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A Step Forward on APCs

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A Step Forward on APCs

by Christian Downs

In a major legislative victory for the cancer care community, Congress and the President recently agreed on legislation that should begin the process of addressing some of the inadequacies of the Health Care Financing Administration's (HCFA) ambulatory payment classification proposal, or APCs. This agreement, known in Washington parlance as the "BBA-Fix Bill," was one of the most hotly contested pieces of legislation this session. ACCC was pleased to see that one of the key provisions of the language directed HCFA to change the method in which drugs and biologicals would be paid in the outpatient setting under the APCs proposal.

As many of you know, the original APCs proposal would have paid cancer centers for drugs grouped in one of four categories. These categories were neither clinically or economically coherent and did not include any mechanism for reimbursement of supportive care drugs. In fact, several studies by ACCC and the highly respected consulting firm, the Lewin Group, predicted tremendous financial losses to cancer centers and significant access issues for patients.

In the BBA-Fix Bill, an outlier provision would be created for certain cancer drugs, including chemotherapy, radiopharmaceuticals and supportive care drugs. Medicare would then reimburse

hospitals for these drugs using a complex formula based on the original APC price and the average wholesale price (AWP) of the drug.

Initial analyses by ACCC and several cancer centers indicate that this new method for drug payment should be a significant improvement over the original HCFA proposal.

Nonetheless, several things should be kept in mind. First, the prospective payment system was not repealed. In fact, there will continue to be APC categories and complex reimbursement formulas for such things as chemotherapy administration, radiation planning, and other procedures. Second, the problem with any legislative solution is that HCFA must still put the law into administrative language.

At this time, it looks as if HCFA will issue an explanation about the agreement sometime in February, with eventual implementation in the fall of 2000. ACCC will monitor this issue very closely to see that cancer centers do not face an undue administrative burden in implementing the BBA fix.

Getting any change to the APC proposal should be seen as a major victory for the cancer community. Congress faced incredible pressure to change large pieces of the BBA from hospitals, nursing homes, and home health agencies. To be heard on this APC issue, ACCC worked closely with committed organizations such as US Oncology, the Oncology Nursing Society, the National Patient Advocate Foundation, and the Center for Patient Advocacy. In addition, we spent countless hours

on Capitol Hill presenting our findings to members of Congress and their staff, and discussed possible solutions with AHA, PhRMA and BIO, all key players in the outcome.

Most importantly, however, was the strong response from the ACCC membership. HCFA received thousands of letters on APCs, many from ACCC members. In addition, Congress received thousands of letters urging them to help fix APCs. At the end of the day, your advocacy helped make HCFA rethink its proposal.

REIMBURSEMENT FOR INJECTABLE DRUGS

In other legislative actions, the President signed an appropriations bill that prohibits HCFA from restricting coverage of injectable therapies either through past policies or the issuance of new regulations.

Reimbursement for injectable drugs is an issue that has been brewing for several years. HCFA had been looking at a policy that would deny Medicare coverage for any drug that can be self-administered. Many supportive care drugs would fall into this category. Such a proposal makes no economic sense and, more importantly, puts patients at risk. Decisive action and coordinated lobbying by provider groups and patient advocates stopped the momentum of this policy. We were able to lend a hand, speaking with key members of the Appropriations Committee when President Clinton threatened a veto over this issue. ☐

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