



NNECOS News

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2006 Physician Fee Schedule, Demonstration Project and CAP

The following communication came from Dr. John Cox, Chair of the ASCO Clinical Practice Committee. Dr. Cox has included information of critical importance in regards to the reimbursement picture for medical oncology in 2006. Please take a moment to review this information. The continuation of the Medicare Demonstration Project and correcting the SGR are essential to the adequate reimbursement for services we provide to our patients. It is important at this time that you contact your congressional representatives about these issues. Steve Larmon, NNECOS President

From: John V. Cox, DO, CPC Chair

August 4, 2005

As we mentioned in the *Medicare and Quality Care Update* ASCO distributed earlier this week, the Centers for Medicare & Medicaid Services (CMS) has released the 2006 proposed physician fee schedule, along with a [fact sheet](#) highlighting some of the effects of the Oncology Demonstration Project and an update on the competitive acquisition program (CAP).

ASCO is in the process of analyzing the very complex fee schedule rule and preparing formal comments to CMS. However, we wanted to share some comments on items related to oncology practice based on a preliminary review of the rule.

- **The Oncology Demonstration Project.** As expected, the proposed fee schedule is silent as to whether the demonstration project will be extended beyond 2005. As you are aware, ASCO and Members of Congress, led by Rep. Ralph Hall (R-TX), have requested that the demonstration be extended in 2006. However, CMS's Oncology Demonstration Project Fact Sheet, issued along with the fee schedule, states that CMS will "engage all stakeholders on the merits of the program and the opportunities to better capture data on the clinical care of patients with cancer, and improve the provision of that care."

The current demonstration project collects information about the levels of nausea/vomiting, pain, and fatigue experienced by chemotherapy patients. CMS released preliminary data from 2005 that indicates a small number of patients encounter significant symptoms: 2% experience substantial nausea/vomiting, 8% have substantial pain, and 26% have substantial fatigue. This is real-time data collected by CMS, and CMS intends to use it to analyze the relationships between those symptoms and patients' reported hospitalizations and emergency department visits.

CMS is considering various alternatives for data collection. In its fact sheet, CMS poses several questions about data that could be collected and concludes that the process it is pursuing "should aid the agency in ensuring appropriate oncology payments." ASCO has worked with CMS over the past year to help the agency analyze the data currently being collected and has provided recommendations for refining the demonstration in 2006. ASCO will continue to be a principal participant in these on-going discussions with CMS.

CMS says that the 2005 demonstration project has increased aggregate payments to hematologists and oncologists under the physician fee schedule by 15%. Therefore, CMS projects a 15% reduction in payments for services in 2006 if the demonstration ends.

- **Sustainable Growth Rate (SGR) Reduction.** The sustainable growth rate, or SGR, is the mechanism through which CMS determines all payments under the Medicare physician fee schedule. Currently, all such payments are scheduled for a 4.3% reduction in 2006 because of a flaw in the SGR methodology. Many members of Congress have expressed a desire to fix the flawed SGR methodology through legislation, but no legislation has yet moved through Congress. In the proposed fee schedule, CMS does not propose any administrative resolution for the 4.3% reduction in 2006 from the SGR methodology. Instead, CMS briefly summarizes the issue and asks for comment.

ASCO is reviewing the various legislative proposals that would fix the SGR and will also provide comments to CMS on this issue.

- **Practice Expense Methodology.** The current practice expense formula takes into account both "direct expenses" (clinical staff, supplies, equipment) and "indirect expenses" (administrative staff and overhead). In the proposed rule, CMS proposes a significant change in the methodology for determining the "direct" practice expenses for each service. Instead of using the current methodology, which is based on expenses disclosed in surveys (such as the survey that the Gallup Organization conducted for ASCO), CMS would base expenses on estimates that have been determined through the American Medical Association's Relative Value Update Committee process. ASCO has a community oncologist representative who participates in these committee deliberations. The method for calculating "indirect practice" expenses would remain the same and would continue to rely in part on surveys. Transition to this new methodology would occur over a four-year period.

Payment for oncology services would be slightly higher under this approach. For 2006, this change would result in an estimated 0.4% increase in payments, followed by a 1.4% increase at the conclusion of the transition in 2009. Radiation oncology would experience a 1.9% increase in payments in 2006 and a 7.9% increase by 2009.

- **CAP Bidding Process.** The bidding process for the Competitive Acquisition Program (CAP) has been temporarily delayed. CMS has [indicated](#) that it needs more time to review public comments and refine the bidding process for the program. The comment period for CAP will proceed, and comments are due to CMS by September 6, 2005. CMS anticipates that drugs will be delivered through the CAP program by July 2006.

What this Means Potentially for 2006. In addition to the 15% reduction payment for services that will result if the demonstration project is not continued, there could be an additional 4.3% reduction in all physician payments if the SGR formula is not corrected. This would be on top of the MMA-mandated elimination of the 3% add-on to drug administration payments.

In presenting the impact on oncologists, CMS adds total drug revenue in the calculation. As a result, the notice shows revenue to oncologists falling by only 5.1%, because CMS projects an 8.1% increase in total revenue to oncologists based on historical trends in drug payments.

ASCO is in the process of conducting an extensive analysis of the numbers and the assumptions that CMS has used to reach those numbers. ASCO also will continue to work with CMS and our advocates in Congress on these important quality cancer care issues.

As you can see, there is still much ongoing debate about oncology issues. Right now, it is critical that you reach out to your Members of Congress while they are at home in August to ask them to help in efforts that urge CMS to continue the important oncology demonstration project, with refinements, in 2006:

- Ask your House Representative to co-sponsor House Resolution 261, introduced by Rep. Ralph Hall of Texas.
- Ask your Senators to write or call CMS about the importance of continuing this critical demonstration project.

You can find information on how to contact your Members of Congress on ASCO's Grassroots Action Center at <http://capwiz.com/asco>.

Please contact ASCO's Cancer Policy & Clinical Affairs Department at 703-299-1050, or by email at publicpolicy@asco.org if you have any questions.

2006 MEDICARE PARTICIPATION ENROLLMENT AND FEE
SCHEDULE CD-ROM
A Letter from NHIC

August 2005

Dear Provider,

In November 2005, National Heritage Insurance Company (NHIC), Part B contractor for California, Maine, Massachusetts, New Hampshire, and Vermont, will prepare and send the 2006 Medicare Participation Enrollment and Fee Schedule information on CD format – the same format used in 2005. *No internet access is required to access the CD information.*

Although the NHIC website www.medicarenhic.com continues to be the quickest and most up-to-date source to obtain information, the CD is useful and provides valuable materials.

For example:

- The physician can retrieve and complete the enrollment application on the CD and then print it for returning to NHIC via mail.
- A CD is space-saving and provides easy access to information. The ‘search and find’ command enables you to skip right to the fee you want. The CD will include the fee schedules for all of California, Maine, Massachusetts, New Hampshire, and Vermont.
- Providers will have more information at their fingertips. Included on the CD will be guides for topics such as CMS-1500 Claim Form Completion, EDI, and Provider Enrollment, as well as useful internet links.

Providers who billed Medicare in the past year will automatically receive a CD in the mail. If, after receiving the CD, they find they cannot access the data properly or download the information from our website: www.medicarenhic.com, a replacement CD will be sent. A paper copy can be requested if the replacement CD does not work properly.

We would appreciate your assistance by providing this information to your associates and members. Should you have any questions, please call your local NHIC Customer Service:

Maine	1.877.258.4442
Massachusetts	1.877.527.6594
New Hampshire	1.877.258.4442
Vermont	1.877.258.4442

Sincerely,
Kenneth E. Leary

WATCH THE MAIL!

NNECOS ANNUAL MEETING REGISTRATION MATERIALS ARE COMING

Portsmouth, NH ~ November 4-5, 2005

You won't want to miss NNECOS' 2005 Annual Meeting at the elegant Sheraton Harborside in beautiful Portsmouth, New Hampshire. Registration materials will be mailed at the end of August, but here's a *sneak peek* at the agenda for this event:

Friday November 4th

- 1:30 - 4:00 p.m. *Reimbursement Update -What to Expect in 2006* ~ Teri U. Guidi, MBA FAAMA & Elaine L. Towle, CMPE
- 5:15 - 6:00 p.m. Cocktails & Hors D'Oeuvres
- 6:00 - 7:00 p.m. Welcoming Remarks & Dinner
- 7:00 - 7:50 p.m. *Washington Update* ~ Joseph Bailes, MD
- 8:00 - 8:45 p.m. Business Meeting

Saturday November 5th

- 7:30-8:00 a.m. Continental Breakfast/Exhibits
- 8:00 - 8:50 a.m. *Completing the Continuum of Cancer Care* ~ Ira Byock, M.D.
- 8:55 - 9:45 a.m. *What's Next? 2006 and Beyond* ~ Elaine Towle, CMPE
- 9:45 - 10:05 a.m. Morning Refreshment Break/Exhibits
- 10:05 -10:55 a.m. *Targeting Myeloma in the Marrow Microenvironment* ~ Kenneth C. Anderson, M.D.
- 11:00 - 11:50 a.m. *Chemotherapy Safety* ~ Steven D'Amato, RPh BCOP
- 11:50 - 12:50 a.m. Exhibits/Lunch
- 12:50 - 1:30 p.m. "*Medicare Update*" ~ Craig Haug, M.D.
- 1:35 - 2:25 p.m. *Update on Breast Cancer Management* ~ Tracey Weisberg, MD
- 2:25 - 2:35 p.m. Refreshment Break
- 2:35 - 3:25 p.m. *Nausea and Vomiting* ~ Steven Grunberg, MD

Join Us!

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YOUR FEEDBACK IS IMPORTANT TO US

This is our third issue of NNECOS News and we are interested in your feedback and suggestions. Please send your comments and suggestions for future issues to nnecos@comcast.net.

Feel free to forward this issue of NNECOS News to your colleagues who may not be current members of Northern New England Clinical Oncology Society.

If you would prefer not to receive future email correspondence from NNECOS, please reply to this message and type “unsubscribe” in the subject line.