

'Average' Infusion Payments Fall Short for Some

BY JOYCE FRIEDEN

Associate Editor, Practice Trends

WASHINGTON — The new system for infusion therapy payments under Medicare shows how difficult it is to base payment on "average" prices, Rep. Nancy Johnson (R-Conn.) said at a conference sponsored by Elsevier Oncology.

"An 'on average' payment system always means some people are below the average, and the question is, are you below

average on every drug?" Ms. Johnson said. "Well, then you'd be out of business. I've gotten letters from people who are closing up shop to Medicare patients. That's a very, very serious problem."

Under the new payment system for infusion therapy, providers have a choice: They can either buy their drugs from vendors that Medicare selects in a competitive bidding process, or they can buy drugs from any vendor and accept Medicare's payment of 106% of the average sales

price (ASP). The ASP is determined by data supplied to Medicare by manufacturers and updated every quarter.

Several audience members complained that 106%—also called ASP plus 6%—was nowhere near enough for them to make any profit on the drugs. "I can't purchase any single drug and make any kind of margin on it," a woman from Alaska said at the meeting. "We send everybody to the hospital [for treatment]; we cannot treat a single person. There's one drug I lose \$400

on every time a patient walks in the door."

Rep. Johnson said there seemed to be "pockets" of the country where too many drugs had such negative margins, "but we can't see any logic yet. Is it certain size practices? Is it certain regions of the country? We need your information, because in the end we want something that pays for drugs in a reasonable and fair process."

One problem with determining the ASP is that it includes prices received by large-group buyers who get big discounts, as well as others who get 'prompt pay' discounts, Rep. Johnson noted. "Those may be too harsh. That may mean that the little guy who is below the average can't make it."

A big problem with the payment system for drugs is that it is tied to the sustainable growth rate, a target percentage that Medicare sets each year for allowable growth in the Medicare budget, she said. If spending goes above the target, the budget must be cut the following year to make up for it. Rep. Johnson is sponsoring H.R. 3617, which would repeal the sustainable growth rate altogether and replace it with a payment increase based on the Medicare Economic Index. The bill is important because increasing payments to physicians is essential to move toward a pay-for-performance system, she said.

Another area of reimbursement concern was Medicare's oncology demonstration program. Last year, the program paid physicians \$130 for each chemotherapy infusion visit as long as participating physicians filled out paperwork stating whether they are following practice guidelines with that particular patient.

This year, the program is paying \$23 per evaluation and management visit, explained Dr. Peter Bach, senior advisor to Dr. Mark McClellan, administrator of the Centers for Medicare and Medicaid Services. The new system "deemphasizes chemotherapy, removes the incentive for infusions over other treatments such as oral chemo, and it ... creates a longitudinal record. The payment for each event is \$23 rather than \$130, but obviously the number of events is far greater," he said.

Audience members did not like the changes. "CMS's demonstration project is flawed and extremely burdensome, and \$23 is appalling," said Sharon A. Van Marter, practice administrator at Syracuse (N.Y.) Hematology/Oncology.

Dr. Bach reminded audience members that the project is voluntary. On the whole, "I'm hearing two signals: One is, 'It's not enough money; we're losing money every time we [do it],' and the other is onslaughts of e-mail from carrier medical directors and practices saying that they have thousands of claims queued up and carriers aren't ready to pay them," he said. "I can't reconcile those two things. Why do something where you're going to be losing money?"

Because, replied conference chair Dr. Lee Schwartzberg, "you're throwing us a carrot—\$23 every time we do it. We don't think the time relationship is right, but it's 23 more dollars. We're losing money across the system; this is the only opportunity that's been given." Elsevier Oncology and this news organization are wholly owned subsidiaries of Elsevier. ■

SAVE THE DATE

SKIN DISEASE EDUCATION FOUNDATION'S *2nd Annual*
EAST COAST
DERMATOLOGY SEMINAR™
 A CONTINUING MEDICAL EDUCATION CONFERENCE
OCTOBER 13-15, 2006

*Kingsmill Resort
 and Spa*
 HISTORIC WILLIAMSBURG, VA



16 AAD & AMA Category One
 CME Credits Available

FEATURING:

- What's New in Acne Therapy
- Controversies in Sun Protection
- Sentinel Lymph Node Biopsy
- Rational Management of
 Dyplastic Nevi
- Skin Signs of Internal Malignancy
- Surgical Symposium:
 Reconstruction Conundrums
 and Thread Lifts
- Dermoscopy Workshop
- What's New In Facial Rejuvenation
- Scientific Advances in
 Botulinum Toxin Type A

MEETING DIRECTORS:



JAMES M. SPENCER, M.D., M.S.
 Mount Sinai School of Medicine
 St. Petersburg, FL



HILARY E. BALDWIN, M.D.
 SUNY
 Brooklyn, NY

Jointly sponsored by Elsevier Office of
 Continuing Medical Education and



SKIN DISEASE
 EDUCATION
 FOUNDATION
 an Elsevier business

Save up to \$100 if you register before
 May 15, 2006. Visit www.sdefderm.com
 or call SDEF at 312.988.7700.