

Part B Insider (Multispecialty) Coding Alert

REIMBURSEMENT: OIG Wants To Squeeze Your Drug Payments Further

Doxorubic and Interferon are at the top of the hit list

Warning: Your already low payments for Part B drugs could wind up slashed even further, if the **HHS Office of Inspector General** (OIG) gets its way.

The OIG has been beating a drum on Part B drug payments for years, even after Medicare switched to a lowball system based on 106 percent of the Average Sales Price (ASP), or the manufacturer's regular price. In its latest report (OEI-03-07-00140), the OIG compared that amount with the amount wholesalers--who buy in bulk--pay for the drugs.

Not surprisingly, the OIG found that wholesalers can get Part B drugs, such as chemotherapy medications, much cheaper than you can. For 39 out of 326 drug codes, the ASP was at least 5 percent more than the wholesaler price. And the OIG had already identified 12 of those drug codes as having ASPs that were at least 5 percent over wholesaler rates, in a previous 2005 survey. And the OIG had also fingered four of those as overpriced in a 2004 report.

In other words, the OIG says, four out of the 39 overpriced drugs have been overpriced for at least two years.

Hit list: If Medicare had paid 103 percent of the wholesale price for those 39 drugs, the program could have saved \$13 million, the OIG says. One drug code, J7620 (Albuterol), accounted for 60 percent of that amount. Other repeat offenders include Hydralazine (J0360), Cefoxitin (J0694), Pentamidine isethionate (J2545), Doxorubic chemotherapy (J9000), Interferon alfa (J9214) and Vinblastine sulfate (J9360).

With Congress struggling to find savings to pay for averting physician pay cuts these drug codes may provide a tempting target.

But the **Centers for Medicare & Medicaid Services** (CMS) told the OIG that it needs more information on why the difference between ASP and wholesaler rates fluctuates so much. CMS said it wanted to find a way to get more up-to-date OIG analysis when it's calculating drug prices.

Note: Find the OIG's report by going to www.oig.hhs.gov and clicking -What's new.-