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Before We Break for Recess, An Update on Cancer Care

March 30, 2004

Dear Colleague:

As you prepare to meet with constituents around your district, I want bring you up to date on issues affecting cancer care for America's seniors. As you know, the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) significantly reformed the way Medicare pays for physician administered drugs. The goal was to pay market rates for drugs and provide fair reimbursements for the practice expenses of oncologists and others.

- **The oncology community agrees that the reforms effective this year have not restricted access to care.**
 - As mandated by the MMA law, the average payment for cancer drug administration has increased permanently by 110%. The bill required the practice expense formula to be changed to add a factor for physician work, oncology nurse costs, multiple pushes, and the new American Society of Clinical Oncology (ASCO) data, thus guaranteeing a permanent significant increase.
 - The new law also includes a transitional payment in 2004 that will increase these practice expense payments by an additional 32%.
 - These reforms will increase practice expense payments by \$500 million.
 - As mandated by the MMA law, reimbursements on some drugs were reduced this year but the Centers for Medicare and Medicaid Services (CMS) responded to the cancer community and increased payments for a number of drugs, including 5 cancer drugs.
- **Issues to address this year to assure payment adequacy in 2005 and thereafter:**
 - Evaluation of the adequacy of payments under existing codes and the development of new reimbursement codes is being considered through the coding process, as required by law. This process will determine how much of the transitional payment will be permanently built into future practice expenses. The cancer community should play a vital role in this process as participants on the coding committee and by developing information on costs through a new ASCO survey.
 - CMS is currently collecting data and will report preliminary figures this summer on the Average Sales Price (ASP). This data and the availability of ASP +6% across practices of all sizes will be evaluated with the cancer community.
- **When meeting with oncology groups:**
 - Urge them to complete the survey that ASCO is circulating to provide the critical data to ensure that the new reimbursement codes accurately reflect oncologists' costs.
 - Remind them that speculation about what prices ASP +6% will produce is just that – speculation. This data is currently being collected and will be evaluated.

Our shared goal is to guarantee that patients have access to high-quality cancer care. If you have additional questions please contact Dan Elling in my office at x54476. Enjoy the recess!

Very truly yours,



Nancy L. Johnson
Member of Congress