



American Urological Association

November 21, 2003

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U.S. Toll Free: **1-866-RING-AUA**
(1-866-746-4282)

Phone: 410-689-3700

Fax: 410-689-3800

E-mail: aua@auanet.org

Web sites: www.auanet.org,
www.UrologyHealth.org



The Honorable Bill Frist, M.D.
Majority Leader
United States Senator
Washington, DC 20510

The Honorable J. Dennis Hastert
Speaker of the House
U. S. House of Representatives
H-232, the Capitol
Washington, DC 20515

Dear Majority Leader Frist and
Speaker Hastert:

The American Urological Association, representing more than 10,000 U.S. physicians treating a majority of Medicare patients in their practices and who are the primary providers of care for men with prostate cancer would like to thank the Congress and especially the Medicare Conferees for their hard work and efforts to put forward a comprehensive prescription drug benefit for America's seniors. Many seniors are faced with urological cancers and other disorders and the AUA believes that the provisions in this bill will provide needed assistance to many beneficiaries to obtain the necessary medications to aid in their treatments. After reviewing the legislative language, the AUA is pleased to support this monumental effort and thank you for the opportunities afforded to the AUA to meet with you on many issues encompassed in the Conference.

Such support does not come easy however, as urology is one of the principal specialties impacted by another major provision of this bill that changes the current Average Wholesale Payment (AWP) system for drugs administered by physicians in their offices. Drugs and biologicals administered in the physician office optimize quality and provide safer care for urological cancer patients because it affords Medicare patients direct communication with their own physician in a familiar setting. If urologists and other specialists did not offer such drugs, patients would have no alternative but to seek administration in hospital outpatient departments by personnel unfamiliar with the patient's unique medical needs and histories.

It is in the interest of quality patient care under Medicare to ensure that physician specialists have adequate incentives to continue the administration of Medicare Part B covered outpatient prescription drugs in their office settings. We are concerned that for 2004, drug payments would be at 80-85% of the April 1, 2003 AWP. Some urologists may not currently be able to obtain at least some drugs, for that amount. Although there is some flexibility for CMS to increase payment amounts in such cases, those increases would not take effect until April 1, 2004, unless CMS has already been notified of the problem. This could lead to an access problem in the first quarter of 2004.

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For 2005 and later, drug payments would be 106% of the manufacturer's average sales price (ASP), where ASP is defined as including the deeply discounted prices paid by hospitals, HMOs, and other large buyers, and ASP does not include the wholesaler markup paid by physicians. The ASPs for drugs are not publicly known, but we have serious doubts that community physicians will be able to purchase drugs for 106% of ASP or less. The ASP system is wholly untested and is based on non-public price information, yet Congress has chosen to base Medicare's payments on such a system. Again, we have serious concerns about patient access if the reimbursement amount is less than the price of the drug. The proposed changes to practice expense to offset the reduction in payments for drugs are well meaning and will help practices in 2004. However, the increases decline substantially in 2005 and many urological practices are very likely not going to be able to cover the myriad of office expenses involved with treating urological cancer patients. We are also extremely concerned that the required studies to determine the negative impacts of these changes on physicians and on access to patient care are not required to be finalized until well after implementation of the cuts.

The AUA does appreciate the efforts to modernize the Medicare program through regulatory and other reforms in the bill. Resolution of the ICD-10 issue also ensures that urologists are not faced with a complicated, new coding system. The decision to keep electronic prescribing as a voluntary effort while moving forward on standards to effectively implement a nationwide system is also a major step forward in modernization. The AUA would also like to thank you for your efforts to avert the 4.5% reduction in physician payments under Medicare that would otherwise occur January 1, 2004. We support the 1.5% increase in physician payments as a temporary fix, which, we understand, is included in the legislation for years 2004 and 2005. The AUA as a member of the Alliance of Specialty Medicine looks forward to working towards a permanent solution to the problems plaguing the physician payment formula.

For further information, or if you have any questions, please contact Cherie L. McNett, Director of Government Affairs for the AUA at 410-689-3710 or cmcnett@auanet.org.

Sincerely,

A handwritten signature in black ink that reads "Martin I. Resnick". The signature is written in a cursive, slightly slanted style.

Martin I. Resnick, MD
President