Part B Insider (Multispecialty) Coding Alert

Meetings: 'Least Costly Alternative' Could Cost You A Bundle Next Year

And 'pool leakage' soaks surgeons for $60 million

Some carriers are going haywire with overzealous implementation of an obscure Medicare requirement to pay only for the cheapest drugs.

Medicare requires carriers to pay for the "least costly alternative" for drugs. This doesn't mean doctors have to provide the cheapest drug for a particular condition, but it does mean that if you provide a more expensive drug, the carriers will only pay you for the cheaper alternative. Some carriers are applying this rule in instances where it makes no sense, providers complained to the **Practicing Physicians Advisory Council's** Nov. 22 meeting.

And with drug prices set to drop to average sales price plus 6 percent, providers can't afford to have the carriers pay them only for the cheapest drugs the carrier believes are appropriate for a particular patient, complained Cape Coral, FL urologist **Ronald Castellanos**. This situation "creates an unlevel playing field for providers," and significantly affects payments for Lupron and Zoladex, Castellanos complained.

Given that the purpose of going to average sales price is to let market forces set drug payments, allowing the carriers pay based on some other method doesn't make sense, Castellanos added. PPAC passed recommendations calling on CMS to discontinue the "least costly alternative policy" and to investigate how carriers have applied it in the past.

Another obscure policy is costing cardiothoracic surgeons a bundle, according to Boston cardiothoracic surgeon **John Meyer**. Cardiothoracic surgeons bring their own clinical staff to the hospital for procedures, but neither Medicare nor the hospital will reimburse them for the cost of that staff, Meyer told the **Medicare Payment Advisory Commission** Nov. 16.

This "pool leakage" is costing surgeons $50 million to $60 million per year, Meyer explained. He called on MedPAC to recommend a solution to this problem, such as mandating specialty-specific evaluation and management codes for cardiothoracic surgeons, or requiring hospitals to reimburse surgeons for the cost of their clinical staff.

MedPAC didn't pass any recommendations but may consider the issue at a future meeting.

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