

March 13, 2013

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, DC 20510

The Honorable John Boehner  
Speaker  
United States House of Representatives  
Washington, DC 20515

The Honorable Nancy Pelosi  
Minority Leader  
United States House of Representatives  
Washington, DC 20515

Dear Majority Leader Reid, Minority Leader McConnell, Speaker Boehner and Minority Leader Pelosi:

Community-based cancer care, where until recently four out of five Americans with cancer were treated, is in serious crisis. The April 1 payment cut to Medicare mandated by sequestration further threatens to destabilize our nation's precarious cancer care delivery system. Representing America's cancer care providers, cancer patients, and other organizations and companies affiliated with the cancer care community, we urge you to reject Medicare cuts to life-sustaining anti-cancer drug and biologic therapies.

Over the past four and a half years, 241 community cancer clinic sites have closed and 442 practices (often with multiple clinic locations) are struggling financially. As community cancer clinics close their doors, access to cancer care is compromised for cancer patients, especially vulnerable seniors covered by Medicare. Additionally, 392 clinics have consolidated into the hospital, with consolidation driving up costs to cancer patients and payers.<sup>1</sup> According to recent studies by Milliman<sup>2</sup> and Avalere<sup>3</sup>, cancer patients, Medicare, and private insurers pay substantially less for cancer care when chemotherapy is administered in the physician community cancer clinic setting. Unfortunately, this cancer care crisis will seriously worsen with the sequestration-mandated cuts to Medicare effective April 1 — access problems will multiply and costs will increase for both Medicare beneficiaries fighting cancer and taxpayers.

The Medicare Modernization Act of 2003 requires that all discounts and rebates be included in the calculation of Average Sales Price (ASP), the basis for Medicare drug reimbursement. The ASP formula mistakenly includes prompt pay discounts that pharmaceutical manufacturers extend to distributors for timely payment. This flaw artificially lowers Medicare payment for life-saving anti-cancer drugs, resulting in reimbursement below cost for many and eroding the viability of community cancer care. Even without the threat of sequestration payment cuts, 27 bipartisan members of Congress joined Representatives Whitfield, Green, Nunes, Kind, and DeGette as original co-sponsors of a bill (H.R. 800) to remove manufacturer-to-distributor prompt pay discounts from the calculation of ASP and provide some additional stability to the nation's currently unstable community cancer care delivery system.

In stark contrast to this supportive legislation, imposing additional Medicare payment cuts to cancer drugs at this time would be devastating to both community cancer clinics and their vulnerable patients. Without a correction to the flawed Medicare payment formula, numerous additional cancer clinics will limit services or close altogether, restricting access to care or forcing cancer patients to more costly providers of care. When patients have to travel outside their communities for care, it can often result in duplicative

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<sup>1</sup> *Community Oncology Practice Impact Report*; Community Oncology Alliance, March, 2012

<sup>2</sup> *Site of Service Cost Differences for Medicare Patients Receiving Chemotherapy* Milliman, October, 2011

<sup>3</sup> *Total Cost of Cancer Care by Site of Service: Physician Office vs Outpatient Hospital* Avalere Health, March, 2012

and unnecessary services, additional co-pays, added transportation and lodging costs, and physical and emotional suffering, not to mention delays seeking treatment even as cancer progresses.

We implore you to help protect the cost-effective, high-quality cancer care delivery system for Medicare seniors fighting cancer. As Congress continues negotiations on the sequester and other federal budget matters, we ask that you keep in mind the millions of Americans who depend upon the life-sustaining drug and biologic therapies community cancer clinics provide, and the significant challenges those centers face in meeting in sustaining operations. At this time of both great promise and vulnerability in cancer care delivery, we need to strengthen, not undermine, patients' access to quality and cost-effective treatment in their communities.

Sincerely,

American Society of Clinical Oncology  
AmerisourceBergen  
Association of Community Cancer Centers  
Association of Physician Assistants in Oncology  
Biotechnology Industry Organization  
BDI Pharma  
Cardinal Health  
Colon Cancer Alliance  
Community Oncology Alliance  
Health Coalition, Inc.  
Healthcare Distribution Management Association  
Intellogics  
ION Solutions  
Leukemia and Lymphoma Society  
Lung Cancer Alliance  
McKesson Corporation  
National Patient Advocate Foundation  
Society of Gynecologic Oncologists  
The US Oncology Network  
UPMC Cancer Centers

cc. United States Senate  
United States House of Representatives