



## **Statement for the Record**

### **American College of Rheumatology**

#### **Hearing before the House Energy & Commerce Subcommittee on Health**

#### **“Examining Reforms to Improve the Medicare Part B Drug Program for Seniors”**

**June 28, 2013**

The American College of Rheumatology applauds Chairman Pitts and Ranking Member Pallone for holding this hearing. We appreciate the committee’s attention to the significant threats that imperil the ability of the Medicare Part B drug program to serve seniors. Representing more than 9,000 rheumatologists and rheumatology health professionals, the ACR is very concerned that sequestration cuts to physician-administered drugs, and other problems with the Part B drug reimbursement formula, are jeopardizing patients’ ability to access critical drugs.

Many patients depend on their rheumatologists to administer infusion drugs that help prevent permanent disability. Even before the two percent sequestration cuts, many rheumatologists have been forced to stop providing these treatments because reimbursement for Part B drugs — calculated as the Average Sales Price plus six percent — often do not cover the actual costs of drug acquisition, storage, preparation, and handling. Most physicians pay more than ASP for physician-administered drugs covered under Part B. In addition, the inclusion of prompt-pay discounts and insurance company rebates in the payment formula often reduce reimbursement to one to two percent above cost, and sometimes less.

Sequestration has dramatically reduced Part B drug reimbursement to ASP plus 4.3 percent, a 28 percent cut, exacerbating an already precarious situation for vulnerable patients. Many rheumatologists have been forced to stop providing critical treatments, or choose between no longer providing certain medicines and limiting the number of Medicare patients they see.

This situation is forcing many patients to seek care in settings like hospitals, which are costlier and more difficult to access. In these settings, vulnerable patients experience significant burdens including higher copayments and longer travel times, and do not have their physician’s supervision when complex treatments are administered. This circumstance is disturbing because rheumatology patients must adhere to treatment regimens or face debilitating pain in the short term and joint damage, disability, expensive surgeries, and higher health care costs and even death in the not too distant future.

The American College of Rheumatology strongly supports H.R. 1416 and H.R. 800. H.R. 1416 would terminate application of sequestration to payment for certain physician-administered drugs

under part B of the Medicare program. This legislation is essential to restoring patient access to treatments that can help prevent permanent disability and save lives. H.R. 800 would help to mitigate the effects of sequestration by excluding customary prompt pay discounts from the average sales price for drugs and biologics under Medicare Part B. Wholesale distributors benefit from these discounts – not physicians or patients. Prompt-pay discounts significantly reduce reimbursement for infusion drugs and they should be excluded from the payment formula.

The American College of Rheumatology requests that Congress take immediate action to protect access to critical treatments, by exempting physician-administered drugs from the sequestration cuts and eliminating prompt-pay discounts from the ASP formula.

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