Member Perspective

Academic and Community-Based Cancer Centers: It's an Uncertain World and the *Journal of Oncology Practice* Will Follow it Closely

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We have all heard about the Part B changes dictated by the Medicare Modernization Act (MMA)—the changes that will affect non-facility-based practices. Drugs will be paid at 106% average sales price (although we have yet to discover the real impact of these changes) and infusions will be paid for under the new infusion G-codes. But what about the facility-based practices—those practices in community oncology centers and in many academic-based practices? What is in store for them in 2005, and what can we anticipate for 2006?

In facility-based practices, there may be reductions in Medicare drug payments for 2005. In the MMA, single source drugs (including chemotherapy and supportive-care drugs) will be reduced in payment from 88% average wholesale price (AWP) in 2004, to 83% AWP in 2005. Beginning in 2006, reimbursement for drugs in facility-based cancer centers will be reduced to acquisition cost. At this time, we do not know what impact this will have on hospital-based cancer centers, but it could be quite significant. These rates will be set after data on acquisition costs are obtained from the Government Accounting Office and the Medicare Payment Advisory Commission.

Reimbursement for chemotherapy infusion has essentially remained the same from 2004 to 2005, although non-chemotherapy infusions have been increased by 7%. Unlike our colleagues in the private practice Part B sector, facility-based practices will not be able to separately bill for each chemotherapy and non-chemotherapy infusion. However, the Centers for Medicare and Medicaid Services (CMS) are beginning to collect data for anticipated changes in drug administration beginning in 2007. That means that facility-based practices will need to report the appropriate CPT code of chemotherapy administration (96410) and hydration (90780) and additional hours of administration as if they would be paid for the services (of course you won't be paid for individual services), so that CMS can get an idea of the

frequency of these services.

Compared with 2004, there won't be much of a difference in administration reimbursements in 2005. Who knows what the future will hold?

A major unknown is the potential for shifts in Medicare patients from the private sector to facility-based practices. Non-facility-based practices are closely watching drug-by-drug reimbursements to see if payments for certain drugs will be "under water". Furthermore, some practices are seriously looking at the financial viability of satellite infusion centers in more distant, rural communities. Both scenarios could cause a shift in Medicare patient referral to facility-

based practices. Whether this will occur, no one can be certain, but such a shift can have a significant impact on these practices.

The bottom fiscal line on hospital-based practices depends upon where you sit. One would imagine that the American Hospital Association might be very involved in reimbursement issues affecting their cancer center infusion areas. However, from the hospital point of view, Medicare reimbursement has been fairly stable from year to year. What is lost in chemotherapy infusion services can be made up in a typical full-service hospital in the cardiac interventional suite. Cancer center directors, however, are very concerned about their own cost centers and what that might mean for their programs. For a Medicare-exempt cancer hospital, changes in oncology infusion can become a major issue affecting that hospital's fiscal viability.

Over the next 2 years, many reimbursement issues will affect facility-based practices. It is hard to predict what effect those Medicare reimbursement changes will have on these practices and the trickle-down to private carriers. The *Journal of Oncology Practice* will carefully monitor these changes and report on new reimbursement issues and predict how they will affect your practice. We are entering an era of new complexities and uncertainties, and we hope to help you understand these issues in order for you to make the right decisions for your center.