



A PATIENT-CENTERED FORUM OF NATIONAL ADVOCACY ORGANIZATIONS ADDRESSING PUBLIC POLICY ISSUES IN CANCER

July 14, 2000

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

On behalf of the cancer community, we are writing to express our great appreciation for your personal leadership in directing the Medicare program, through an Executive Memorandum, to cover routine patient care costs for beneficiaries enrolled in quality clinical trials. Because cancer is a group of diseases that disproportionately affect the elderly, it is entirely fitting that Medicare should provide an example to the private sector in defining quality cancer care, which we certainly believe includes access to clinical trials.

In light of your demonstrated interest in assuring quality cancer care through this and other actions, we want to bring to your attention a recent initiative by the Health Care Financing Administration (HCFA) that may jeopardize the ability of Medicare beneficiaries to obtain appropriate treatment for cancer. On several different occasions during the past few years, Congress has acted to define levels of payment for chemotherapy drugs, radiopharmaceuticals and other products administered to people with cancer. For both chemotherapy administered in a physician's office and chemotherapy administered in a hospital outpatient department, payment levels are based on 95% of "average wholesale price," or AWP, which has been defined in HCFA's own guidelines to refer to prices stated in designated publications.

We understand and acknowledge the need to control Medicare spending, but we are very concerned about Medicare reforms that are designed to control costs without regard for the impact on cancer clinical practice. HCFA is choosing to address concerns about overpayment for chemotherapy products by putting carriers on notice that it will select a different figure for AWP, one based on certain catalogues and other price lists that reflect actual acquisition cost. One problem with this approach is that HCFA is required by statute to reimburse at 95% of AWP. Thus, if HCFA defines AWP as equal to the physician's or hospital's actual acquisition cost, a 5% out-of-pocket loss will automatically accrue. We know you would agree that physicians treating people for cancer should not be asked to incur a financial loss because of a redefining of AWP.

The negative impact of this proposal is exacerbated in the case of chemotherapy provided in the physician office setting, where there seems to be little dispute that oncologists are under-reimbursed for their practice expense. The margins they have realized on drugs have helped to offset this inequity, and reimbursement for drugs should not be changed until there has been thorough study of how oncologists can be adequately reimbursed for providing quality cancer care in their offices.

The past decade has witnessed a massive shift of cancer care into physician offices, which are often more convenient and humane for patients as well as more cost-effective for the Medicare program. Aside from the obvious financial benefits to Medicare, this has been a positive change for patients who may receive therapy without major disruptions in their lives.

The HCFA initiative poses a serious threat to the ability of patients to continue to receive cancer care in physician offices. Oncologists faced with drastic reductions in Medicare payments will refer patients back to hospital outpatient departments, a development that will not be positive either for patients or for the program. Indeed, there is reason to doubt whether hospitals currently have the capacity to deal with substantially greater numbers of patients, not to mention the additional expense to Medicare of treatment in hospitals. Even if physicians were able to continue providing care without debilitating losses, there would no doubt be reductions in services, including highly trained oncology nurses.

It appears that HCFA sought an across-the-board solution to a problem that has received much publicity of late — i.e., the perceived excessive mark-up of drugs administered by physicians — but that the agency failed to take into account the particular circumstances of cancer treatment. We would like to emphasize our belief that the specifics of cancer should have been considered since cancer is so common in the Medicare population, and cancer drugs form a substantial part of drug expenditures by the program.

Lastly, HCFA officials were recently briefed on the problems for cancer care raised by the proposal, but gave no indication that it would be suspended pending further review of the issues. We implore you to urge the agency not to take any action that would affect reimbursement for cancer drugs until the overall question of underpayment for oncology services and expenses is thoroughly explored by an independent entity such as the General Accounting Office. We would be pleased to discuss these matters in more detail with your Administration and express our appreciation for your thoughtful consideration of this important matter.

Cancer Leadership Council

Alliance for Lung Cancer Advocacy, Support, and Education
American Cancer Society
American Society of Clinical Oncology
American Society for Therapeutic Radiology & Oncology, Inc.
Cancer Care, Inc.
Cancer Research Foundation of America
The Children's Cause, Inc.
Coalition of National Cancer Cooperative Groups
Colorectal Cancer Network

Cure For Lymphoma Foundation
International Myeloma Foundation
Kidney Cancer Association
The Leukemia & Lymphoma Society
Multiple Myeloma Research Foundation
National Coalition for Cancer Survivorship
National Patient Advocate Foundation
National Prostate Cancer Coalition
North American Brain Tumor Coalition
Oncology Nursing Society
Ovarian Cancer National Alliance
Pancreatic Cancer Action Network
The Susan G. Komen Breast Cancer Foundation
US-TOO International, Inc.
Y-ME National Breast Cancer Organization

cc:

The Honorable Albert Gore, Jr., Vice President
The Honorable Donna Shalala,
Secretary, Department of Health & Human Services
Nancy-Ann Min DeParle, Administrator,
Health Care Financing Administration
The Honorable William V. Roth, Jr.
The Honorable Daniel Patrick Moynihan
The Honorable Connie Mack
The Honorable Dianne Feinstein
The Honorable Thomas J. Bliley, Jr.
The Honorable Bill Archer
The Honorable Michael Bilirakis
The Honorable William M. Thomas