



## **Summary of ASCO Findings: Cancer Care Cuts in the MMA**

ASCO has collected data from almost 100 oncology practices across the United States. In addition, with the assistance of Don Muse, formerly of the Congressional Budget Office, ASCO conducted an analysis based upon Medicare's own numbers.

The results of the two studies reinforce what we've been hearing anecdotally from the oncology community: the cuts are deeper than anyone – Congress, CMS, or oncologists – expected.

The funds available to support chemotherapy services for cancer patients come from two sources: the margin that oncology practices collect from drug payments, and the reimbursement they receive for drug administration services.

We know that the payments for drug administration services will decline by about 21 percent next year. This is the result of a temporary add-on payment in the MMA being reduced.

The amount of the reduction in the other source of funds – the margin on drug payments – has not been published by CMS, but it can be computed from the other information that CMS has provided, including primarily its estimate that moving to ASP plus 6 percent in 2005 will result in an 8 percent decrease in drug payments.

If CMS is correct in assuming an 8 percent decrease in payments for cancer drugs, using CMS's own data, the funding available for chemotherapy services will be 43 percent less in 2005 than it is this year.

ASCO now has data that suggests the situation may be even worse than that. ASCO collected data from nearly 100 community oncology practices across the country that reported much higher cuts to drug payments than CMS estimated. In fact, of the 93 practices that provided data, all but one reported that they are seeing a greater cut than the 8 percent cut projected by CMS.

Congress has stated that CMS believes oncologists will still be able to purchase chemotherapy drugs for the new reimbursement amount. But, according to the data provided by the doctors themselves, the majority of practices will not be able to purchase a significant proportion of drugs. The Medicare payment reductions for drugs range from a low of 7.5 percent to a high of 26.3 percent, and an average of 15 percent.

So, ASCO data are showing that the 8 percent cut projected by CMS is actually a 15 percent cut, based on data from the practices themselves. The funding available for chemotherapy services will be 54 percent less in 2005. This includes the 15 percent cut reported by the practices and the scheduled reduction of payments for drug administration services.

A cut of 43 to 54 percent for chemotherapy services will certainly affect the way oncologists are able to deliver care in the United States.



Some members of Congress have stated that “new and more accurate drug administration codes authorized by MMA will translate into payment increases to oncologists.” But so far, as the process for determining what these new codes will be is not complete, CMS has not been able to provide reliable information on these new payments codes and how they will boost funding to accurately reimburse oncologists for their services.

Even if permanent changes in drug administration payments more than double the amount paid for drug administration in 2003, as CMS states, the fact remains that in 2003, oncologists were only reimbursed from zero to 25 percent of their costs associated with providing patient services. So even doubling the reimbursement amount, while a step in the right direction, doesn’t come close to covering all of the expenses.

### **What can we do?**

- As part of the MMA, Congress mandated conducting three government studies to determine the full effect of these cuts. However, these studies will not be completed until 2006. In the meantime, ASCO is asking the government to make sure that cancer care is not disrupted while this information is being gathered.
- We recommend doing this by maintaining 2004 net Medicare reimbursement levels for cancer treatment during 2005 and 2006, while three government-mandated studies on the effect of the MMA on cancer care are completed.