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important input at
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On The Cover:

OA Members enjoy a visit to the Rock + Roll Hall of Fame in Cleveland, Ohio at our symposium this past June.

ONCOLOGY ASSOCIATES
A Group Purchasing Organization

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With Members In Mind

THE IMPACT OF MANAGED CARE ON ONCOLOGY PRACTICES

Nationally, for the last several years, managed care organizations (MCOs) have feverishly attempted to reduce their costs. One way they have recently found to do this that affects oncology practices is to implement "brown-bagging" policies. Brown-bagging falls in one of three programs: drug replacement, managed injectable or self-administration. Often, the end result in all three is that, the MCO, to avoid costs, wants the patient to self-administer the drug.

Drug replacement programs allow a provider to use drug from his/her own inventory. Once the managed care organization receives the claim, the MCO replaces the drug used. Managed injectable programs involve a mail-order pharmacy. The provider is sent drug from a pharmacy designated by the MCO. Self-administration programs involve the patient obtaining a prescription from the provider, getting the Rx filled at a local pharmacy and self-administering the drug.

The intent of the MCO is to no longer allow the provider to "buy and bill" the drugs used. Many mail-order pharmacies will bill the plan at AWP minus 15% thus "saving" the MCO money. Currently, several, national mail-order pharmacies are calling on MCOs for this business.

Since approximately 55% of an oncology practice's income is derived from

the "buying and billing" of drugs, the MCO and oncologists are in direct opposition.

Oncologists have options:

- Do not sign contracts that contain wording of these programs.
- Send patients to a hospital out-patient facility which is much more expensive to the plan.
- Negotiate compromise with the MCO.
- Inform your GPO and local/state societies.

MCOs will negotiate. Discussions should take place surrounding the rationale for "buying and billing" of drugs. In the cost, aside from the drug cost itself, is patient education, disposal of waste, storage, inventory control, temperature control, delivery arrangements, safety/handling, and compliance issues. Once a plan decides to utilize one of the programs, it is difficult to rescind. One case scenario is to negotiate a case rate that allows compensation for the above items.

MCOs should be reminded that Medicare requires that chemotherapy and supportive care drugs be given in an office setting. Why not commercial plans?

This column is written by Brent Evans, Editor of the OA Member News and OA's V.P. of Sales and Marketing. Contact him with your comments at bevans@rcmed.com.

OA's Zofran Contract Extended

The recent merger of GlaxoSmithKline is finally complete.

The Oncology Associates current contract for Zofran has been extended by 6 months. As always, OA will keep you up to date on any new developments with regard to Zofran as they occur.

OA thanks you for your purchases of Zofran. Check out www.RCMED.com and go to the PRICE LIST for the current OA Member pricing on Zofran.