

## Part B Insider (Multispecialty) Coding Alert

### COMPETITIVE ACQUISITION: CMS Pulls The Plug On Drug Bidding Program

#### Drugs may be available through vendors by July 2006

If you've been looking forward to private vendors providing Part B drugs to your patients and billing Medicare directly starting in January, you're in for a disappointment.

The **Centers for Medicare & Medicaid Services** delayed the Competitive Acquisition Program (CAP) for Part B drugs after a flurry of criticisms from both physicians and potential vendors. CMS said it was suspending the bidding process just two days before the final deadline for bids, and would return any bids it had already received.

CMS said it would issue a new final rule on the CAP program by the end of the year, and would continue to accept comments until Sept. 6. You can read the current regulation at [www.cms.hhs.gov/providers/drugs/compbid/default.asp](http://www.cms.hhs.gov/providers/drugs/compbid/default.asp), including instructions for commenting. [Vendors will be delivering drugs by July 2006, CMS hopes.](#)

["You can invite people to come to a party but if nobody comes, there's no party," says Judy Stone with Carolina Hematology/Oncology in Charlotte, NC. She says the CAP program, as proposed by CMS, would have been an administrative nightmare in which practices would have to work with vendors who were ill equipped to bill Medicare.](#)

[The proposal also demonstrated a limited understanding of how community oncology practices work, Stone adds. Some physicians think the CAP sounds like a good idea because they wouldn't have to buy and stock drugs, but they lose interest when they realize how complex the program actually would be, Stone notes.](#)

[The CAP, in its current form, wouldn't improve patient care, contends Steve Coplon, grassroots outreach coordinator with the Community Oncology Alliance. Instead, it would make it more complicated to take care of patients, says Coplon, who's also CEO of the West Clinic in Memphis, TN. The current system isn't broken, except for the steep cuts lawmakers imposed on Part B drugs - and the CAP won't fix that problem, Coplon insists.](#)

#### Providers, Vendors Both Faced Challenges

Providers balked at the inconvenience of ordering drugs within a narrow window and billing within 14 days after providing the drug or risking audits, says **Roberta Buell**, vice president of provider services and reimbursement with **P4** in Sausalito, CA. Because the CAP didn't include some oncology drugs, providers would still have had to maintain a separate inventory and billing system for non-CAP drugs, and then a third system for non-Medicare drugs.

Providers also worried that vendors would sell data about their practices and their drug-ordering patterns to insurance companies and other third parties, Buell notes. She's seen estimates that only 7 to 8 percent of oncologists would enroll in the CAP.

Physicians haven't been doing as badly as they'd feared this year, partly because non-Medicare payors haven't started using the rock-bottom Average Sales Price (ASP) drug payment levels, according to Buell. Physicians would have to be losing money to join the CAP, and right now they're breaking even, says Buell. But if CMS doesn't renew the chemotherapy demonstration project next year, then oncologists stand to lose 20 percent of their reimbursement.

CMS probably put the CAP on hold more due to lack of vendor interest than provider complaints, Buell speculates.

The vendors would have been taking a tremendous financial risk, says Albuquerque, NM oncologist **Barbara McAneny**.

They would have to incur all the expense of getting the drugs to the right place at the right time and making sure they weren't cooked or frozen. And then the vendors would have their cash flow on hold for months while they tried to collect 20 percent of the cost from the patients. "No reputable company would think they could make that work," says McAneny.