



American Society of Clinical Oncology

*Making a world of difference in cancer care*

**Statement of**  
**The American Society of Clinical Oncology**  
**for the record**  
**House Energy and Commerce Committee**  
**Subcommittee on Health**  
**Examining Reforms to Improve the Medicare Part B Drug Program for Seniors**  
**June 28, 2013**

The American Society of Clinical Oncology (ASCO) thanks Chairman Pitts and Ranking Member Pallone for holding this important hearing on the Medicare Part B drug program and proposed Medicare reforms offered by members of the subcommittee.

ASCO is the national organization representing more than 30,000 physicians and other health care professionals who specialize in the treatment of patients with cancer. ASCO's core mission is to ensure access to high quality cancer care for all cancer patients and our comments are based on our goal to achieve that mission. We stand committed to working with you toward a more stable and rational system that ensures access to high quality cancer care for all Medicare beneficiaries.

Over 60 percent of all cancer diagnoses occur in individuals over 65 years old. Medicare beneficiaries with cancer depend on drugs administered in their physician's office to treat their diseases. Physician-administered drugs can help save the lives of people with cancer.

The Medicare Modernization Act of 2003 (MMA) set payment amounts for drugs administered in community-based physician offices at 106 percent of the manufacturer's average sales price (ASP). ASP is adjusted quarterly based on information collected from the manufacturers, and current pricing is based on data that is three to six months old. ASP includes sales to all buyers,

including very large buyers, and often does not reflect the prices available to typical community-based physician practices in oncology.

The calculation of ASP includes “prompt pay discounts” offered by manufacturers to wholesalers and distributors. Typically, prompt pay discounts are not passed along to community-based physician oncology practices. The ASP plus 6 percent formula, consequently, in many cases fails to cover actual costs incurred for procuring, storing, preparing and handling highly toxic agents. When ASP values are less than the prices available to many community-based oncology practices, it creates so-called “underwater” drugs. Increasingly, community-based practices are unable to cost-shift or otherwise absorb the financial losses that result from administering drugs that are underwater.

ASCO urges the subcommittee to pass H.R. 800, which would address this issue by excluding prompt pay discounts from manufacturers to wholesalers from the ASP calculation for drugs and biologicals under Medicare.

The application of sequestration cuts to payments for Part B drugs and to the 6 percent service payment is exacerbating the problem of “underwater drugs”. Because the cost of the drug is fixed, the entire sequester cut comes out of the 6 percent, which translates to a reduction of 28 percent--not 2 percent. Sequestration has greatly impacted the ability of our members to treat Medicare beneficiaries with cancer.

A recent ASCO survey showed, in part, that while practices are working hard to continue providing care for Medicare patients, many are being forced to send patients to hospitals for chemotherapy and a smaller number are no longer able to see Medicare patients at all. All of these disruptions in care are the result of the automatic two percent cut due to sequestration. Over time, these changes may radically compromise the cancer care delivery system in the United States.

More than 500 ASCO members responded to the online survey, which was conducted April 23 – May 1, 2013 as Medicare began processing reimbursement claims under the funding cuts imposed by the Sequester. The survey results reflect a wide demographic mix of oncology practices with 44 percent in suburban settings, 41 percent in urban settings, and 16 percent in rural settings. Responding oncology practice ranged in size from 1 to 48 full-time medical oncologists.

Below are additional results from ASCO’s survey on the impact of sequestration on oncology practices:

- 80 percent of survey respondents said that the sequestration cuts have affected their practices.
- Nearly 50 percent reported not being able to continue caring for Medicare patients unless they have supplemental insurance.

- 50 percent of respondents reported sending their Medicare patients elsewhere for chemotherapy, primarily to more expensive hospital outpatient infusion centers.
- Of those respondents sending Medicare patients elsewhere, the majority of practices reported between 10 percent and 50 percent of their patients were affected by this dislocation. However, some have had to redirect all of their patients.
- 25 percent reported no longer participating in clinical research.
- 14 percent reported having to stop taking Medicare patients altogether at the time of this survey.
- 74 percent of survey respondents reported having difficulty paying for chemotherapy drugs.
- 22 percent reported they have or will need to close satellite clinical or outreach clinics, assuming the sequester cuts remain in place.
- 27 percent of responding practices reported that they will no longer take Medicare Advantage patients.

The diversion of patients to hospitals or other facilities for chemotherapy could have a major detrimental impact on the care that cancer patients receive. ASCO is concerned that, in many areas of the country, this change will require significant travel and additional burdens for patients who are already struggling with the activities of daily living and the side effects of their cancer and its treatment.

ASCO urges the subcommittee to pass H.R. 1416 to help alleviate these problems by exempting physician-administered drugs from the Medicare sequestration.

We urge the subcommittee to provide payment stability for oncology drugs by passing H.R. 800 and H.R. 1416 and protecting against any additional reductions to the ASP methodology. ASCO looks forward to continuing to work with you to ensure that beneficiaries with cancer have access to high quality, patient-centered care.