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## **CMS Advisory Panel on Ambulatory Payments Classification Groups Centers for Medicare and Medicaid Services**

Good afternoon, my name is David Chen and I am representing the American Society of Health-System Pharmacists. ASHP is the 30,000 member national professional and scientific association that represents pharmacists who practice in hospitals, health maintenance organizations, long term care facilities, and other components of health systems.

ASHP supports the recommended three-phase approach presented by ACCC. We too are concerned that the current reimbursement process does not adequately cover the pharmacy costs of acquiring, providing clinical medication management, and product management of these outpatient drugs. In addition, we also support the recommendation that CMS reimburse all separately-payable drugs at no less than the average sales price (ASP) plus six percent level.

Since our members work collaboratively with physicians, nurses and others in managing these critical drugs, we are also concerned that the ASP plus 6% will continue to affect other settings in the health care continuum. As a result, the burden will become even larger on hospitals and health systems. This includes all the outpatient medications separately-payable which are commonly used for oncology, rheumatology, infectious disease, and urology.

It is important to note that MedPAC found in two of its reports reviewing the impact of ASP pricing in the outpatient setting that, "beneficiaries without supplemental insurance and beneficiaries who are dually eligible for Medicare and Medicaid were likely to have more limited choices about where they received chemotherapy." MedPAC also noted, "Most practices interviewed reported having a blanket policy for sending all dual eligibles and patients without supplemental insurance to the hospital for treatment."

The logic behind this shift is the assumption that hospitals and health systems have the resources to collect or absorb the 20% beneficiary co-payment. However, the decreased margin due to ASP plus 6% has made this burden unbearable for the physician office practice. In addition, it was found that significant reductions in drug utilization in the physician office setting occurred in two specialty areas since 2004.

Moreover, ASHP is also concerned that in response to ASP pricing, smaller physician practices that may have turned to the Competitive Acquisition Program (CAP) are not able to participate in the program. The MedPAC report found that "...physicians with satellite offices in rural areas cannot participate in the program because they cannot accept the deliveries and mix drugs in their satellite offices." With these barriers to participate in the CAP program, ASHP is concerned that small and rural hospitals will be impacted negatively; in both operating margin and patient selection.

Our members' experiences underscore the fact that the current model does not adequately cover the costs of managing these medications. Hospitals and health systems and their pharmacy departments bear the brunt of the changes while striving to provide the necessary patient care, knowing that current reimbursement does not cover the costs incurred.

In closing, ASHP supports the proposal described by ACCC. We urge the APC panel to recommend that CMS implement this proposal to help ensure that patient care is continued in the outpatient setting with the quality and access that our patients deserve.