

September 2007

Lilly Oncology Reimbursement Update

Previous updates found on
www.LillyOncology.com

Lilly Oncology is pleased to offer this newsletter as part of our commitment to patient access to care. For more information about the topics discussed in this issue, please contact Samantha Yu, Manager Reimbursement Consulting for AccessMED, at 650-430-0640.

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This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of the written law or regulations or local payer guidelines. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

House Passes Legislation Averting Medicare Payment Cut in 2008

On August 1, 2007, the House of Representatives passed HR 3162, the Children's Health and Medicare Protection (CHAMP) Act of 2007 by a vote of 225-204. One of the most significant impacts of the bill would be the prevention of the 9.9 percent payment decrease for physician services provided to Medicare beneficiaries in 2008 as mandated by the Physician Fee Schedule (PFS) proposed rule published last month. Under the current law, the Medicare reimbursement rates for physician services will decrease by 9.9 percent in 2008 and 5 percent in subsequent years as required by the Sustainable Growth Rate (SGR) formula for 2009 and beyond. With the CHAMP Act of 2007, such decreases will be replaced by a 0.5 percent positive update each year.

If signed into law, the CHAMP Act would also repeal the existing SGR formula by establishing a system to implement separate conversion factors for the following six categories of physician services within the Medicare fee schedule:

- Primary Care and Preventative Services
- Other Evaluation and Management Services
- Major Procedures
- Anesthesia Services
- Imaging Services
- Minor Procedures and Other Services

Since the enactment of the Medicare Modernization Act (MMA) of 2003, a single conversion factor has been created to establish reimbursement rates for all physician services provided in the office setting. With the new system, the payment rates for services fall under different categories will be calculated with separate conversion factors that are updated annually with an increase equal to the gross domestic product (GDP) growth. One exception is the Primary Care and Preventative Services category which will be augmented by GDP plus 2.5 percent.

The Senate passed its version of the bill (S.B. 1893) on August 3 that reauthorizes the State Children's Health Insurance Program (SCHIP) but does not change Medicare payment policies. The House and Senate will meet soon to negotiate the details between the House-passed and Senate-passed bills. It is expected that the bill will be passed onto the President in the next month for signing into law. However, President Bush has vowed to veto both the Senate and House bill stating that the bills may increase taxes and federal involvement in health care as they are too costly.

For more details on the CHAMP Act of 2007, please visit the Library of Congress at:
<http://thomas.loc.gov/cgi-bin/query/F?c110:2:./temp/~c110jDoi4U:e1126>

Jurisdiction 4 MAC Contract Awarded to Trailblazer Health Enterprises

Health care providers in Colorado, New Mexico, Oklahoma, and Texas that file claims to the current Medicare Fiscal Intermediaries (FIs) or Carriers may need to prepare to work with a new entity in future months. The Centers for Medicare & Medicaid Services (CMS) announced on August 2, 2007 that Trailblazer Health Enterprises has been awarded the contract as the Jurisdiction 4 (J4) Parts A/B Medicare Administrative Contractor (MAC). Following are the current FIs and carriers administering the Medicare program in this jurisdiction:

| State | FI | Carrier |
|------------|--------------------------------|-----------------------------------|
| Colorado | Trailblazer Health Enterprises | Noridian Administrative Services |
| New Mexico | Trailblazer Health Enterprises | Pinnacle Business Solutions, Inc. |
| Oklahoma | Trailblazer Health Enterprises | Pinnacle Business Solutions, Inc. |
| Texas | Trailblazer Health Enterprises | Trailblazer Health Enterprises |

The MAC implementation activities are expected to begin immediately and the workload from the current FI and carriers shall be fully transitioned to the new contractor by no later than Spring 2008. According to the MAC procurement schedule, the contracts for J5 (Iowa, Kansas, Missouri and Nebraska) and J12 (Delaware, District of Columbia, Maryland, New Jersey and Pennsylvania) shall be awarded in the near future as these three jurisdictions share the same workload cutover timeline.

For more specific questions regarding MAC, please visit the CMS website at:

<http://www.cms.hhs.gov/MedicareContractingReform/>

CMS issues Final National Coverage Determination on ESA Coverage

CMS recently released the final National Coverage Determination (NCD) on the use of erythropoiesis stimulating agents (ESA) for patients with cancer and related neoplastic conditions. In response to the Food and Drug Administration (FDA) boxed warning regarding the use of ESAs, CMS published a proposed NCD on May 14, 2007 with a 30-days comment period.

The initial decision proposed that Medicare coverage of ESA treatment in beneficiaries with cancer should be limited to circumstances in which the treatment is not likely to worsen cancer and in cases where the beneficiary's anemia is responsive to the ESA. After reviewing more than 2,600 public comments, CMS revised the proposed coverage decision to remove the restriction for distinguishing those cancers that have erythropoietin receptors and cancers without such receptors. In addition, CMS has made no determination regarding the use of ESA for myelodysplastic syndrome (MDS) within the final policy. In this case, local Medicare contractors have the discretion to make "reasonable and necessary" coverage determinations regarding ESA use.

The final ESA NCD provides coverage with restrictions for the treatment of anemia secondary to myelosuppressive anticancer chemotherapy in certain cancer conditions, such as solid tumors, multiple myeloma, lymphoma, and lymphocytic leukemia. The NCD details these restrictions, which include limiting initiation of ESA therapy to when the hemoglobin level is less than 10g/dL, limiting the ESA treatment duration to a maximum of eight weeks after a chemotherapy session ends, limiting the starting dose to the FDA recommended starting doses, and limiting dose escalation levels.

The full NCD for ESA can be found on the Medicare Coverage Database at:

http://www.cms.hhs.gov/CoverageGenInfo/05_esapolicies.asp#TopOfPage