



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

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May 17, 2002

The Honorable Tommy Thompson  
Secretary, Department of Health and Human Services  
Room 615-F, Hubert H. Humphrey Building  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Mr. Secretary:

The undersigned organizations representing cancer patients, providers and hospital-based researchers are writing to express our concerns about implementation of the hospital outpatient prospective payment system and its impact on quality cancer care. Despite the fact that the cornerstone of modern anti-cancer treatment is drug therapy, Medicare payment policy for drugs in the hospital outpatient setting has been inappropriate and inadequate by virtue of certain assumptions that have been made concerning the acquisition costs of these products. As a result, there are significant disincentives to use these life-extending drugs, and we fear that patient care and health outcomes will inevitably suffer if this payment system is not adjusted.

Among the assumptions currently employed by the Centers for Medicare and Medicaid Services (CMS) is that sole-source drugs are available at 68% of average wholesale price, or AWP. Many patients and physicians believe that this is an unrealistically low figure that leads to reductions in total payments for drugs to hospital outpatient departments. If the assumptions concerning payment for drugs were more consistent with those regarding devices, reductions in payments would be more proportionate and sustainable. We understand that the Chairs and Ranking Members of committees of jurisdiction in both the House and Senate have urged the CMS Administrator to assume acquisition costs for drugs of 75% of AWP, and we agree that such an assumption would provide significant and appropriate relief for hard-pressed hospitals.

To date, it does not appear that the suggestion of these Congressional leaders has been addressed by CMS. We believe that the Administrator of CMS should publish new assumptions regarding drug costs in order to bring Medicare payments more in line with actual acquisition costs. In light of the lack of action by CMS in this matter, we respectfully request that you take an interest in this issue, as hospitals will not be able to maintain access to quality cancer care for Medicare beneficiaries if this incorrect assumption, with its serious impact on overall hospital payments, is allowed to stand.

Thank you for your attention to this important issue. We appreciate your consideration of our views and stand ready to work with you and CMS to ensure that Medicare beneficiaries have access to the quality cancer care they need and deserve.

Cancer Leadership Council

American Cancer Society  
American Society of Clinical Oncology  
Cancer Care, Inc.  
Cancer Research Foundation of America  
Coalition of National Cancer Cooperative Groups, Inc.  
Colorectal Cancer Network  
International Myeloma Foundation  
Kidney Cancer Association  
The Leukemia & Lymphoma Society  
Lymphoma Research Foundation

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  
Susan G. Komen Breast Cancer Foundation  
US TOO! International, Inc.  
Y-ME National Breast Cancer Organization

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