

# Reimbursement Endgame



## Analysis of the Medicare Competitive Acquisition Program

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Reimbursement has become the leading topic of conversation in the clinical oncology community over the last year or so. It can overshadow treatment considerations and impacts almost every aspect of the business of clinical oncology. But have we seen the last of these changes? Unfortunately, no.

Since The Centers for Medicare & Medicaid Services (CMS) implemented the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), the medical community has witnessed a major paradigm shift in the philosophy of pharmaceutical reimbursement. The opening gambit was initially a reduction in the "Average Wholesale Price less" amount being provided. This was followed by a movement completely away from "Average Wholesale Price less" to the "Average Selling Price plus" methodology.

This new law has provided the most dramatic changes to the Medicare program since its inception in 1965. The impact of which continues to be felt throughout the oncology community. However, the endgame is still to be played out.

The last installment of the MMA will come in the form of the Medicare Competitive Acquisition Program or "CAP." The proposed rule would implement competitive acquisition programs for Medicare Part-B drugs not paid on a cost or prospective basis. As of January 1, 2006 physicians will have a choice between directly purchasing injectables and seeking reimbursement under the ASP +6% payment methodology or becoming a CAP participant and obtaining these drugs from vendors selected through a competitive bidding process.

If a physician chooses the later, they will

be electing to receive all drugs in a specified category to be administered to Medicare patients, from a contract vendor selected by CMS. This contracted vendor will then be responsible for billing Medicare and the patient for the pharmaceuticals. The physician would then be left to survive on Fee For Service (FFS) alone.

The sales pitch being offered by CMS to the physician is this..."Doctor, you didn't get into medicine to be a drug purchaser. You got into medicine to treat patients. So let us (the federal government) provide a way for you to practice medicine without having to buy pharmaceuticals."

In a vacuum this may sound enticing. Never having to pay for drugs again! No more time spent shopping for the "best price" on drugs!

Remember, if it sounds too good to be true than it probably is, right? So is there a down side? What is the catch?

### 1. Loss of revenue from the reimbursement of the drugs themselves.

Although the margin is shrinking on drugs, there is still money to be had. By denying yourself the revenue generated from drug reimbursement, you would be leaving a great deal of money on the table. Ask yourself, is surviving on Fee For Service alone a realistic solution? Is it enough to cover all of your payroll, bills, insurance, etc.?

### 2. Physician would still have to purchase drugs for non-Medicare patients.

Maintenance of two inventory counts would be required.

### 3. Physician would have to provide lengthy patient information to vendor to

facilitate the collection of the deductible and coinsurance for each treatment.

### 4. Physician would have to promptly file claims within 14 days of treatment. No exceptions.

### 5. Physician would still have to pursue claims that are denied, as they will have the sole right of appeal.

### 6. Loss of flexibility if patient's treatment changes the day of office visit. All drugs will be ordered in advance and would be patient specific.

### 7. Physician would be locked into the program and vendor for an entire year.

Needless to say, we can see no real benefit in this Competitive Acquisition Program. With the exception of an office already in financial dire straights, the only group that will benefit from this program will be CMS and Congress. The loss of control and flexibility over your patient's treatment, in addition to the direct loss of revenue would surely make an existing difficult situation, completely unmanageable.

FloridaInfusion will be saying "NO" to CAP. FloridaInfusion looks forward to helping you stay strong and in control of your own practice's future. Please do not hesitate to contact FloridaInfusion directly if you have questions or concerns regarding CAP or any other aspect of your pharmaceutical purchases. **OA**

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