# **PPAC: Pricing System Needs Correction Plan**

### BY JENNIFER SILVERMAN Associate Editor, Practice Trends

WASHINGTON — Physicians should be reimbursed retroactively for any payment miscalculations that occurred under Medicare's new system for in-office infusions, the Practicing Physicians Advisory Council recommended.

The average sales price (ASP) is something federal regulators "are concocting, and they don't know how accurate it's go-

PREMARIN<sup>®</sup> 1.625 mg/g

(conjugated estrogens) Vaginal Cream

(For full Prescribing Information and Patient Information, visit www.premarin.com.)

ing to be," said PPAC member Barbara L. McAneny, M.D., an oncologist from Albuquerque, N.M., who drew up the recommendation.

For that reason, the Centers for Medicare and Medicaid Services should establish a correction factor for each quarter it updates pricing on the ASP, to prevent physicians from treating patients at a loss or being put in the position of denying them medical treatment, she said. PPAC is an independent panel that advises CMS on issues related to physician payment.

The ASP was authorized by the Medicare Modernization Act of 2003, replacing the former system of overpayments for drugs and underpayments for their administration. The intent was to make fair payments for both services.

This year and next, Medicare will pay physicians the ASP plus 6%, although in 2006, physicians will have the option of obtaining the drugs directly from a sup-

Hypercalcemia. Estrogen administration may lead to severe hypercalcemia in patients with breast cancer and bone metastases. If hypercalcemia occurs, use of e drug should be stopped and appropriate measures taken to reduce the serum calcium level. 6. Visual abnormalities. Retiral vascular thrombosis has been reported in patients receiving estrogens. Discontinue medication pending examination if there is sudden patient or complete loss of vision, or a sudden onset of prophosis, diplopia, or migraine. It examination reveals papilledema or retiral vascular lesions, or but there between the vision of the development.

PRECAUTIONS

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C. Laboratory Tests Estrogen administration should be guided by clinical response at the lowest dose for the treatment of postmenopausal

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pediatic paper has not otherwise see established. Large and repeated toose of extraop new an extended time period have been shown to accelerate opphyseal closure, which could esuit in short abult statue il instante it initiated before the completion of physiologic publicity in normally developing children. It estroper is administered to patients whose bothe growths, period and an extension of the estimation and effects on epiphyseal certers is accentrated during estroper antivisation. Storgen treatment of proported prior story tooses permane trease cheforment and anglice information, and many increase and induce generated and store approximations. The second store and the second store permitted and the second store and prior and the second store and the s

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I. Generative Use Of the total number of subjects in the storgang hus, progetim statisty of the Worner's Health Initiatie study, 44% (in = 7.20) were 6 years of our own with 65% (in = 1.000 were 6 years and over 9% e. CUMCA. HARAINACOLOFY, Clinical Studies in 11 the institution information). There was a higher incidence of status and instate breast caroor in women 7 and over compared to women less than 75 years of aga. In the Worner's Health Initiatie study, 44% (in = 7.20) were 6 years and provide the status and instate breast caroor in women 75 and over compared to women less than 75 years of aga. In the Worner's Health Initiatie Markov Study (MWKL), as another study of MHA and another of 452 women aged 65 to 79 years was andonicate to PREMIREN (ID: 55 mg) of paceto. In production of 247 hyberedomical women aged 56 to 79 years was andonicate to PREMIREN (ID: 55 mg) of paceto. In the paceto and interpace to the Worner's Health Initiatie Markov Study (IS K). The SEC of the Itsely in type nucleoteneous and in type for itself type in the analyse nucleon prior the analyse nucleon prior type for an analyse of the start of

ADVERSE REACTIONS

### See BOXED WARNINGS WARNINGS and PRECAUTIONS

Systemic absorption may occur with the use of Premarin Vaginal Cream. Warnings, precautions, and adverse reactions associated with oral Premarin treatment should be taken into account The following additional adverse reactions have been renoted with estronen and/or properties therapy:

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Miscellaneous: Increase or decrease in weight; reduced carbohydrate tolerance; glucose intolerance; aggravation of porphyria; edema; changes in libido; anaphylacoid/anaphylactic reactions; hypocalcemia; evacerbation of asthma; angioedema; hypersensitivity; increased triglycendes; arthralgias; leg cramps.

BittigNeturgiard (Figure 1) (BittigNeture), sportations, expectations or service, any sectors, synapseum syna This brid summary is based on PREUMRIN<sup>®</sup> (conjugated estrogens) Vagind Cream Pescrition phomation W10410006 E101, revised August 9, 2004.

plier selected by Medicare through a competitive bidding process.

CMS officials told the panel that the agency would update pricing for the ASP on a quarterly basis. However, Dr. McAneny argued that this would not allow for any mistakes in pricing made along the way.

"Suppose the ASP is set at \$60 for a drug, but you can only purchase that drug for \$100," she later said in an interview. This means physicians would be getting paid only \$60 for that drug from January through April-and losing \$40 every time they administer the drug.

CMS might be able to correct the price on April 1, but that doesn't compensate for the losses physicians would have incurred over the first quarter of the year, Dr. McAnenv said.

As a result, the agency could end up getting complaints

If the average sales price is set at \$60, but physicians must pay \$100 for the drug from January to June, they would 'lose \$40 every time they administer' it.

of a drug. By putting in a correction mechanism, the agency can make the change retroactive, she recommended. А report

from half the physicians in

the country

about the cost

from the Gov-

ernment Accountability Office indicated that physicians may not get shortchanged under the ASP. Medicare payments for cancer drugs may decline next year, but payments are actually expected to exceed physicians' costs by 6% on average, the GAO found. The American Society of Clinical Oncology responded that the study underreported some costs and the report's methodology was flawed.

'GAO has always said that everything's going to be fine" with the ASP, Dr. McAneny said. Nevertheless, "we need a plan B in case they're wrong.'

The ASP replaces the average wholesale price, a number that drug makers had been giving to the government for each drug administered. Medicare in the past paid physicians 95% of the average wholesale price for in-office administration of a drug to a Medicare beneficiary; however, the physician was not paid an administration fee.

The ASP system comes with mixed benefits: Physicians now will get paid an administration fee but they won't be getting paid as much for the drugs themselves as they were under the average-wholesaleprice system.

PPAC also requested that physicians be allowed Internet access to a list of drugs that CMS compiled by manufacturer to determine ASP.

"This will be very helpful to the physician community-not just oncologybut for everybody who wants to purchase drugs . . . under the average selling price, and [to] know who they can purchase these drugs from," Dr. McAneny said

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Systemic absorption may occur with the use of Premarin Vaginal Cream. The warnings, precautions, and adverse reactions associated with oral Premarin treatment

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Gallbladder disease. A 2- to 4-fold increase in the risk of gallbladder disease requiring surgery in postmenopausal women receiving postmenopausal

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## INDICATIONS AND LISAGE

See BOXED WARNINGS.

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