



AMERICAN SOCIETY OF CLINICAL ONCOLOGY



**Congressional
Briefing**

MMA: How Will it Affect Cancer Care?

September 8, 2004

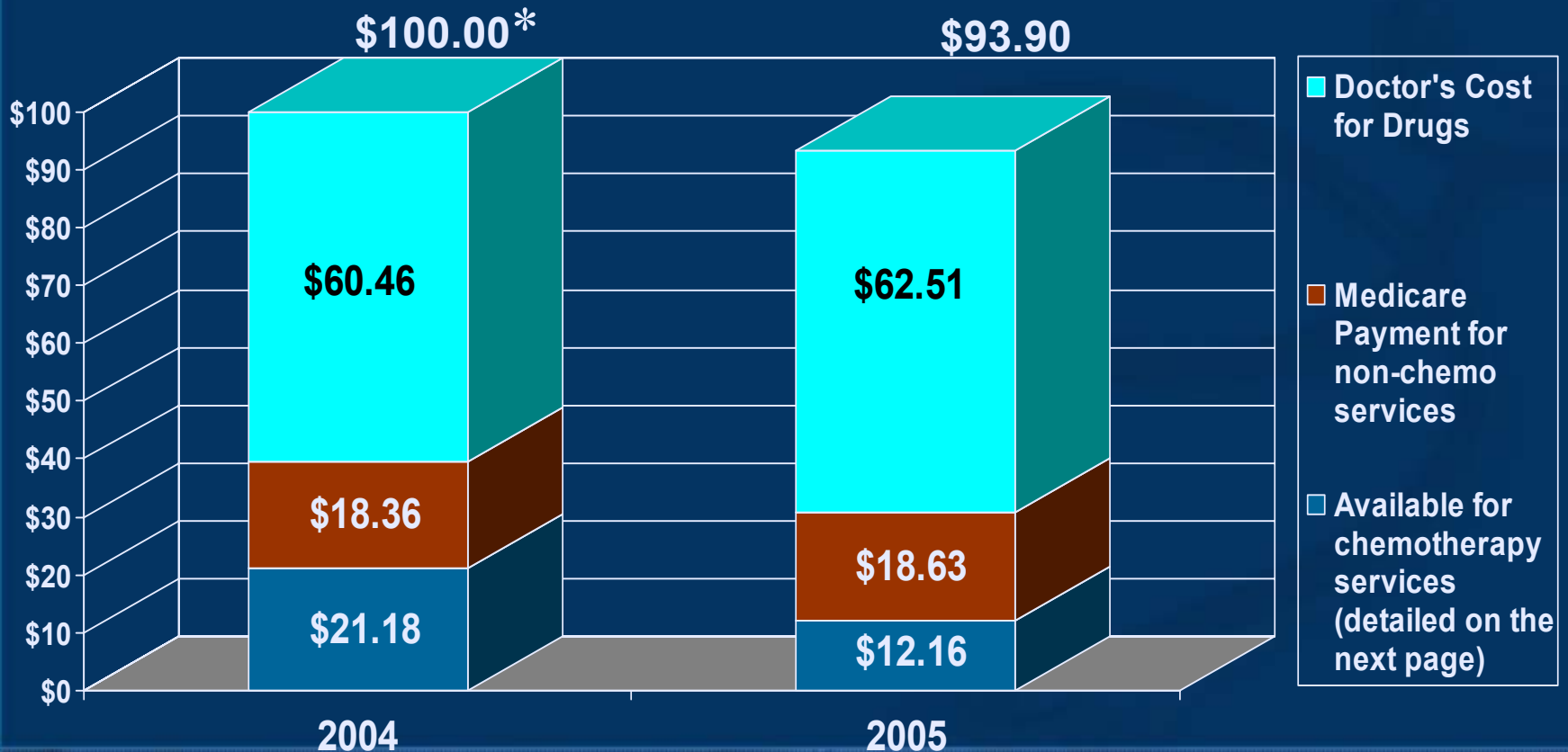
CMS Methodology

**8% Decline in Medicare
Drug Payments**

Oncologist Uses/Sources of Medicare Revenue

CMS Methodology

8% Decline

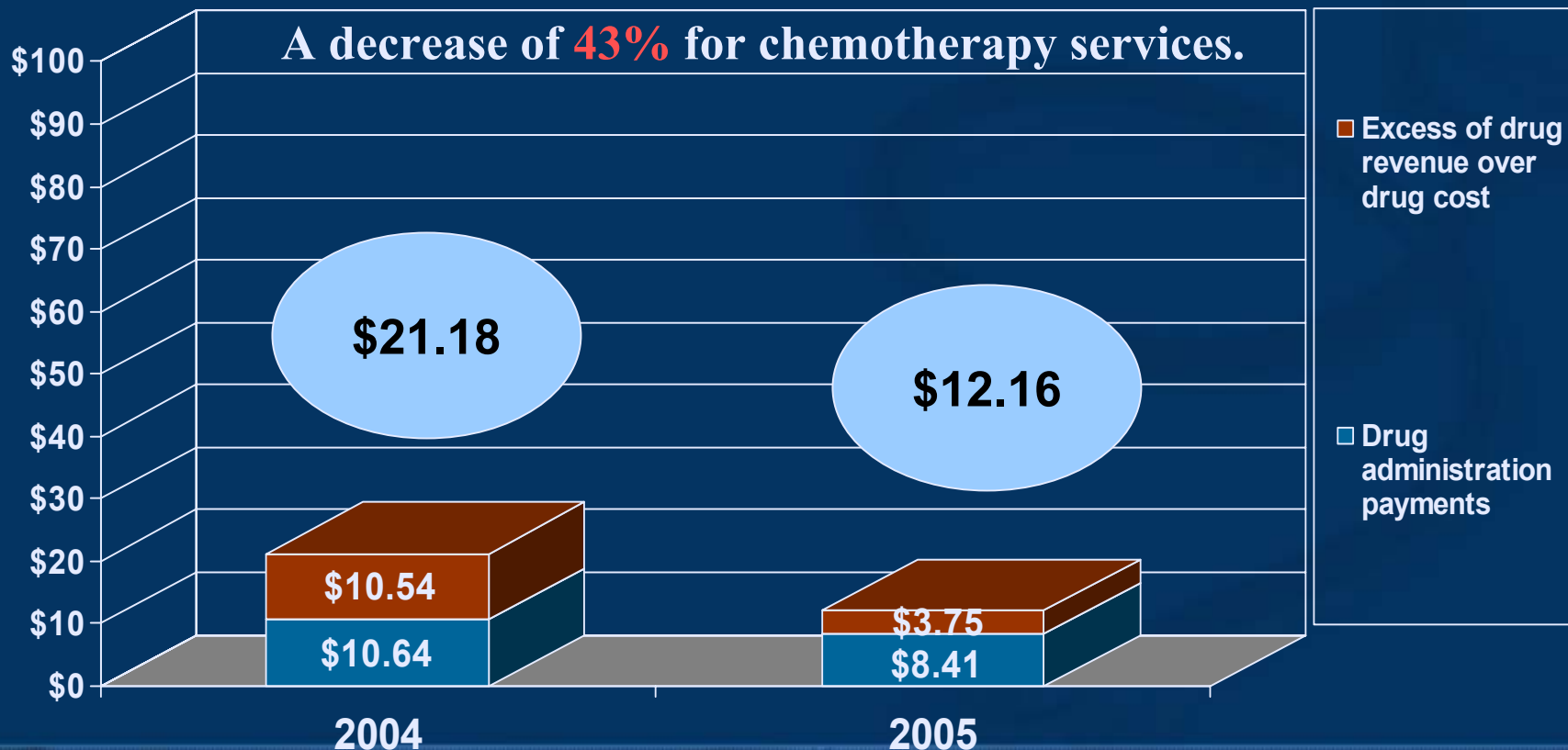


* Shows division of each \$100 of Medicare revenue in 2004

Money Available for Chemotherapy Services

CMS Methodology

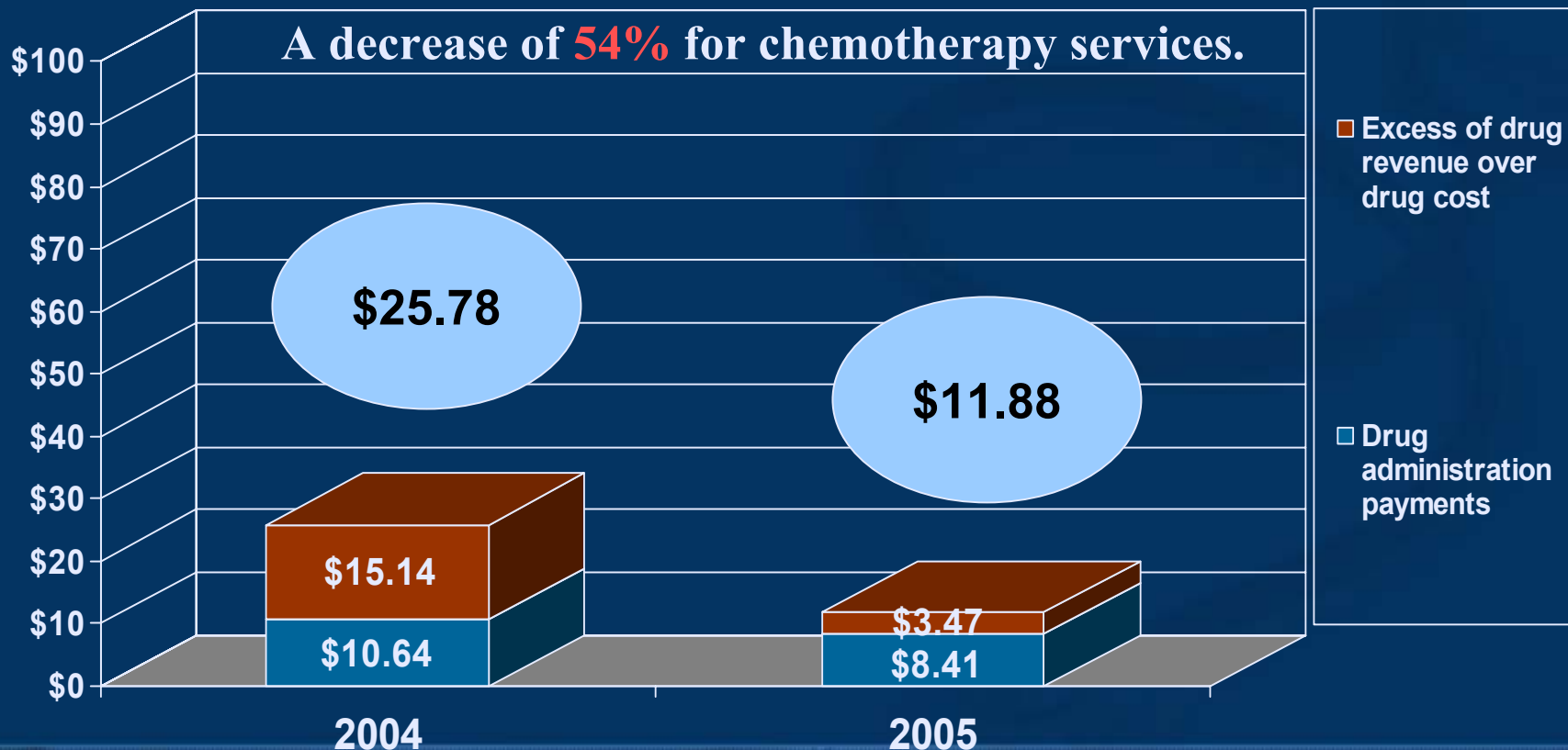
8% Decline



**Analysis Based on
ASCO Survey**

**15% Decline in Medicare
Drug Payments**

Money Available for Chemotherapy Services Alternative Assumption – ASCO Survey 15% Decline



Methodology

- Ninety-three practices provided data on the price they paid for 16 different drugs in Q1 2004. Additionally, they included the units for which they billed Medicare in the same period.
- Projected 2005 Medicare payments were used for this comparison.

Effects of Projected Medicare Payment on Practices

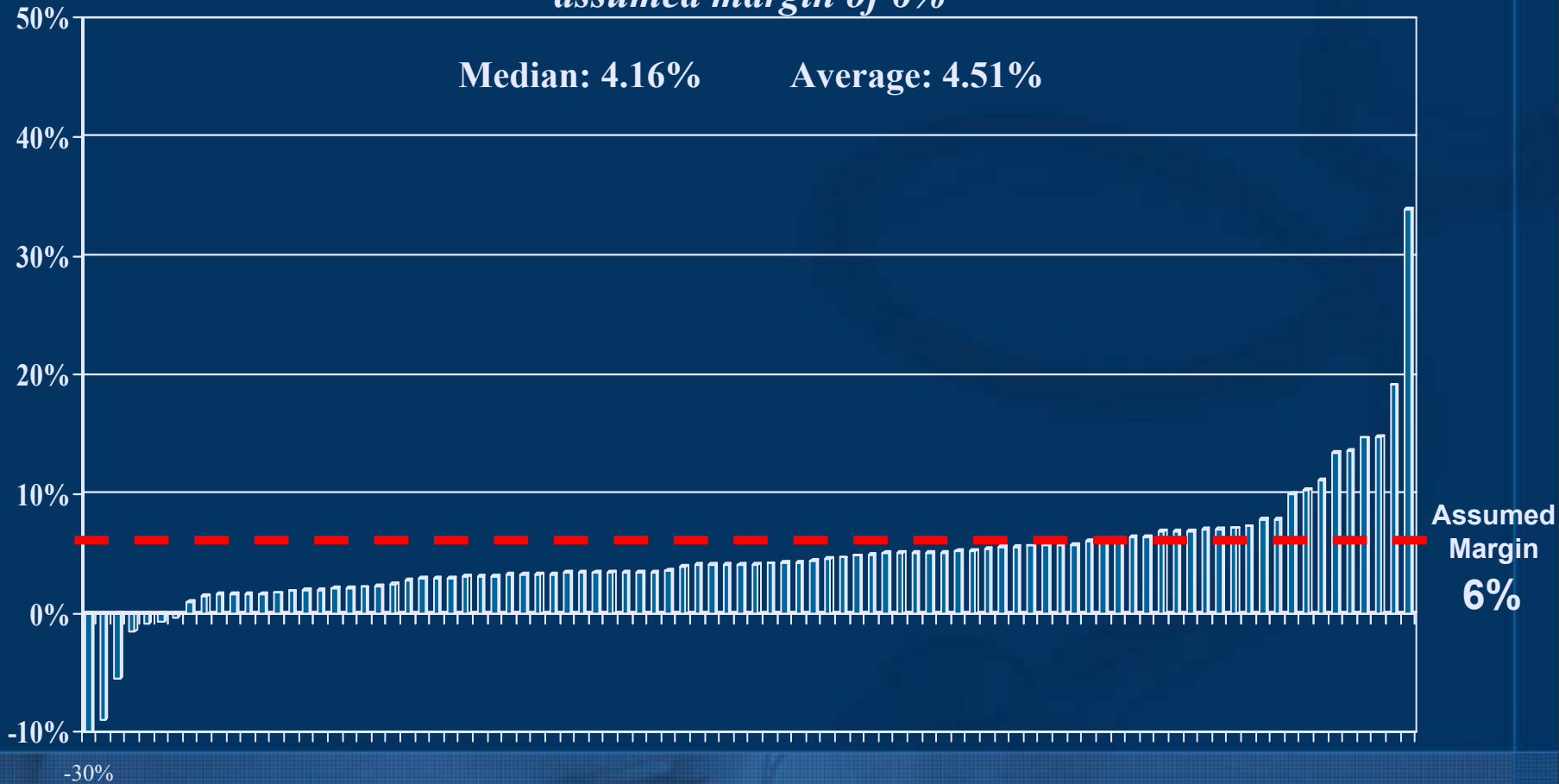
- For four of the sixteen drugs, less than half of the practices will be paid for the full cost of the drug.
- A quarter of all drugs will cost most practices more than what is covered by Medicare.

Projected Net Margin

- On average, the margin with the new costs in place is 4.5%.
- An estimated three-quarters of the practices will NOT meet the assumed margin of 6%.
- One in five practices will have a margin of 2% or less.

Overall Net Margins

It is estimated that a majority of the practices will come in below the assumed margin of 6%



Comparison of CMS's Estimate to ASCO Survey Results

- CMS has estimated a reduction in drug payments of 8%.
- According to ASCO's survey of practices:
 - The Medicare drug payment reductions range from 7.5% to 26.3%.
 - The average drug payment reduction is 15.1% with a median of 14.5%.
 - Of the 93 practices reviewed, only one comes in under the CMS's estimate of an 8% reduction in Medicare drug payments.

Comparison of Reduction in Medicare Drug Payments to CMS's Estimate

Just one of the 93 practice reviewed come in below the estimated 8% reduction of Medicare drug payments.

