

Part B Insider (Multispecialty) Coding Alert

Drugs: Jan. 1 Could Be D-Day for Drug Payments

Oncologists and others who dispense medications under Medicare could be under the gun in a scant six months.

The **Centers for Medicare and Medicaid Services** has finally set a concrete deadline for Congress to reform drug payments. If Congress doesn't fix the average wholesale price methodology by January 2004, CMS will, according to the **American Medical Association**.

The AMA quotes CMS Administrator **Tom Scully** as saying Medicare will cut drugs by Jan. 1, 2004, unless Congress acts first. The move would deprive Congress of one of the sources of savings it hopes to use to reform Medicare payments.

A CMS spokesman couldn't confirm the new deadline, but adds that it makes sense. The next Physician Fee Schedule goes into effect Jan. 1, so if CMS wants to adjust payments for physician services, it would need to do so by January or wait another year.

In the past, many observers feared that CMS would cut drug payments without increasing reimbursement for the services that physicians provide along with the drugs. CMS has the authority to cut drug payments fairly easily, but it would be more difficult to increase payments for services.

"Any fix has to take into account if there is cross-subsidization," the spokesman admits. If Medicare isn't paying oncologists and other physicians enough to administer drugs, then it needs to fix that problem before making cuts.

Medicare drug spending increased 35 percent in 2002 to \$8.5 billion. Scully reportedly said that he's determined to make sure the program pays the right amount for both drugs and services. CMS now believes it can adjust practice expense payments for physicians affected by a change to the average wholesale price that determines drug reimbursements.

Physicians benefiting from a practice expense boost could include oncologists, gastroenterologists, hematologists and nephrologists, the AMA claims. Scully said new cost data from the **American Society of Clinical Oncologists** has convinced CMS to increase its estimates of the correct reimbursement for drugs.

To include a fix in the Physician Fee Schedule, it would need to be in the final rule, issued Nov. 1. And a draft rule for comment would have to come out this summer, the CMS spokesman says.

ASCO is urging Congress to pass HR 1622, the Quality Cancer Care Preservation Act, which would address both practice expenses and drug payments in one fix.