

From the 30th Annual ACCC Meeting

'Prepare now for the new Medicare bill,' says this consultant

Administrators at community cancer centers should try to forecast the effects of next year's fee schedules before they are announced, says Michelle Weiss, a senior associate at ELM Services, an oncology consulting firm in Rockville, Maryland.

Speaking at the 30th Annual Meeting of the Association of Community Cancer Centers, Ms. Weiss urged administrators to "tighten your ship" and predicted that unless there are further changes to the new drug reimbursement system, many reimbursement personnel at medical oncology centers will be working for hospitals in 2005.

Small community cancer centers have historically depended on the revenues from drug margins to make up for the underpayment in services. These numbers were easy to predict when examining the fiscal health of a private practice. "Seventy-seven percent of our income was right there," said Ms. Weiss, "and it was very simple. Black and white."

But these calculations will no longer work when the drug reimbursement system is based on the average selling price (ASP) rather than the average wholesale price (AWP), which takes away the margin on drugs. Ms. Weiss believes that new efforts must be made to understand the revenue stream, and the place to start is with the Current Procedural Terminology (CPT) codes published by the American Medical Association.

All CPT codes have three values, Ms. Weiss reminded the audience: the physician expense, the practice expense, and the insurance expense. The practice expense—the cost of

delivering the service—can involve anything from a needle to the hood to draw it up, the tubing, and so on—even the cost of making the appointment. To obtain the financial value of the code, multiply it by the geographic adjustment factor, a number based on the cost of living in the practice's geographic area. Adjusting that total by end-of-year conversion factors will help predict the next year's fee schedules, which will aid in forecasting revenues. To assess the impact of the new payment rules, Ms. Weiss urged administrators to take the protocols for the top five cancers they treat and evaluate the reimbursement changes.

Medical administrators need to continue to educate themselves, said Ms. Weiss, to prepare for 2005. "Come back to our states, our practices, and our peers, and make sure they understand and do it right...tighten your ship, and make sure you bill for every single service you provide."

Payers also need further education, she said. "Show them spreadsheets. Show them numbers. Be ready to fight the fight, especially on the practice expense side, and good things can come from bad."