



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Final rule on doctors' Part B drug acquisition program
Da: Monday, June 27, 2005

The Centers for Medicare and Medicaid Services (CMS) today released a final rule to provide physicians who administer Part B drugs in their offices an additional option for obtaining these drugs. The Medicare Modernization Act (MMA) set payment rates for Part B-covered drugs at the Average Sales Price (ASP), as determined by data supplied by manufacturers. The ASP is a market-oriented measure of the true cost of purchasing the drug.

The second part in reforming the payment system for Part B drugs required CMS to offer physicians an option, beginning in 2006, to acquire drugs from a group of vendors who would be selected in a competitive bidding process. Under this program, otherwise known as the Competitive Acquisition Program (CAP), the vendors are responsible for billing the Medicare program and collecting any deductible and coinsurance from the beneficiary.

The physician would not bill Medicare for the drug, but would bill Medicare only for administrative services. The vendor, rather than the physician, would bill Medicare for the drug and be responsible for collecting any deductibles and coinsurance from the beneficiary.

Sen. Chuck Grassley, chairman of the Committee on Finance, today made the following comment on the announcement from CMS regarding the implementation of this new program.

“The first part of reforming the payment system for Part B drugs was a good step. It set the fair goals of paying accurately for drugs and not overspending Medicare’s limited resources. It also resulted in reduced costs for the beneficiaries who use these drugs.

“I hope the new Competitive Acquisition Program will be implemented without any problems. Once this program is in place, physicians will have the freedom and ability to choose how they obtain their Part B drugs. If they decide to obtain their drugs through the CAP program, it will save them valuable time and paperwork. They won’t have to collect the deductible and coinsurance. The time they spend on billing will be cut in half. That’ll leave them with more time for their patients instead of being stuck behind a desk filling out paperwork. The final rule released today accomplishes this while still creating a competitive market for certain Part B drugs.”

The final rule is in the Federal Register at:

http://www.archives.gov/federal_register/public_inspection/public_inspection_list.html

