



August 8, 2007

Shirl Ackerman-Ross
DFO, CMS, CMM, HAPG, DOC
7500 Security Boulevard
Mail Stop C4-05-17
Baltimore, MD 21244-1850

Dear Ms. Ackerman-Ross:

The American Society of Health-System Pharmacists (ASHP) would like to reiterate its support for the recommendation of pharmacy and other provider groups presented at the March, 2007 meeting of the Advisory Panel on Ambulatory Payment Classification (APC) Groups to have a three-phase approach to establish pharmacy overhead costs under the Hospital Outpatient Prospective Payment System (HOPPS). ASHP represents pharmacists who practice in hospitals and health systems. The Society's more than 30,000 members include pharmacists and pharmacy technicians who practice in a variety of health-system settings, including inpatient, outpatient, home care, and long-term-care settings.

ASHP is dismayed that, in its HOPPS CY 2008 Proposed Rule, the Centers for Medicare and Medicaid Services (CMS) refused to adopt the APC Panel's recommendation for CY 2008, which in large part reflected the three-phase approach to establish pharmacy overhead costs recommended and supported by ASHP and other pharmacy and provider groups.

The recommended approach would have enabled the agency to develop a payment methodology that more accurately reflects cost and overhead expenses while protecting beneficiary access to care. The first phase, as recommended by ASHP and other pharmacy and provider groups, would have provided for flat overhead payments for separately billed drugs categorized according to complexity. Phase two would have involved a survey by the Agency of providers to gather accurate data to calculate future rates. The third phase would have involved the establishment of payment rates for pharmacy services based on cost reports, charges, and claims level data.

We hope the APC Panel will, once again, give these recommendations serious consideration, and recommend to CMS that the Agency adopt this proposal.

Sincerely,

A handwritten signature in black ink that reads 'Justine Coffey'. The signature is written in a cursive, flowing style.

Justine Coffey, JD, LLM
Director, Federal Regulatory Affairs