

ONCOLOGY Q&A 2006 HOPPS

Proposed Rule *by Linda Gledhill, MHA*

Q *What will anti-cancer drugs be paid in 2006?*

A In 2006, the Centers for Medicare & Medicaid Services (CMS) has proposed to set the payment for drugs and biologicals—including single-indication orphan drugs—at average sales price (ASP) plus 6 percent. The rate will be set using fourth quarter 2004 data and will be updated quarterly. When no ASP data is available, CMS will use the mean costs from 2004 hospital claims data. CMS has no ASP data on radiopharmaceuticals, so it will use 2004 claims data to determine payment for these agents.

Q *How will drugs without HCPCS codes be reimbursed?*

A Drugs that have not been assigned a HCPCS code will continue to be billed using C9399 (unclassified drug or biological) and the National Drug Code (NDC) number. The rule proposes to pay these drugs at 95 percent of average wholesale price (AWP).

Q *Which oncology drugs are exempt from the \$50/day threshold limit?*

A The following oral and injectible anti-emetic drugs are exempt from the “bundling” rule:

- J2405 Ondansetron HCl inj.
- Q0179 Ondansetron HCl 8 mg oral
- Q0180 Dolasetron oral
- J1260 Dolasetron inj.
- J1626 Granisetron HCl inj.
- Q0166 Granisetron HCl 1 mg oral
- J2469 Palonosetron HCl.

Q *Which oncology drugs are affected by changes in pass-through status?*

A Three common oncology drugs will no longer receive pass-through

payments as of Dec. 31, 2005. These are Bortezomib inj. (J9041); Oxaliplatin (C9205), and Palonosetron HCl (J2469). Two common oncology drugs will continue to receive pass-through payment until the end of 2006: Bevacizumab (J9035) and Cetuximab (J9055).

Q *How will pharmacy costs and drug handling costs be reimbursed in 2006?*

A For 2006, CMS proposes paying 2 percent of ASP for separately-paid drugs (see page 10) until sufficient data can be accumulated to determine handling and overhead costs. To gather the necessary data, CMS has proposed three separate categories for billing pharmacy handling and drug overhead charges: Category 1 for oral drugs, Category 2 for injections and single or compounded IV preparations, and Category 3 for agents requiring special handling and cytotoxic agents. HCPCS codes were not assigned to these categories in the proposed rule. The data collected will be used to set payment rates for 2008.

Q *Is it true there will be new drug administration codes in 2006?*

A Yes. In 2006, both hospital outpatient departments and physician offices will be using new CPT codes to bill for administration of therapeutic and chemotherapy services. While these codes have not been determined, these new codes will require a crosswalk from the current CPT codes to the new codes when billing administration services.

Q *What is the proposed conversion rate for 2006?*

A The conversion rate proposed for 2006 is \$59.35. Under the Ambulatory Payment Classification (APC)



payment methodology, each payment is based on Relative Value Units (RVUs). The conversion rate is equal to 1.0 RVU. To calculate a payment rate, you multiply the conversion rates times the number of RVUs assigned to each service. The proposed payment rates are also listed in Addendum A and B in the proposed rule.

Q *What does the proposed 2006 HOPPS rule say about outlier payments?*

A Outlier payments are calculated using a multiple of cost and a fixed dollar amount. To qualify for an outlier payment, CMS has proposed that the cost of providing a service must exceed 1.75 times the APC payment rate and in addition, must have a fixed dollar amount of at least \$1,575.

Q *What does the proposed rule say about clinic visits?*

A CMS continues to work on developing guidelines for facility clinic visits.

Q *How will observation services be paid in 2006?*

A For 2006, CMS will continue to pay separately for observation services if the patient diagnosis is congestive heart failure, chest pain, or asthma. They will package all other observation services. In 2006 the new status indicators will be “M” (not payable under HOPPS) and “Q” (packaged service subject to separate payment). ☐

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