



Tuesday, January 24, 2012

ASP Coalition Sends Letter to Conferees on SGR Fix

As the House and Senate conference committee assigned to address the 27.4% Medicare sustainable growth rate (SGR) physician payment cuts scheduled for March 1 began formal talks today, the coalition representing community oncology, other providers, patient advocates and distributors sent a [letter](#) to the conferees strongly urging that they reject the \$3.2 billion in cuts to reimbursement for cancer care drugs as an offset for this SGR fix.

The group of 20 bipartisan conferees are negotiating an extension of the SGR payment patch as well as year-long solutions to extend the payroll tax holiday and unemployment benefits. Although there is widespread agreement in Congress that doctors should not receive the scheduled payment cuts, deep divisions remain regarding the potential payment offsets to avoid them. Congress is looking at several areas in Medicare, including cuts to the ASP reimbursement formula in Medicare Part B for cancer drugs, to pay for averting the SGR cuts.

In December of 2011, House Republicans voted for a \$38 billion, two-year SGR fix paid for with payment cuts to the Affordable Care Act (ACA) and other Medicare provisions (not including ASP reductions). Senate Democrats and some Senate Republicans were on record supporting a permanent SGR formula fix using the budgetary funds available from the drawdown of our overseas military operations, but many House Republicans find unacceptable arguing that it is a budget gimmick. An added challenge in identifying the payment offsets for an SGR fix is the expected January 31 release of the Congressional Budget Office (CBO) budget baseline, which is anticipated to lower the estimated savings from a troop drawdown and raise the estimated cost of replacing the SGR.

Recent news reports suggest that lawmakers are very eager to reach a resolution on a 10-month payroll tax agreement as quickly as possible, which would suggest a shorter-term SGR fix. Some policy analysts have predicted a 10-month patch to carry physicians through the remainder of 2012, leaving Congress to address an even bigger cut to SGR in December of 2012.

The American Medical Association (AMA), meanwhile, continues to push for a permanent fix. In a recent statement, the AMA said: "It's ludicrous to continue to pay more for a policy that everyone agrees is flawed: The price to put an end to it will never be less than it is right now."

For a 2-page summary of this issue, [click here](#).

President Obama to Deliver State of the Union this Evening

As President Obama prepares to deliver the State of the Union tonight, many are speculating over what we can expect to hear from him as it relates to his 2012 health care strategy. While his speech will likely focus more on his plans to consolidate government agencies, defending his health care proposal will continue to be a focus. After a long year of gridlock, many expect that his tone will be more combative than last year when he offered to work with Republicans to reach a compromise on how to go about reforming our nation's health care system. Since that time, Republicans have voted repeatedly to overturn or defund the law and push a separate health care agenda.

As we enter a tough election year, the President will use this opportunity to focus on the positive changes that have already resulted from the health care reform law and propose his vision for what he hopes to be his second term. It is expected that the President will focus on how health reform has begun to bend the health care cost curve, while increasing coverage for the uninsured and spurring innovation within the outdated Medicare and Medicaid programs.

When asked to comment on the President's speech, an administration official declined, but said, "We've worked diligently to implement the Affordable Care Act and we're making incredible progress. Thanks to the new law, 2.5 million more young adults have health insurance, millions of seniors have cheaper prescription drugs and we've ended the worst insurance company abuses....We always welcome good ideas from anyone about how to make health care better and more affordable."

Continued on page 2

Tuesday, January 24, 2012

President Obama to Deliver State of the Union this Evening (Continued from Page 1)

With the SGR patch expiring on March 1, the President is expected to call for an end to the congressional bickering over the package that includes payroll tax cuts, an extension of unemployment benefits, and the SGR fix. After scoring political points during the stand-off that occurred in late December over this package, the President and the congressional Democrats feel they have the upper hand in these negotiations and believe they will be able to extract a quick fix for an extension of these provisions.

MedPAC Urges Congress to Find Permanent SGR Fix

On Thursday, January 12, the Medicare Payment Advisory Commission (MedPAC) held their [January meeting](#) and, among other topics, discussed physician payment issues. The Commissioners reiterated the importance of their [October letter to Congress](#) asking for a full repeal of the sustainable growth rate (SGR) and recommending it be replaced with a payment system that freezes payment rates for primary care physicians for 10 years, cuts payments to specialists by 17 percent over three years, followed by a seven-year freeze on specialist payments.

"Repeal of SGR will only get more expensive," said MedPAC Chairman Glenn Hackbarth. "Our fear as we discuss the SGR over the course of this calendar year is that we are getting closer and closer to the point where continuing the SGR could become a destabilizing force in the Medicare program, and hence the urgency of moving ahead with repeal."

Many commissioners expressed frustration over the latest short-term fix, which expires at the end of February, claiming that the uncertainty is disruptive to providers, patients and the Centers for Medicare and Medicaid Services (CMS). MedPAC commissioner Dr. Ron Castellanos, a Florida urologist, said that "if the 27.4 percent pay cut goes through when the temporary fix runs out, it could force Congress to come up with a permanent solution."

The commission's next meeting is scheduled on March 8-9, 2012.

OIG Releases Report Comparing ASP and WAMP

On Monday, January 9, the Department of Health and Human Services' Office of the Inspector General (OIG) released [a report](#) on a recent study conducted to compare the average sales prices (ASP) with the widely available market prices (WAMP) for 14 drugs found to have repeatedly exceeded the five percent ASP to average manufacturer price (AMP) threshold.

According to federal law, if the OIG finds a drug with an ASP that exceeds either the WAMP or the AMP by a certain threshold (currently five percent), the Secretary of Health and Human Services has the ability to disregard the ASP for that drug when determining reimbursement levels.

According to OIG, limitations and irregularities in the sales data provided by each distributor and manufacturer made it difficult to measure WAMPs against the threshold. The OIG stated that "because of limitations in the distributor-reported data, most of the sales data OIG received did not reflect discounts and rebates that were passed on to providers." Causing more concern, the total number of units sold reported to CMS through ASP submissions did not match the total number of units sold reported by distributors and manufacturers to the OIG.

As a result, the OIG could not accurately determine whether any of the 14 drugs exceeded the ASP-WAMP threshold and no recommendations were made. The OIG will be looking into other methodologies that will allow future pricing comparisons.

Additionally, 14 members of Congress have signed onto a Senate letter to CMS voicing concerns about the Agency's approach to developing federal upper limits (FULs).

Tuesday, January 24, 2012

Health Reform Board Seeks Input on its Draft Research Agenda and Priority List

On Monday, January 23, the Patient-Centered Outcomes Research Institute (PCORI) released its draft [National Priorities for Research and Research Agenda](#) and requested public comment.

PCORI was created under the health care reform law to help people make informed health care decisions and improve health care delivery. The board will commission research to compare similar medical procedures to determine which are more effective.

“We want to hear from patients, caregivers, providers and the wider healthcare community on whether our draft priorities and initial research agenda capture the broad areas where more evidence-based information is needed to make better decision,” said Dr. Eugene Washington, chairman of PCORI's board, in a [press release](#). “This is a major milestone in our work as we continue to collaborate with all stakeholders and to build on the work of others for what we expect will be the most patient-centered research agenda yet.”

The draft National Priorities for Research suggests five areas where comparative effectiveness research is needed:

- Assessment of Options for Prevention, Diagnosis, and Treatment;
- Improving Health Care Systems;
- Communication and Dissemination Research;
- Addressing Disparities; and
- Accelerating Patient-Centered Outcomes Research and Methodological Research.

The draft agenda does not limit which conditions or treatments will be studied.

“We hope that patients and other stakeholders will join with us in the coming months as we apply this framework to identify the specific questions that are most important for PCORI to address,” said PCORI Executive Director Joe Selby, M.D., M.P.H. “We will be asking the community to think boldly about research projects across all five priority areas.”

Comments will be taken until March 15, and PCORI is asking that they be delivered through www.pcori.org. Comments will be made publicly available on the PCORI website. PCORI also plans to host additional forums in order to gain more public feedback on the draft, which will include focus groups of patients, caregivers and clinicians. PCORI will host a national forum in Washington, D.C. on February 27, which will be webcast to allow individuals to participate through a teleconference.