

Wednesday, February 20, 2013

“Prompt Pay Discount” Legislation Reintroduced in House of Representatives

On February 15, Representatives Ed Whitfield (R-KY) and Gene Green (D-TX) re-introduced H.R. 800 – also known as “Prompt Pay Discount” legislation – in the House of Representatives. Joined by 30 other bipartisan co-sponsors, Reps. Whitfield and Green hope the legislation will correct an erroneous reduction in the drug and biologics reimbursement payment formula for community based oncologists.

Lawmakers and healthcare stakeholders see the legislation as a necessary correction to legislation passed as part of the Medicare Modernization Act of 2003 (MMA). MMA effectively decreased payment amounts in community-based physician offices for Medicare Part B drugs by creating a new formula based on Average Sales Price (ASP) + 6 percent. ASP is adjusted quarterly and based on information from the previous 6 months, and is required to account for all discounts and rebates, which include manufacture to distributor prompt pay discounts. Prompt pay discounts compensate distributors for the timely payment for these life-saving drugs.

The reality for cancer care providers has shown that ASP +6 percent *is not* adequate reimbursement. In fact, the prompt pay discount reduction combined with other reductions – including the 6-month lag in pricing data and bad debt losses – results in a reimbursement that is in effect closer to ASP -3.5 percent.

Because of the negative impact of these pricing methodologies on community cancer care, and the importance of the Prompt Pay legislation, The US Oncology Network is encouraging providers to contact Congress and express support for the bill.

Take a few moments to make a phone call (talking points provided) or send an email (draft provided) to explain to your members of Congress the seriousness of this disparity in Medicare reimbursement.

[Click here](#) to contact your Representative to ask them to co-sponsor HR 800; [Click here](#) to read a letter on this issue from members of Congress.

Quality Cancer Care Delivery the Focus of JNCCN Commentary Article

A group of providers and experts on policy from McKesson Specialty Health & The US Oncology Network have published an article in this month’s *Journal of the National Comprehensive Cancer Network*, detailing efforts to improve quality via outcomes-based measures.

Citing the dynamic nature of today’s healthcare environment and increasing pressures to deliver measurable improvements in outcomes, the authors detail internally-driven Level I Pathways Program. Initiated more than a decade ago, Level I Pathways provide evidence-based guidelines that redirect the wide range of treatments in oncology care into more precise, clinically proven treatment options.

The [article](#) was authored by Roy Beveridge, MD, Chief Medical Officer, McKesson Specialty Health & The US Oncology Network; Bill Herman, Senior Vice President, Practice Services; Matt Brow, Vice President, Public Policy & Reimbursement; J. Russell Hoverman, MD, Medical Director, Managed Care; Debra Patt, MD, Medical Director, Clinical Pathways; Diana Verrilli, Vice President & General Manager, Payer & Revenue Cycle Services; and Jody Garey, PharmD, Clinical Pharmacist.

Cuts Loom as Sequestration Deadline Approaches

Across-the-board cuts to federal spending are set to go into effect in less than two weeks – on March 1st – unless Congressional Democrats and Republicans are able to reach a so-far elusive deal on deficit reduction.

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The 2 percent cuts amount to \$1.2 trillion set to occur over a decade and stand to impact government contractors, civilian employees, healthcare programs and defense spending. Some Republicans have said they will only agree to a plan that fully replaces the sequester with other spending cuts, while Senate Democrats have passed a bill – endorsed by the White House – that evenly balances future spending cuts with new tax revenues created by closing loopholes and deductions for the wealthiest Americans.

With both sides digging in their heels, President Obama continues to publicly highlight the potential impacts of the sequester on taxpayers. On Tuesday, the President appeared before a group of emergency management professionals, explaining that these police and firefighters could face furloughs or layoffs if the sequester takes place.

The Administration has been in favor of replacing the sequester by raising new tax revenue via scaled-back tax breaks for wealthy and select industries. In the absence of a comprehensive deal reached before the March 1 deadline, the President is pushing for a short-term measure to delay the start of the sequester — instead using alternative spending cuts and tax hikes to postpone the sequester through the end of the year.

Spending cuts, particularly as they relate to healthcare, were also a focus in President Obama's State of the Union Speech. During his February 12th address to the nation, the President acknowledged that the "biggest driver" of the nation's long-term debt is the rising cost of health care for seniors, but urged lawmakers to embrace only "modest" reforms so as to avoid impeding investments for children and seniors in future generations. Referencing an agreement made in December during the fiscal cliff negotiations, he noted his willingness to accept \$400 billion in health care savings so long as the cuts were accompanied by revenue-raising measures.

With Republicans and Democrats so far at an impasse, many in Washington have predicted that the budget cuts will indeed go into effect, at least temporarily,

and could cause a temporary downturn in the economy. The non-partisan Congressional Budget Office has said that implementation of the sequester could reduce hiring by three-quarters of a million Americans through 2013, in effect slowing economic growth across the board.

Stakeholders Release White Paper, Recommendations on Future of 340B Program

A diverse group of healthcare stakeholders released a [review and analysis](#) of the 340B Drug Discount Program last week, and called upon Congress to step up its oversight efforts so that the program can continue serving those patients for whom it was created.

Created by Congress in 1992, the 340B program was designed to help uninsured indigent patients gain better access to prescription medicines. Part of the program requires pharmaceutical manufacturers to provide discounts on outpatient prescription drugs to entities that serve high numbers of uninsured patients. Under the original design by Congress, the program also provided additional funding to outpatient facilities to allow them to sustain service to this select group of patients.

Among the findings detailed in the White Paper is evidence suggesting that the program has departed significantly from its statutory foundation. Despite significant growth of the program since its creation, the authors cite a lack of concrete evidence of how and whether benefits of the 340B program are reaching the intended beneficiaries of the program, noting that in some instances, the 340B program may skew patient care due to financial incentives that flow to the covered entities, but may not reach the patients it is intended to serve.

The analysis details several key recommendations for Congress to consider in order to maintain the



The US Oncology
Network

Health Policy Report

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program under its original intent. Among them: continued oversight, improved transparency, and adequate program oversight resources for the Health Resources and Services Administration (HRSA).

Following the paper's publication, a group of key GOP lawmakers requested that HRSA detail its audits of hospitals covered by the 340B drug discount program as well as the 2012 certification process, including a description of any entities decertified by the agency.