

**Congress of the United States**

**Washington, DC 20515**

May 20, 2004

The Honorable Mark A. McClellan, M.D., Ph.D.  
Administrator  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
2000 Independence Ave., S.W.  
Washington, D.C. 20201

Dear Dr. McClellan:

The recently passed Medicare Modernization Act (MMA) included provisions that change the way Medicare pays for chemotherapy drugs and administration services. Those provisions eliminate the problematic method used to pay for Part B drugs based on average wholesale price (AWP) and replace it with drug reimbursement based on average sales price (ASP). The provisions reduce payments for chemotherapy drugs and increase payments for patient support services, ultimately preserving overall reimbursement in 2004. However, in 2005, as the drug methodology changes, the transitional payment for practice expenses in 2004 is reduced from 32% to 3% in 2005 and that transitional payment goes away completely in 2006.

Professionals who treat people with cancer have raised concerns that significant decreases in overall payments for cancer care will likely affect patients' access to quality cancer care because community-based physicians may no longer be able to afford to provide many of these services in their offices. While everyone supports restructuring the payment system to align payments more closely with the costs of drugs and services, there is concern that the continued uncertainty about the payment levels are already beginning to cause disruptions in care.

We urge CMS to release the projected payment rates for 2005 based on the first quarter average sales price data once the manufacturers data have been submitted. We ask that you share those payment rates with Congress and the cancer community so that we can fully analyze the total payment rates for cancer care in 2005 to begin to determine the extent of these reductions and the potential impacts on cancer care. We cannot overstate the importance of getting the payment methodology in the hands of oncology practices as soon as possible.

Understanding their financial future is critical for oncology practices as they determine the quality of care they can provide in the years to come. If the numbers show oncology practices realizing a deleterious reduction in payment rates, Congress should take responsibility, take action and protect the quality of cancer care in America.

Sincerely,



Charlie Norwood



Lois Capps

Jim Powell

Mike Ryan (AL)

Spencer Jackson

Paul King

Steve Tsonie

Frank Pulhore, Jr.

Pam Scott

Ed Schrock

Chuck Long

Jim Jones

Jeff Miller

Red Strickland

Frank Lubert

Ray Simmons

Arten Davis

John Miller

Katherine Harris

Carl Reed Vilk

Neil Ryan  
MI-08

Hilda L. Artis

Tom Allen

F. J. O. Tammage

P. Cooper

ROB

Gary Brown-White

William C. Hart

John Sprate

Chris Van Kollen

Karen McCarthy

Michael E. Capron

Mark Souda

Sam Fann

Ed Fung

Ting Zi

Tony Balchiri

Fodd R. Platts

Michael E. Rodalle

John Bozman

Edward J. Mankey

Paul E. Kille

Rich Dunder

Collin C Peterson

Ray Chapman

Tom

Blair

Jerry Kleyba

Jim Wahl

Ernie L. Engel

Jim Oberster

Mac Walker

Tom

John M. McHugh

Bob Halon

Zoe Loff

Leslie R. Northcutt

Laurie Langston

Jim J. Costello

Neil Rogers

John Bell

Chris Bell

Pat Simmons  
Walt Ford

Jim Van Fover  
Ausan Davis

Mark Doley  
Cliff Stearns

Barny Frank

Scott Bennett

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_