

Health Policy REPORT

Wednesday, June 22, 2011

Coalition Sends Letter on ASP Fix to Senate Leaders

On June 10, McKesson Specialty Care Solutions | US Oncology joined a coalition of 12 companies, associations, and patient groups on a [letter](#) urging Senate leaders to support passage of the “prompt pay discount” legislation (S. 733 / H.R. 905) recently re-introduced in both chambers of Congress.

This bill enjoys wide support, including that of the National Patient Advocacy Foundation, Patient Services Incorporated, the Association of Community Cancer Centers, the American Society of Clinical Oncology, the Community Oncology Alliance, Amerisource Bergen, Curascript Specialty Distribution, the Healthcare Distribution Management Association, Health Coalition, Inc., the Society of Gynecologic Oncologists, the University of Pittsburgh Medical Center Cancer Centers, Amgen, Johnson and Johnson, and McKesson Specialty Care Solutions | US Oncology.

This legislation would allow for more appropriate payment for cancer care drugs and biologicals under Medicare Part B. This problem puts undue financial strain on community oncology practices and this legislative fix will ensure that cancer patients continue to have access to the care that they need.

Click [here](#) to Take Action

Click [here](#) to read the coalition letter

Click [here](#) for additional background on the Prompt Pay Discount Fix

Deficit Negotiations Continue as Lawmakers Look to Raise Debt Ceiling, Cut Spending

Bipartisan discussions among Administration and congressional leaders continue this week as lawmakers strive to develop a plan to raise the federal government's debt ceiling while cutting spending.

Led by Vice President Joe Biden, negotiators have a new self-imposed deadline of early July for reaching a broad outline of an agreement.

This timing would give Congress the opportunity to act on legislation before an upcoming August 2 deadline, at which point the nation will go into default if the debt ceiling has not been raised.

Vice President Biden has said that negotiators are working to reach an agreement that would achieve \$2 trillion in savings over the next decade. However, lawmakers are still working to come to consensus on two major topics that continue to divide Republicans and Democrats: Entitlement reform and tax increases.

In terms of entitlement reform, Republican leaders have argued that major changes to Medicare are necessary in order to maintain the program's viability, and should be a part of the final debt reduction agreement. Democratic leaders, on the other hand, have maintained that they will not support any cuts to Medicare benefits and that oil and gas company tax rates and defense spending should remain on the table. President Obama has expressed hope that the two parties can agree to some changes that would make the program more efficient without having to implement a complete program overhaul. Topics that are likely to be discussed this week include proposed Medicare and Medicaid prescription drug price changes, as well as how to improve care efficiency for “dual eligible” patients, who have been found to have some of the highest health care costs.

While many members are pushing for the inclusion of a long-term Sustainable Growth Rate (SGR) fix within the budget deal, some maintain that a long-term fix is too costly and that budget discussions must focus on creating savings. Specific offsets being considered to pay for a permanent SGR fix (estimated to cost over \$300 billion) include pharmaceutical drug rebates for dual eligibles under Part D, medical malpractice law reform, which many physicians and members of Congress believe is unnecessarily driving up the cost of health care, and reducing prescription drug costs.

Despite the significant challenges associated with reaching a deal, Vice President Biden still remains optimistic that the group will be able to develop a plan within their designated timeframe, and has plans to continue meetings this week with key congressional leaders, Treasury Secretary Timothy Geithner, White House Office of Management and Budget (OMB) Director Jacob Lew and National Economic Council Director Gene Sperling.

Health Policy REPORT

MedPAC Releases June Medicare Report to Congress

On June 15, the Medicare Payment Advisory Commission (MedPAC) released its June 2011 [report](#) to Congress recommending changes to the Medicare program. This report focuses on the challenges facing Medicare and builds on their previous recommendations to realign Medicare's payment systems to reward quality and efficiency over increased volume and intensity. As expected, the Commission did not propose any limitations on in-office ancillary service exceptions as originally considered.

The report analyzed payment policy for ancillary services, including diagnostic imaging and radiation therapy services. The report stated concerns with physician self-referral but stressed that as the Centers for Medicare and Medicaid (CMS) works to implement integrated care models it would be unwise to make changes to the in-office ancillary services exceptions as originally considered.

The Commission recommended that Congress direct CMS to establish a prior authorization program for practitioners who order a significantly greater number of advanced diagnostic imaging services (the top 10%) compared to other practitioners who treat similar patients. They argue that due to CMS's limited resources, focusing on outlier practitioners – rather than all providers – would reduce CMS's costs and the burden on practitioners and beneficiaries.

The report also urged Congress to provide a temporary 2-year SGR fix while it figures out how to provide a permanent fix to the formula -- recognizing the full offset needed to eliminate the Sustainable Growth Rate (SGR) formula cannot be found within the Medicare program itself.

MedPAC suggests that in exchange for eliminating the broad expenditure targets, Congress should consider changes in the fee-for-service system in order to improve payment accuracy and give CMS the power to make needed adjustments in payments to "overpriced" services.

Click [here](#) to read the MedPAC report.

Click [here](#) to read the MedPAC press release on the report.

As MedPAC Urges Long-Term SGR Fix, Physician Groups and Lawmakers Call for Permanent Solution

Within MedPAC's June report to Congress, the Commission warned that if left untouched by Congress, the SGR is set to deliver a drastic 29.4 percent payment cut to physicians on January 1, 2012. Noting that the SGR rewards volume over quality and favors procedural services over primary care, MedPAC is anticipated to recommend a permanent replacement for the existing payment formula in October.

In its report, MedPAC highlighted policies to consider in replacing the SGR. For example, it said that replacing the payment formula may depend upon the creation of new strategies to curb rising costs and promote greater coordination among care providers, and that ideally, lawmakers should temporarily correct the SGR with interim payment rates over the next two years while a longer-term solution is developed.

On June 16, the House Energy & Commerce Committee and House Ways & Means Committee Republicans held closed-door meetings to discuss ideas for correcting the SGR. House Energy & Commerce Health Subcommittee Vice Chairman Rep. Michael Burgess (R-Tex.) has said that the House cannot wait until MedPAC's October recommendation for a solution, and instead must move forward on correcting the issue by the August congressional recess in order to give the Senate time to act this year.

Meanwhile, a variety of specialty and state medical groups led by the American Medical Association (AMA) are currently circulating a letter calling for a permanent repeal and replacement of the SGR. The letter, which has a June 22 deadline for signing, is expected to be sent to President Obama, Vice President Biden and lawmakers involved in the deficit reduction talks and asks that a long-term solution be included in any legislation tied to increasing the debt ceiling.

The letter notes that by enacting only short-term SGR fixes, the costs of developing a long-term solution will continue to increase. It says that if lawmakers had passed a long-term SGR solution in 2005, its costs would have totaled \$48 billion over 10 years. *(Continued on page 3)*

Health Policy REPORT

As MedPAC Urges Long-Term SGR Fix, Physician Groups and Lawmakers Call for Permanent Solution (Cont'd)

Because temporary fixes have further complicated the problem and led to deeper payment cuts over time, however, the cost of a permanent SGR solution has grown significantly. According to recent estimates, the cost of a permanent solution is now estimated to cost over \$300 billion over the next decade.

“An agreement on the debt ceiling legislation provides the best – and perhaps only – opportunity to ensure stability in Medicare payments, ensure continued beneficiary access to care, and address the SGR deficit in a fiscally responsible manner,” concludes the letter.

While this would mean a long-term fix would occur in early August, many feel that a solution on the SGR is not likely to occur until December, and that this will likely be another 1-year or 2-year fix.

American Cancer Society Reports Continued Decline in Cancer Deaths

According to a report issued this month by the American Cancer Society (ACS), almost 900,000 cancer deaths were avoided in the United States between 1990 and 2007 thanks to progress made in prevention, detection and treatment. However, people with the least education were found to be twice as likely as those who are the most educated to die from cancer.

The report, *Cancer Statistics 2011*, found the gap in cancer deaths to be largest for lung cancer – its death rate was five times higher for the least educated than for the most educated. The report noted that 31 percent of men with a high school education or less smoke, compared with 12 percent of male college graduates and only 5 percent of men with graduate degrees.

Overall, the report projected that in 2011, 1.56 million people will be diagnosed with cancer, and 571,950 will die from it. Cancer remains the second-leading cause of death in the U.S.

Click [here](#) to read the ACS press release on the study.

New Health Affairs Study: Cancer Drugs Reach Patients Sooner in the United States than in Europe

According to a new *Health Affairs* study conducted by analysts at cancer research advocacy organization Friends of Cancer Research, new cancer drugs are more likely to be approved by the U.S. Federal Drug Administration (FDA) and made available to Americans more quickly than in Europe.

“The FDA is often accused of being slow to approve oncology drugs,” said the article. “However, critics have not provided specifics, and our study plainly shows that such assertions are unwarranted.”

Researchers focused on 35 new oncology drugs that were approved by either the FDA or by the European Medicines Agency (EMA) between 2003 and 2010.

Results indicated that the FDA consistently reviewed new oncology medicines more quickly than the EMA, and that U.S. patients often received the drugs faster.

Additionally, the study found that:

- In this time period, the FDA approved 32 new anti-cancer drugs and the EMA approved 26;
- Of 23 drugs approved by both agencies, the median time from marketing submission to FDA approval was 182 days, while the median approval time at the EMA was 350 days;
- Drug companies typically submitted their clinical findings to the FDA prior to submitting these findings to the EMA; and
- All 23 of the drugs approved by both agencies were available to patients in the U.S. before becoming available to patients in Europe.

Click [here](#) to read the Friends of Cancer Research press release on the study.