCC, ASCO, ONS, allied professional associations, and patient advocacy groups will need to continue aggressive advocacy for drug reimbursement that accurately reflects the cost of administration. ACCC plans to monitor this issue, keeping the membership informed and prepared to act if necessary.

Another major initiative includes a $70 million increase for fighting "fraud and abuse." With this initiative, HCFA will continue funding activities such as pre-payment audits and provider education. In the past, HCFA has left the education component largely unfulfilled.

Medicare+Choice. The Medicare+Choice program, available to most beneficiaries, offers seniors the option of receiving their Medicare benefits through managed care plans. Currently about 16 percent of beneficiaries are enrolled in a Medicare+Choice program.

The program has run into several roadblocks. First, many providers and plans believe the program is too restrictive and does not allow for the cost savings that would make a managed care plan for seniors profitable. Second, much of the funding for the program provided under the Balanced Budget Act of 1999 has not materialized. Many experts agree that changing the program to meet the demands of the insurers and providers will require an act of Congress.

Ambulatory Payment Classifications (APCs). APCs will likely remain the cornerstone issue for oncology providers in 1999 and into 2000. One of the potential financially disastrous aspects of APCs is the development of a fee schedule for drugs. This fee schedule breaks payment down into four categories, with the maximum reimbursement at slightly more than $200. Moreover, there is no method of payment for supportive care drugs. Analyses by ELM Services, Inc., and the Lewin Group at the request of ACCC reveal that cancer centers could take a 30 percent or greater across-the-board hit if this regulation were to go into effect in its initial form.

Fortunately, there are a number of factors indicating that the regulation will not be implemented as currently written. First, it is clear to HCFA officials that much of the hospital data was massaged to fit the methodology, rather than developing a methodology around the data. Second, HCFA recognizes that supportive care drugs (i.e., epoetin alfa, filgrastim, etc.) were not included in the data. Further analysis has indicated that these drugs were wholly uncompensated and that changes must be made to reflect their cost to the provider.

ACCC has dedicated significant resources to analyzing the data and presenting HCFA with an alternative approach that will allow for adequate reimbursement. ACCC has worked closely with and has appreciated the support of such organizations as AHA, ASCO, ASH, ONS, and many patient advocacy groups. There are several proposed solutions to the drug reimbursement problem; the most likely solution will exempt chemotherapy and supportive care drugs from APCs, allowing drugs to be billed under the hospital cost report.

While associations such as ACCC work diligently to advocate on behalf of members and patients struggling with cancer, the action of the concerned individual in the community has the greatest impact. As Speaker Tip O'Neill once said, "all politics is local." By writing, calling, or visiting your congressman, senators, and local representatives, oncology professionals can join our advocacy efforts.