

**ASCO Analysis of 2005 Medicare Payment Rates for Drugs
Explanation of Spreadsheet**

Background Questions at Top of Spreadsheet	
Question 1	Please provide the number of full-time equivalent physicians in the practice for which drug data is being reported. If you are reporting data for a multi-specialty practice, please include only the number of physicians who are involved with the provision of drugs listed in the spreadsheet.
Question 2	Please provide the number of full-time equivalent mid-level providers (including nurse practitioners and physicians' assistants) in the practice for which you are reporting data.
Question 3	Please respond "Yes" or "No" to the question of whether your practice purchases drugs through a group purchasing organization.
Question 4	If you answered yes to Question 3, please respond with the percentage by dollars of drugs purchased from GPOs. If you responded "No" to Question 3, please leave this response blank.
Question 5	Please provide the percentage of your total practice revenue that is derived from Medicare.
Question 6	Please respond "Yes" or "No" to the question of whether your practice pays a sales tax or gross receipts tax for drugs.
Question 7	If you answered yes to Question 6, please respond with the percentage tax applied to your purchases. If you responded "No" to Question 6, please leave this response blank.
Spreadsheet Columns for Drug Pricing Data	
Column A	HCPCS billing code for drug.
Column B	Drug name.
Column C	Unit associated with J code listed in Column A.
Column D	You are asked in Column G to report the price you expect to pay for each drug as of January 1, 2005 and to take into account any rebates or discounts that you will receive. If you report a price in Column G that you believe will be further subject to any rebates or discounts (but exact amount of these discounts is currently unknown to you), please put an "X" in Column D.
Column E	The number in this column is the current Medicare payment rate for the drug. This payment amount includes the 20% beneficiary copay.
Column F	1 st Quarter 2005 Medicare drug payment rates. Again, these rates reflect the inclusion of a 20% beneficiary copay.
Column G	The price you will pay as of January 1, 2005 for the drug (taking into account any rebates or discounts) listed in Column B per unit as listed in Column C. <u>Please note that, for the spreadsheet to compute total revenues, costs, and profit/loss accurately, you must use the cost per J code unit.</u>
Column H	Units you billed all payers in the third quarter of 2004 (July 1 – September 30). <u>Again, please relate the number you enter in Column G to the J code unit in Column C.</u> For example, the unit for J0880, Darbepoetin, is 5 mcg. If you billed for 1000 mcg, the number entered in Column G should be 200 (1000 mcg/5 mcg unit).
Column I	Once you enter figures into Column H, the spreadsheet will calculate estimated total revenue for the first quarter of 2005

	(Column F x Column H).
Column J	Once you enter figures into both Columns G and H, the spreadsheet will calculate your total costs for the first quarter of 2005, which are calculated by multiplying the price you listed in Column G by the number of units entered in Column H.
Column K	The spreadsheet will show total profits or losses for the first quarter of 2005, calculated as the difference of revenue and cost (Column I – Column J).
Column L	The spreadsheet will calculate the total allowable (assuming inclusion of a 20% patient copay) for the fourth quarter of 2004 by multiplying Column E and Column H.
Column M	The fourth quarter profit or loss for each drug is calculated as the difference of the total Medicare allowables from Column L and total costs from Column J.
Column N	This column shows the variance between the fourth quarter 2004 profit or loss calculated in Column M and the estimated first quarter 2005 profit or loss calculated in Column J.
Medicare Impact Calculations	
Cell E143	The spreadsheet will calculate estimated total Medicare drug revenue for the first quarter of 2005 as the total estimated revenue multiplied by the percentage of your practice revenue derived from Medicare (as entered as a response to Question 5 above).
Cell E144	The spreadsheet will calculate estimated total Medicare drug costs for the first quarter of 2005.
Cell E145	The spreadsheet will calculate the estimated profit or loss on Medicare drugs for the first quarter of 2005 as the difference of total Medicare drug revenue and total Medicare drug costs (E143 – E144).
Cell E146	The spreadsheet will calculate the estimated net margin for Medicare drugs in the first quarter of 2005, i.e., the margin practices will make on drugs beyond their purchase prices.