

Part B Insider (Multispecialty) Coding Alert

Chemotherapy: One Clinic Stands To Lose \$150,000 On Drugs In 2005

Take stock of your losses soon to avoid shocking shortfall

The **Centers for Medicare & Medicaid Services** may claim that Medicare drug reimbursements now represent the average price that most doctors pay for the drugs. But if that's so, then many practices with vulnerable cancer patients are discovering the pain of being below average.

Oncologists tell **PBI** that they're struggling with rock-bottom drug reimbursements that took effect Jan. 1, only a short time after CMS released the final drug fee schedule. In many cases, the reimbursements are worse than physicians expected, and doctors are taking a loss on many common chemotherapy agents and other drugs.

For example, **North Shore Hematology/Oncology** is losing money on every dose of docetaxel (Taxotere), according to CFO **John Rohan**. The reimbursement for this drug only decreased from \$301.40 per dose to \$297.58, but that was enough to push it into the loss column. A number of drugs now have reimbursement "less than what we can buy [them] for," says Rohan.

Meanwhile, **Texas Hematology-Oncology Center** in Dallas is losing money on many antibiotics, which it administers prophylactically to chemotherapy patients, says infusion billing manager **Andrea Peters**. The practice also is losing money on Fluorouracil, which fell from \$1.85 to \$1.68 per dose, and Floruxidine, down from \$122.40 to \$71.39 per dose.

Mile Bluff Clinic in Mauston, WI, faces losing between \$100,000 to \$150,000 this year on drugs, Director of Compliance **Mary Peterson** told CMS' Physician Open Door Forum on Jan. 12. Obtaining drugs at anything close to the new payment levels is proving impossible, she said. In response, CMS officials said they've already adjusted some drug payments upward due to reports like hers.

The last-minute steps that Medicare took to balance out the drug cuts, such as the chemotherapy demonstration project, don't really counterbalance the losses North Shore is suffering, Rohan adds. Many of North Shore's patients don't have secondary insurance, and although North Shore tries to collect copayments, in many cases the practice ends up subsidizing its patients.

In the next month, North Shore will finish analyzing the new drug rates and deciding which therapies it can afford to keep providing, Rohan says.

Bottom line: The only hope for rescuing reimbursement is catching every eligible evaluation and management service that physicians perform along with chemotherapy administration, says Peters.