

March 31, 2009

The Honorable Charles Boustany  
1117 Longworth House Office Building  
Washington, DC 70515-1807

**RE: H. R. 1392**

Dear Congressman Boustany:

Please co-sponsor H.R. 1392. H.R. 1392 is a bill that eliminates prompt pay discounts from the calculation of Average Sales Price (ASP), which is the basis for Medicare drug reimbursement rates for community cancer clinics. The inclusion of these manufacturer-to-distributor financing discounts, which are not passed on to community cancer clinics like ours, artificially reduces Medicare reimbursement rates. This is increasingly causing problems in delivering cancer chemotherapy to patients.

H.R. 1392 is a bipartisan bill introduced by Congressman Gene Green (D-TX), with Congressman Ed Whitfield (R-KY). Additionally, eight of their House colleagues are original cosponsors of the bill: Representatives Mike Ross (D-AR), Dianna DeGette (D-CO), Ed Towns (D-NY), Mike Rogers (R-MI), Betty Sutton (D-OH), Bart Gordon (D-TN), Lee Terry (R-NE), and Ralph Hall (R-TX).

The cancer community needs help from the Congress in removing Part B prompt pay discounts from the calculation of Average Sales Price (ASP) — the basis for Medicare reimbursement rates. Prompt pay discounts are provided by pharmaceutical manufacturers to drug distributors. Because they are financing terms between manufacturers and distributors, prompt pay discounts are not passed on to community cancer clinics. However, the Medicare Modernization Act of 2003 (MMA) required that prompt pay discounts be included in the calculation of ASP. Their inclusion artificially reduces Medicare reimbursement rates by approximately 2%. Congress removed prompt pay discounts from the calculation of Medicaid reimbursement based on Average Manufacturer Price (AMP) in the Deficit Reduction Act of 2005.

Community cancer clinics are increasingly finding that cancer drugs are being reimbursed by Medicare at a rate less than cost. Inclusion of prompt pay discounts in the ASP calculation is part of this problem. Additionally, prompt pay discounts also reduce the payment rates of private payers that use ASP. By correcting this problem, we will be better able to continue to provide cancer chemotherapy care to our patients in the office setting.

Your help in correcting this problem is truly appreciated.

Sincerely,

John M. Rainey, M.D.  
JMR/bsc