Panel Challenges Vendor Authority Under Part B

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BY JENNIFER LUBELL
Associate Editor, Practice Trends

WASHINGTON — Vendors should not be allowed to cut off distribution of drugs to patients regardless of their ability to pay under Medicare's new drug acquisition program, the Practicing Physicians Advisory Council recommended.

Scheduled to begin mid-2006, the Medicare competitive acquisition program (CAP) for Part B drugs and biologicals will select vendors through a bidding process to bill Medicare for these types of drugs and collect coinsurance or deductibles from patients.

Currently, physicians must purchase these drugs and biologicals from a distributor or manufacturer and then bill Medicare for reimbursement, which is set at a statutorily mandated payment rate of 106% of the manufacturer's average sales price (or ASP + 6%). Medicare pays 80% of this rate, and the physician collects a 20% copayment from the beneficiary.

Under the CAP, the only thing the physician has to do is purchase the drugs from the preselected vendors.

The program was designed to reduce the administrative burden for physicians by taking them out of the financial loop. However, it also means that physicians won't have as much control over these drugs—and that vendors can elect not to ship a drug if the patient has not met some of the copay obligations.

This system will inevitably work against the patients who need therapy but have no money and the physicians who treat them, said Barbara McAneny, M.D., a member of the PPAC and an oncologist, who proposed the recommendation. If the patient is unemployed, "there is no way to make that copay," she said.

Physicians are required by law to attempt to collect those copayments, "but we know that we're going to end up eating [the cost of the drug] because the patient doesn't have it." However, the physician is going to continue treating those patients.

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The provision that an executive of a vendor corporation can make the decision to cut somebody off 15 days after they've failed to make a payment is unfair, Dr. McAneny said. The vendors "never have to face that person and say, 'I'm sorry, you get to die now.' But when I'm in my practice looking at that person, that's what it will come down to. The person they'll see will be me."

From a moral and ethical standpoint, the interim final rule leaves physicians with only one option: to opt out of the CAP to avoid abandoning patients, continue to purchase drugs on the ASP + 6% market, receive 86% of the cost of the drug, "and chew up the rest," she said.

Medicare's reimbursement under ASP can fall short of what the drugs actually cost, given fluctuations in what distributors and manufacturers charge for the drugs.

"I assume the vendors, who tend to be large pharmaceutical manufacturing corporations, would be in a much better position to eat those costs than I would as an individual physician," Dr. McAneny said.

Amy Bassano, director of the division of ambulatory services at the Centers for Medicare and Medicaid Services (CMS) Center for Medicare Management, noted that Medicare supplier provider agreements do not require services to be provided except in cases of emergency and civil rights. "That's what we're coming up against," she said. However, there are cases where coinsurance could be waived if there is a demonstrated financial hardship and the vendor made an attempt to collect, she added.

The panel decided that CMS should reevaluate its contention that working with CAP vendors would not increase the administrative burden of physicians.

In other PPAC recommendations:

► CMS should work with Bill Thomas (R-Calif.), chairman of the House Ways and Means Committee, to clarify how Congress intended the ASP and CAP to function independently of each other.

► CAP vendor prices should not be included in the calculation of the ASP. The inclusion is duplicative and unfair to physicians not participating in the CAP, the PPAC determined. Given that the CMS has recognized the increased cost of dispensing drugs by pharmacies and has added 2% of the average sales price to cover pharmacy overhead costs under the ASP, the PPAC recommended that the CMS "treat physicians equally" and add 2% for physicians using the ASP + 6% and a dispensing fee for physicians using the CAP.

Physicians under the interim final rule would have only 14 days to submit to Medicare carriers procedural claims, including all necessary codes, for the administration of the drugs. Taking into account the challenges associated with meeting that deadline, the PPAC recommended that the time frame be extended to 30 days.

Also, CAP participation should be determined on an individual basis, and not as a group requirement, the panel recommended. Under the interim final rule, if one physician in a group practice decides to participate in the CAP, all of the physicians in that practice are forced to do so, Ronald Castellanos, M.D., chairman of the PPAC, said in an interview. This is the only requirement under Medicare where an individual determines whether a group participates, he said.

The program's launch was originally scheduled for January 2006, but it was delayed for 6 months after the CMS announced the suspension of the vendor bidding process to allow more time for review of public comments. The agency expects to publish a final rule on the CAP in late 2005, which would reopen the bidding process. Drugs could be first delivered under the program by July 2006. ■

Florida Medicaid Explores a Care Management Solution

BY JENNIFER LUBELL
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WASHINGTON — A focus on specific diseases and patient needs can improve care and reduce costs to Medicaid by keeping patients healthier and out of hospitals, John Sory said at a meeting sponsored by the Center for Health Transformation.

Pfizer Health Solutions, a care management subsidiary of Pfizer Inc., has applied such an approach to Florida's Medicaid program, the fourth largest program in the country, said Mr. Sory, the company's vice president.

The company partners with health care and community organizations to implement patient-centered programs that focus on prevention, disease management, and care coordination. Through an agreement with Florida Medicaid, "we took responsibility for improving the health of a significant part of the Medicaid population, through creation of a program that connects 10 hospital systems around the state, trains nurse care managers employed by those hospitals, provides clinical technologies to support the nurses, distributes medical equipment to patients' homes, and guarantees that the better patient health will reduce overall cost of care for this population," Mr. Sory said.

The state's Medicaid program has more than 2 million beneficiaries and takes up 24% of the state's budget. Nearly 50% of expenditures are spent on institutional services such as hospitals and nursing homes.

Access to care is a significant issue for Medicaid beneficiaries in Florida. Although the number of health care providers in Florida has increased in recent years, there has also been a notable decrease in the number of providers willing to see Medicaid patients, he said.

Prevalence of chronic disease and unhealthy behaviors has been rising in the Medicaid population in Florida. There is low treatment compliance because patients "don't necessarily know what steps they can take to be healthier," Mr. Sory said. In addition, there are few tests and services for those who need monitoring, coordination, and continual follow-up.

Pfizer Health Solutions began in 2001 with a goal of looking at specific populations—patients with asthma, heart failure, hypertension, and diabetes—with an eye to decreasing Medicaid costs for them, he said.

Working with the state's government, Pfizer Health Solutions identified diagnoses and comorbidities then "built a network around those patients, to find new care managers who could work with them, and match the intensity of the intervention with the patients' diseases."

For example, high-risk patients that tend to visit the emergency department would receive more intensive intervention from care managers.

"Patient-centered care" means instructing patients on when and how to call their physician, he explained. Some patients don't interact with the health care system except in the emergency department, so they're not ready to handle hour-long phone conversations with a nurse.

Coordination of care with local providers is important to make sure that patients get appropriate referrals and that data tracking takes place for each patient, he said. Ten health systems and 50 care managers have been integrated into the program.

No program will work unless you measure the outcomes and promote results, Mr. Sory said. This involves measuring clinical changes such as asthma severity or blood pressure scores, as well as tracking the satisfaction of physicians and patients. "Are patients using the emergency room less, and is this lowering the overall health system costs?" These are the outcomes a successful program has to track, he said.

Among the improvements in patient behavior, 39% of patients have increased their compliance with medication regimens prescribed, 19% of patients have reported following a special diet, and 52% improved physical health scores, he said.

There has been a 99% increase in patients who monitor their peak airflow at home and a 72% reduction in diabetes patients who fail to check their feet. Mr. Sory said more than 240,000 lancets have been distributed to monitor blood glucose at home. In addition, thousands of blood pressure monitors have been distributed to patients with hypertension, as well as 3,700 peak flow meters to asthma patients.

Mr. Sory gave the example of one patient, a recent immigrant, who was legally blind, had asthma, and was taking multiple medications. Under the program, a caregiver drives out to visit him and instructs him on using his medications and ways to ensure he takes each at the right time.

In addition, the caregiver told him what environmental triggers for his asthma might send him to the emergency department, and found a physician for him. Such changes have an impact on the number of hospital visits and also reduce costs, Mr. Sory said.

Pfizer sponsored the interactive Webcast for the meeting. ■