

United States Senate

WASHINGTON, DC 20510

June 29, 2005

President Bush
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20502

Dear Mr. President:

We have made great progress against cancer with earlier diagnoses, targeted therapy, and widely accessible cancer care delivered in community cancer clinics. As with all health care services, the challenge is paying for treatment advances. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) reformed reimbursement for cancer treatment by eliminating the overpayment for drugs covered under Medicare Part B. However, we are concerned that these cost saving measures may impair the ability of cancer clinics to treat patients in 2006.

Medicare is now paying for cancer drugs based on Average Selling Price (ASP) and, under the authority of the MMA, the Centers for Medicare and Medicaid Services (CMS) increased payments for chemotherapy administration services. The MMA also increased the Medicare payment rates for drug administration services provided by community cancer clinics, in part by creating a transitional fee increase for 2004, which decreased substantially in 2005 and is eliminated in 2006. These increased payments accounted for specific medical services that are not explicitly paid for under the new system but were implicitly paid under the old system as part of the drug overpayment. For example, the payment of cancer patient treatment planning is covered by Medicare for radiation oncology but not medical oncology. Additionally, cancer clinics are not being reimbursed for their pharmacy costs of storage, inventory, waste disposal, and adherence to increasing regulations for staff and patient safety.

On January 1, 2005, CMS implemented a demonstration project to provide reimbursement to physicians that survey cancer patients on their cancer and chemotherapy symptoms. This project retained an estimated \$300 million in Medicare funding for cancer care. The demonstration project and transitional fee increase will expire on December 31, 2005 which will significantly reduce Medicare funding for cancer care by an estimated \$400 million for 2006. Compounding this situation further is that private insurers are announcing cancer care payment reductions on December 31, 2005, modeled after Medicare. In an April 27, 2005, report by PricewaterhouseCoopers the Medicare funding reduction for cancer care is estimated to be \$13.0 billion through 2013, \$8.8 billion more than the \$4.2 billion contained in the MMA.

We call upon your leadership to address this important situation. We ask that CMS work with the cancer community in correcting these problems and extend the \$300 million demonstration project through December 2006. We must guarantee that the cancer care delivery system in this country is strengthened for years to come. Our shared goal should be to work together to ensure that all Americans have access to high-quality, affordable, and accessible cancer care.

Sincerely,

Arlen Specter

Bill Nelson

Paul Caban

Maria Cantwell

Debbie Stabenow

Mark Udall

P. L. Chafee

Jim Thurman

Mickiewicz

John Dingens

Joe W. Coburn

Barack

Mark H

Anthony

John Z. Sununu

Byron L. Dorgan

No. Coleman

Robert Byrd

Aed Stevens

Samuel R. Broyde

Jeff S. Sussman

Lee M. Schwartz

Le. Benjamin Johnson

Janne Kristin

John Johnson

Blanch R. Lincoln

Patty Murray

Hillary Rodham Clinton

Sally Chauliss

Jon Lick

Almyr

Jack Reed

Robert A. Neuhoff

Frank R. Lautenberg

Mark Pryor

Dick Durbin

Chris Dodd

Eric Bayh

President Bush
Oncology Demonstration Project
Page Three

Charles Schure