



Stop the Potential Collapse of the Cancer Care Delivery System

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A major flaw in the way Medicare calculates practice expense is threatening the financial integrity of the entire health care delivery system in this country. The threat is particularly relevant to non-surgical or medical codes. Most third-party payers now use Medicare payment policies, including the fee schedule derived from the resource-based relative value system (RBRVS). If the Health Care Financing Administration (HCFA) uses such flawed procedures in setting policy, it will have dramatic effects on payments from most of the third-party payers across the country.

In oncology, payments for both E and M codes and chemotherapy administration codes are undervalued in practice expense components. In fact, chemotherapy administration is so undervalued that practices are dependent on margins from chemotherapy drugs to cover the cost of administering the drugs to the patients. For the past eight years, the oncology community has sought a solution to this anomaly with no real response from HCFA. In fact, the Clinton administration has sought to attack drug margins without paying a bit of attention to the gross underpayment of chemotherapy administration. In each budget battle, the oncology community has educated congressional leadership about the practice-expense problem, and drug reimbursements have been maintained. Without the drug margins, the cancer care delivery system in this country would collapse.

Now comes another twist. The Administration and Secretary of Health and Human Services Donna Shalala have a proposal to administratively change the way average wholesale price (AWP) is calculated. They want to eliminate the current margins on chemotherapy drugs. This proposal is designed to bypass the rule-making process and the opportunity for public comment. There are absolutely no provisions to change the payments for chemotherapy administration. As such, the proposal will economically destroy the cancer care delivery system in this country by removing millions of dollars from payments to providers of oncology services. These payments are absolutely essential to the provision of services in both physician offices and hospital settings.

There is ample evidence of the economic fragility of our delivery system. It was well-documented in the McCann study released in 1999. For HCFA and the HHS secretary to ignore this evidence and proceed with this drug reimbursement administrative change is reckless and dangerous. Where will Medicare patients receive chemotherapy? Does the federal government

expect physicians to continue treatments while on their way to financial ruin?

The frustrating aspect of the Shalala proposal is that the Secretary has been informed about the dependence of oncology providers on drug margins; she has been briefed by more than one member of Congress. HCFA also is quite aware that the payments for chemotherapy administration codes are 75 percent under the costs it agreed to through the Clinical Practice Expert Panel (CPEP) process in the resource-based practice expense calculations and from the AMA Relative Value Update Committee recommendations. These were submitted in the fall of 1999 and reviewed and reaffirmed this spring by HCFA staff.

Shame on you President Clinton and Vice President Gore. Playing politics with Medicare cancer patients' access to quality care is horribly inappropriate and will do irreparable harm to the cancer care delivery platform.

ACCC and the entire cancer care community, including oncologists, oncology nurses, patients, and patient advocacy groups, are calling on the Secretary to withdraw this dangerous proposal immediately. The beneficiaries of the current AWP system are patients with cancer. Changing that system without regard to the gross underpayment of chemotherapy administration practice costs will harm cancer patients covered by both Medicare and non-Medicare payers.

In recent weeks, Vice President Gore has trumpeted his support for cancer care and clinical trials, but the Secretary's proposal on drug payments promises the exact opposite. What about it Vice President Gore...are you going to run your campaign on the collapse of the cancer care delivery platform? 🗣️

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