The Association of Community Cancer Centers

FACT More than 650 medical centers, hospitals, cancer clinics, and practices across the U.S. are ACCC members. This group treats 40 percent of all new cancer patients seen in the U.S. each year. ACCC members also include more than 390 individual members and 18 state oncology society chapters.

FACT Only ACCC represents the entire interdisciplinary team caring for oncology patients, including medical, radiation, and surgical oncologists, oncology nurses, cancer program administrators, oncology social workers, pharmacists, radiation therapists, and cancer registrars.

FACT ACCC is committed to federal and state efforts to pass legislation that ensures access to off-label uses of FDA-approved drugs and clinical trials for cancer patients, appropriate reimbursement to physicians for drugs administered to Medicare patients, and other patient advocacy issues.

FACT ACCC provides information about approaches for the effective management, delivery, and financing of comprehensive cancer care through its national meetings, regional symposia, and publication of oncology patient management guidelines, standards for cancer programs, critical pathways, oncology-related drugs, and *Oncology Issues.*

FACT Membership in ACCC will help my organization/me better serve patients and will foster my professional development.

Please send membership information:

Name:_____

Title:_____

Institution:_____

_____

Address:_____

City/State:_____

Phone:_____

Fax:_____

E-mail:_____

✂ Return to ACCC, 11600 Nebel St., Suite 201, Rockville MD 20852-2557/Fax: 301-770-1949.

FROM THE EDITOR

Way Off Track Under APCs

by Lee E. Mortenson, D.P.A.

Wondering how you are doing under ambulatory payment classifications (APCs)? Here's the answer!

You are doing even worse than we all had feared. Thanks to the determination of the ACCC Board of Trustees, the hard work of the consulting firm Abt Associates, and the cooperation of many member institutions, we now know that under the current APC reimbursement system you are operating at least 25 percent below costs. This, of course, assumes your institution has actually been submitting claims for chemotherapy, aggressively pursuing denials and rejected claims, and collecting co-pays.

At average wholesale price (AWP) minus 5 percent, hospitals are losing money on drugs. Actually, they are being reimbursed at about 12 percent *below* their costs of acquisition, pharmacy mixing time, storage, wastage, and disposal. These figures are obtained from Medicare's own cost reports and reflect the overhead associated only with the drugs and the pharmacy component of their acquisition, storage, mixing, and delivery into the hands of an oncology nurse.

The big loss is in drug administration. Hospitals in the United States are receiving only 58 cents on the dollar for providing chemotherapy and supportive care drugs reimbursed under the current APC codes. Drugs and administration combined are generating a $184 million loss for oncology centers around the country!

When the codes and reimbursement for APCs first came out, we visited with HCFA (now the Centers for Medicare and Medicaid Services or CMS) staff and said that these codes were too low. "No way," said a HCFA staff member, "and, we've got the data to show that this average payment is enough."

So why the discrepancy? Why does CMS think that its data show that the current chemo administration codes are sufficient, while our study—also using Medicare data—reveal the agency is reimbursing at less than half the costs?

The answer is Pogo's response: "The enemy is us!" Hospitals are submitting bills to Medicare in which they have chosen *not* to charge for all their time or services. "After all, that's all we're going to get paid for anyway," has been a common refrain—even though we've been saying for years that hospitals need to code all of their time, even if they don't get paid for it.

Based on the documentation of these bills (or the lack of documentation), CMS ran its program, giving us inadequate reimbursement that is 42 percent *below* costs!

ACCC's data, on the other hand, come from the cost report—that arcane document where Medicare and hospitals periodically settle up on the real costs of care. This cost report mechanism is the crutch that has allowed hospitals to develop many bad habits. "If we don't bill correctly, we'll make it up when we do the cost report. If we don't collect co-pays and bad debt, or manage our rejected and denied claims, we'll make it up in the cost report." And so on, until we get here!

Well, time's up folks! The cost report is a broken safety net, and cash is flowing out through it. Now that we know whom to blame, let's sit down and have a good chat with ourselves and get this thing back on track!