

Health Policy REPORT

Wednesday, July 20, 2011

SPECIAL ALERT: Significant Cuts to Cancer Drug Reimbursement Under Discussion in DC

With the federal government facing an August 2 deadline to raise the debt ceiling, a bipartisan group of legislators has been meeting with the White House to find a compromise package of spending cuts to attach to the debt ceiling increase. Among the list of potential cuts under consideration to reduce the deficit is a **\$3 billion cut to reimbursement for cancer care drugs** achieved through a reduction in the Medicare reimbursement rate for Part B drugs to Average Sales Price + 4%.

With numerous community oncology practices struggling financially, the burden of these additional cuts will have a devastating impact on the nation's community-based cancer centers, which provide treatment to more than 80 percent of the nation's cancer patients. If additional community oncology practices are forced to close their doors, Medicare beneficiaries fighting cancer will feel the impact as well.

In a [letter](#) to Congress and the White House, leading patient advocacy groups, community cancer care providers and health care professional organizations have urged lawmakers to oppose the \$3 billion funding cut that, if enacted, would lead to facility closures, barriers to cancer care and significant job losses in the community setting. Letter signatories include the following:

- American Association of Clinical Urologists
- American Society of Clinical Oncology
- American Urological Association
- AmerisourceBergen
- Association of Community Cancer Centers
- Association of Physician Assistants in Oncology
- BDI Pharma
- Cardinal Health
- Community Oncology Alliance
- Health Coalition, Inc.
- Healthcare Distribution Management Association
- Large Urology Group Practice Association
- Leukemia and Lymphoma Society
- McKesson Corp.
- National Coalition for Cancer Survivorship
- National Patient Advocate Foundation
- Society of Gynecologic Oncologists
- The US Oncology Network
- UPMC Cancer Centers

Many of you have asked how you can get involved with this issue:

To contact your Member of Congress and the White House by phone (talking points provided) please [click here](#) or go to www.legislink.com.

McKesson Specialty Care Solutions | US Oncology Launches Joint Advocacy Campaign in Opposition to Potential Funding Cuts

As lawmakers continue to identify payfors for the debt agreement deal, McKesson Specialty Care Solutions | US Oncology is joining with a number of national patient advocacy and health care professional organizations urging Congress to reject drastic cuts to cancer care drugs as part of any final package. This effort includes targeted earned media inside the beltway, an aggressive print and online earned media campaign and grassroots involvement from the organizations' respective members.

Print and online ads commenced this week and will run through early August. Publications include *National Journal*, *National Journal Daily*, *NJ.com*, *CQ Today*, *CQ.com*, *The Hill*, *TheHill.com*, *Roll Call*, and *Politico.com*.

To-date, media coverage has focused on the harm that dramatic cuts to reimbursement for cancer-fighting drugs would bring to community cancer care and to Medicare beneficiaries who depend upon these life-sustaining therapies. *(Full articles follow on pages 2-4.)*

The ad on this issue is located on page 5 and you can also view it online at www.legislink.com

Legislative Update: With the August 2 Deadline in Sight, Debt Limit Discussions Move to House and Senate Floors

As the August 2 deadline to reach a deal on raising the debt ceiling quickly approaches, both Republican and Democratic leaders have stated that a compromise will be reached in order to avoid a government default. However, there remains significant work to be done. *(Continued on page 2)*

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Legislative Update (Cont'd)

After a series of White House talks last week that produced no resolution, Congressional leaders have been moving forward this week to discuss a backup plan as developed by Senate Majority Leader Harry Reid (D-NV) and Senate Minority Leader Mitch McConnell (R-KY). The bipartisan proposal would allow the president to raise the debt limit through 2012 in three installments, unless two-thirds of Congress voted to block such action. It would also create a new congressional panel that would seek to reduce the deficit by as much as trillions more through cuts to entitlement programs and new tax revenues. The Senate is expected to take up the proposal by mid-week.

Yesterday, the "Gang of Six" bipartisan Senate negotiators released their own deficit reduction proposal, which President Obama has urged Congressional leaders to embrace as a solution. The proposal calls for a \$500 billion down payment on reducing the deficit that does not include health care offsets. The plan includes a permanent fix to the Medicare physician payment formula (the sustainable growth rate or SGR) at a cost of \$298 billion, but requires that the Senate Finance Committee develop a plan to fully offset this \$298 billion and up to an additional \$202 billion with health savings by the end of year. In addition, the Senate Judiciary Committee would be asked to find an unspecified amount of offsets through undefined medical malpractice reforms.

Although it is very unlikely to pass in the Senate and the President has promised veto action against it, Republican leaders set up a symbolic vote against government spending with a vote in the House last night on a separate piece of legislation titled the "Cut, Cap and Balance Act," a plan favored by GOP leadership that would include future caps on government spending and a constitutional amendment requiring the government to balance its budget. The package passed in the House by a vote of 234 to 190, but it is not expected to advance beyond this action.

While President Obama is urging Congressional leaders to start negotiations based on the Gang of Six proposal, he has said that said the McConnell-Reid proposal would continue to be a "fail safe" option to raise the debt ceiling by Aug. 2 in the event that no broader deal can be reached.

With the August deadline in sight, lawmakers will need to get a package underway by the end of the week to complete procedural requirements and raise the debt ceiling in time.

None of these three deficit-reduction packages being discussed contain immediate cuts to Medicare or a change to the cancer drug reimbursement as of today. However, policies that significantly impact cancer drug reimbursement could be a part of Congressional discussions going forward. With the August deadline in sight, lawmakers will need to get a package underway by the end of the week to complete procedural requirements and raise the debt ceiling in time.

Recent News Coverage

Below are recent articles on the potential cuts to cancer drugs and advocacy efforts in opposition to the cuts.



Oncologists Protest Debt-Cutting Plan To Lower Part B Reimbursement To ASP + 4%

Caught off guard, cancer doctors, patient advocates and drug distributors are lobbying against a debt-reduction proposal to cut \$3 billion in Medicare reimbursements for physician-administered drugs by lowering physician reimbursement for clinically administered drugs and biologics from Average Sale Price (ASP) plus 6 percent to ASP plus 4 percent, according to a letter to the White House and Congress. The idea, which oncology lobbyists say came out of the blue, was floated during the Vice President Biden-led phase of the debt limit negotiations, as part of up to \$353 billion in cuts to health spending.

Although the volatility of the debt talks leaves the prospects of the proposal uncertain, the letter was nevertheless pitched as an effort to "protect the interests of individuals with cancer" by the various advocacy organizations and health industry groups who stand to lose if the cuts go through.

Ten oncology and cancer care advocacy groups sent the letter to President Obama and congressional leaders on Wednesday (July 13). *(Continued on page 3)*

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Recent News Coverage (Cont'd)

An oncology lobbyist said the House GOP leadership told him they didn't propose a change to the ASP formula, but they also didn't say they'd reject it as part of a larger deal. "We can't find a single [member of Congress] who's willing to say they support this," the lobbyist said. Republican, Democratic and White House officials familiar with the discussions declined to explain where they stand on the proposal or comment on whether it's likely to be included in a final package.

The idea to lower Medicare Part B reimbursement rates by lowering the ASP formula appears to be relatively new -- it was not included in the White House fiscal commission report. Plus, neither the HHS Office of the Inspector General nor the Congressional Budget Office discussed its potential for cost savings, sources said.

The letter calls on the president and key lawmakers to "refrain from targeting for dramatic cuts the vulnerable Medicare population that requires life-sustaining cancer therapies," warning that it would weaken cancer care. "On behalf of the millions of cancer patients, we ask you to remove these debilitating cuts to cancer drugs and biologicals under Part B," the letter states. It was signed by the Association of Community Cancer Centers, American Society of Clinical Oncology, AmerisourceBergen, Community Oncology Alliance, Healthcare Distribution Management Association, McKesson, National Coalition for Cancer Survivorship, National Patient Advocate Foundation, The US Oncology Network and UPMC Cancer Centers.

Oncologists -- who have complained that the ASP plus 6 percent reimbursement rate formula is already insufficient to offset their rising costs -- are lobbying to prevent Congress from lowering it even further to 4 percent. Apart from their fear that it would set an unfavorable precedent for oncologists, they believe the proposal would force many private clinicians to shut down their practices and go to work for hospitals. Ted Okon, executive director of the Community Oncology Alliance, said clinics are already struggling to keep up with rising costs and the reimbursement rate cuts could be a "tipping point" that forces many of them out of practice. Service reimbursement fees have declined at least 35 percent since the Medicare Modernization Act of 2003, when the formula was first implemented, he argued.

Two oncology lobbyists said the cancer community is organizing a united front, reaching out to lawmakers and mobilizing their members to push against the proposal. The community is considering releasing radio, print and even TV ads attacking the proposal as long as it remains on the table in debt limit talks. "We're going to keep working to make sure it doesn't end up in final policy," one of the lobbyists said. A third oncology lobbyist said the community wants lawmakers to view the proposal as "akin to cutting cancer treatments."

Pharmaceutical Research and Manufacturers of America (PhRMA) Vice President Karl Uhlerdorf told *Inside Health Policy* that PhRMA likewise opposes the ASP proposal. "We agree with the position taken by numerous organizations in the patient and provider communities opposing cuts in this area," he said.

President Obama has called on congressional leaders to agree upon the outline of a deal to raise the debt ceiling by Friday (July 15) so that the specifics can be worked out by the Aug. 2 deadline. As a backup option, Senate Majority Leader Harry Reid (D-NV) and Minority Leader Mitch McConnell (R-KY) are reportedly seeking to unite their members around a proposal to raise the debt ceiling through 2012 while aiming for \$1.5 trillion in spending cuts over the next 10 years. Because the plan is still taking shape, it's far from clear whether the ASP formula change at issue will be included. -- Sahil Kapur (skapur@iwppnews.com)



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Advocates, Providers Say Debt Ceiling Deal Should Not Cut Payment for Cancer Drugs

A deal to raise the debt ceiling should not include cuts to Medicare reimbursement for cancer-fighting drugs and biologics, a group of patient advocate, cancer care provider, and pharmaceutical services organizations said July 13.

(Continued on page 4)

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Recent News Coverage (*Cont'd*)

The organizations said in a letter to negotiators that a proposal to reduce reimbursement for Medicare Part B drugs, many of which are used to treat cancer, would be “devastating” to community cancer clinics and their patients. President Obama and top lawmakers are trying to craft a deficit reduction package so that Congress will vote to increase the debt ceiling.

“Due to the financial and administrative burdens that currently exist, community oncology practices already are reducing services and closing their doors across the United States at alarming rates,” the letter said. “Additional Medicare cuts will result in a delay of services if providers are forced to eliminate or cut back on services.”

When cancer patients must travel to receive oncology treatments, they often experience duplicative and unnecessary services, additional copays, and physical and emotional suffering, according to the letter. In addition, practice closures result in job losses for providers such as oncology nurses, physician assistants, and administrative staff.

The proposal to reduce Part B reimbursement by \$3 billion over 10 years is one of many that have been discussed as part of a deficit package and have caused consternation among various health care stakeholders. The timing and details of a package remain uncertain, but in order to reduce payments by \$3 billion, reimbursement would need to be cut to average sales price plus 4 percent, rather than ASP plus 6 percent, according to the organizations.

The organizations, including the Community Oncology Alliance, the US Oncology Network, the Association of Community Cancer Centers, the National Coalition for Cancer Survivorship, and AmerisourceBergen, sent letters to House and Senate negotiators, as well as to Obama. Other groups are expected to sign on to the letters.

SOME CUTS SHOULD BE LEFT OFF THE TABLE

Cancer Care Is One of Them

Lawmakers are considering \$3 billion in Medicare cancer care cuts to help reduce the federal budget deficit.

Community oncology practices, which treat over 80 percent of U.S. cancer patients, are already struggling, with hundreds closing their doors over the past three years.* Further cuts to reimbursement for life-saving cancer treatments will create additional barriers to cancer care for Medicare beneficiaries and other Americans fighting cancer.

With a growing incidence of cancer, we must work together to protect the world's leading cancer care delivery system, not weaken it.

Learn more at www.communityoncology.org



*Community Oncology Alliance – Community Impact Report Updated March 2011 - www.communityoncology.org/COAStudies.aspx