

Part B Insider (Multispecialty) Coding Alert

Drug Cuts: Oncologists Face Steep Drug Cuts, But Will Practice Expenses Compensate?

Many fear losing out on the swings without gaining enough on the roundabouts.

As expected, the new Medicare reform bill sets in motion the process of cutting drug payments from 95 percent of average wholesale price.

Drugs, with some exceptions such as infusion drugs, will drop to 85 percent of AWP in 2004, and then all drugs will drop to 106 percent of the "average sales price" starting in 2005. The formula for determining "average sales price" will differ for single-source and multiple-source drugs, but it'll involve surveying manufacturer prices to all purchasers, net of rebates and discounts. Manufacturers who falsify ASP information would be violating the False Claims Act.

If the HHS Office of Inspector General decides a particular drug is overvalued, it can notify the HHS secretary, who will adjust the price in the following quarter. But the secretary may also use a different measure, such as wholesale acquisition price, if the low payment causes a "public health emergency." The OIG will also study the new method to see if it's adequate.

Starting in 2006, physicians can also choose to obtain drugs, in certain areas, as part of a new "competitive acquisition" demonstration project, in which contractors compete to supply the physician with drugs.

To set 2005 and 2006 relative value units for the practice expenses of physicians dispensing oncology drugs, the law calls on the HHS secretary to use any survey data submitted before March 1, 2004, by physician societies. To be considered, those surveys must cover practice expenses for administering oncology drugs and meet "criteria established by the secretary." For 2004, the secretary will establish RVUs for drug administration equal to a level-one office visit for an established patient.

The HHS secretary will also examine existing drug-dispensing codes to decide whether they're adequate for reporting such complex information. HHS will also evaluate the current policy of allowing the billing of multiple chemotherapy agents using the "push through" technique, and modify the policy as the secretary deems necessary.