

AFROC



ASSOCIATION OF FREESTANDING RADIATION ONCOLOGY CENTERS

Our Voice in Washington

The Source

April/May 2005

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LEGISLATIVE NEWS

This year already has been a busy year in Congress and the federal agencies on issues impacting freestanding centers and the patients served by them. With a major budget fight and Medicaid reform on the horizon for the spring and summer, Congress is likely to be bogged down over very partisan issues that could ultimately impact physicians and patients. However, with a cut in the physician fee schedule looming for 2006 and other important Medicare financing issues set to come to a head at the end of the year, Congress may be compelled to enact a Medicare bill toward the end of the year. AFROC

has not only been monitoring these issues, but has taken proactive steps to impact Congressional and administrative action as developments occur.

AFROC SUBMITS PRACTICE EXPENSE DATA FOR FREESTANDING CENTERS

On March 1, 2005, AFROC submitted the results of its practice expense survey of freestanding radiation oncology centers to the Lewin Group, which will analyze the data on behalf of CMS to determine whether it should be used in calculating radiation oncology practice expense payments under the Physician Fee

2005 DUES

AFROC is the only organization that solely focuses on the regulatory, legislative, and socioeconomic issues of freestanding radiation oncology centers and is **your only voice in Washington**. Your continued participation is critical to its future and to the future of your freestanding radiation center.

Second invoices for 2005 dues have been mailed. It is estimated that 95% of your dues can be taken as a business expense. Thank you.

Check out
AFROC's website
www.afroc.org

*It is Not Too Early to Register
for the*

*17th Annual AFROC
Conference on
June 5 and 6, 2005*

*at the
Grand Hyatt
Washington, DC*

Schedule. A consultant retained by AFROC has reported that the data appears to meet CMS's published precision and other data submission requirements. CMS's determination with respect to the AFROC data will be published in conjunction with the proposed Physician Fee Schedule for CY 2006, which will be made public through the Federal Register this summer.

AFROC counsel is in communication with the Lewin Group to ensure that any questions regarding the survey data are promptly and accurately answered and to provide any additional analysis or data that may be requested.

PHYSICIAN PAYMENT PREVIEW SHOWS UTILIZATION INCREASES BY 15%, PAYMENTS IN 2006 ANTICIPATED TO DECREASE BY 4.3%

According to a recently released letter from CMS, the 2006 physician payment update is likely to include a decrease in the conversion factor of 4.3%, unless Congress intervenes. In the report, which cited data from the Medicare Payment Advisory Commission, or MedPAC, CMS stated that services covered under the Medicare sustainable growth rate (SGR) formula grew by 15% last year. It further notes that this means that the premium increase to beneficiaries in 2006 will be \$1.50 higher than predicted the Medicare Trustees report.

Increased volume is attributed (in order of magnitude) to increases in physician visits, drug administration, physical therapy, imaging, lab tests, physician-administered drugs, and major procedures. The growth in drug administration spending is the direct result of MMA-related changes in payment for these services, as discussed elsewhere in this newsletter.

Although many of the services responsible for the projected 4.3% reduction are not those typically provided by freestanding radiation oncology centers, the significant increase in the utilization of these services will undoubtedly have an impact on future Medicare payments for AFROC members. The AMA is planning to launch an initiative to convince Congress to once again mitigate or eliminate the proposed reductions, and while there is a distinct possibility that this initiative will be successful this year as in the past, the cost of fixing the underlying problem with the formula used to update physician fees increases with each interim fix.

STUDY SHOWS MEDICARE REIMBURSEMENT TO MEDICAL ONCOLOGISTS HALF OF INCURRED COSTS

According to a study released in February by the Moran Company, Medicare payment to medical oncologists in 2004 was about half of the costs incurred to provide chemotherapy administration and related services. The study analyzed how practice expense payments for chemotherapy in 2004 compared to practice costs, as reported in a survey of members of the American Society of Clinical Oncologists. Donald W. Moran, founder of the Moran Company, and study author stated "It is clear that practice expense payment methodology is not going to be an effective mechanism for a full recouping to oncologists the costs" associated with their practices.

The report was undertaken for the Global Access Project, a coalition of 60 organizations that focuses in part on studying the status of community-based cancer care and monitoring potential access problems caused by the Medicare Modernization Act of 2003 ("MMA"). This law required that the government move from a payment methodology for Part B drugs and biologics based on average wholesale price (AWP) to one based on 106 percent of the average sales price (ASP), starting in 2005. To compensate for reduced drug costs, oncologists received a 27 percent boost in practice expense and a "transitional adjustment" that increased payments for specific drug administration services by an additional 32 percent for services furnished in 2004. The Moran study analyzed the financial impact of the change in payment methodology for drugs, but did not consider the temporary 32 percent boost.

According to the Moran study, roughly two-thirds of the difference between the amount incurred by medical oncologists and the amount paid for chemotherapy is attributable to methodology used to compute practice costs under CMS's resource-based relative value system (RBRVS), which reimburses physicians for about 70 percent of the average cost of treating Medicare patients. Reallocations across specialties caused by the CMS rate-setting methodology—which differentially affects oncologists because their measured practice expense is higher than any other specialty—caused the remaining shortfall between incurred costs and Medicare payment, according to the Moran study.

According to the study, three types of policy alternatives could be used to increase reimbursement:

- 1) Modification of the cost allocation methodology

used under the Physician Fee Schedule to isolate oncology practice expense from "leakage," which occurs when some specialty practice expense costs are reallocated to other specialties; 2) Maintaining the present cost allocation methodology, but establishing a separate conversion factor for medical oncology services; and 3) Leaving the existing methodology in place, but fashioning some permanent extension to the transitional adjustment policy to provide increased reimbursement. It is likely that CMS would require a Congressional mandate to pursue any of these solutions.

The report was submitted to the Medicare Payment Advisory Commission, CMS, and the House and Senate committees with jurisdiction over Medicare in the hope that Congress and CMS could better understand the impact of reimbursement in 2005 and in future years. A second study, due out during the summer, will look at changes in outpatient settings since January 1, 2005. Moran will survey a national sample of providers to develop an impact analysis. Some of the issues in the survey include changes in referral patterns, practice size, scheduling, and use of chemotherapy products.

CMS LAUNCHES DEMONSTRATION PROJECT TO DETECT IMPROPER PAYMENTS

On March 28, 2005, CMS is introduced a new demonstration program aimed at uncovering improper Medicare payments that were not detected through current program integrity efforts.

Mandated by the MMA, the three-year demonstration will take place in California, Florida, and New York and will use recovery audit contractors (RACs) to identify previously undetected overpayments and underpayments. Since current Medicare contractors already review claims for the current fiscal year, the RACs will review claims that are at least one year old. The contractors will use a specific audit plan to analyze claims that, CMS stated in a bulletin, have a "tendency to be incorrect despite clear guidance from Medicare." The types of claims that will be scrutinized include those for which Medicare was not the primary payer, those with complicated payment calculations and complex procedure codes, and those that are bundled.

CMS stated that, if necessary, RACs will request claim histories and medical records to determine whether incorrect payments were made. If overpayments are identified, RACs will pursue the payments and will be reimbursed a percentage of the recoveries. In cases of underpayments, RACs will work

with other Medicare contractors to process payments to providers.

Contractors chosen to be RACs in the demonstration are Diversified Collection Services Inc., Public Consulting Group Inc., HealthData Insights, Connolly Consulting, and PRG-Shultz International Inc. CMS stated current Medicare contractors were not eligible to bid for the RAC contracts because of the potential for conflicts of interest. CMS will hold an Open Door forum soon about the RAC demonstration, but a date has not been set.

MEDICAID SLATED FOR SIGNIFICANT CUTS IN FY 2006 BUDGET, BUT OPPOSITION IN CONGRESS GROWS

The Medicaid program is under fire from the President and Congress and substantial cuts of approximately \$60 billion over 10 years are possible. On Wednesday, March 9, 2005, the House Budget Committee approved a budget resolution that would hold discretionary spending at \$893 billion in fiscal year FY 2006 and would include cuts to the Medicaid program. Medicaid provides health care services and supports to low-income persons and people with chronic conditions who may disproportionately visit freestanding centers.

In March, both the House and Senate passed their respective budget resolutions. The House budget plan includes reconciliation instructions to the Energy and Commerce committee to find up to \$20 billion in Medicaid savings over the next five years. In the Senate, despite great opposition from the Administration and most Congressional Republicans, Senators Gordon Smith (R-OR) and Jeff Bingaman (D-NM) were able to garner enough votes to pass an amendment that would stop all proposed cuts to the Medicaid program and instead would set aside money for a commission to study Medicaid reform.

A conference committee must now produce a Conference Report upon which the House and Senate can agree. Last week, Senators Gregg (R-NH), Allard (R-CO), Domenici (R-NM), Grassley (R-IA), Conrad (D-ND), Murray (D-WA), and Sarbanes (D-MD) were named as the Senate budget conferees. The House plans to name its conferees late this week so as to avoid any motions to instruct.

In the meantime, those in favor and opposed to Medicaid cuts in the budget have remained busy. On Wednesday, April 5, 2005, Senators Smith, Chafee (R-

RI), Snowe (R-ME), and Coleman (R-MN) meet with Senate Majority Leader Frist (R-TN) to discuss cuts to the Medicaid program in the FY 2006 budget resolution. Senators Smith, Chafee, Snowe and Coleman, along with Senators Specter (R-PA), Collins (R-ME), and DeWine (R-OH), voted for the Smith-Bingaman amendment on the Senate floor.

While some reports have stated that Senator Frist called the meeting and successfully dissuaded his colleague from publicly stating they would vote against a budget that included Medicaid cuts, Smith's office has indicated the meeting was a result of his actions and it appears he will continue to oppose any budget that includes cuts to this entitlement program. Smith's office also reported that during their meeting, Senator Frist acknowledged his opposition to a policy that would deny access to Medicaid services, stating that during his time as a practicing physician, almost 40 percent of his patients were Medicaid recipients.

On the House side, Congresswoman Heather Wilson (R-NM) has circulated a Republican-only "Dear Colleague" letter to Budget Committee Chairman Jim Nussle (R-IA) supporting the Senate's position on Medicaid cuts and calling for a commission to study Medicaid reform. As of today, 25 House Republicans have signed onto the Wilson letter and she plans to close the letter on Wednesday, April 13, 2005. Earlier this year, Congresswoman Wilson introduced H.R. 985, legislation that would create a Medicaid commission.

Rumors regarding compromises on Medicaid cuts continue to fly. Some observers are stating that a \$10 billion number has already been agreed upon and others are speculating that certain Senators who voted for the Smith-Bingaman amendment may vote in favor of a budget, regardless of whether it includes Medicaid cuts or not. Never-the-less, most offices are stating that no compromise has been reached.

It appears as though Congress will miss its April 15, 2005 budget deadline and instead aim to complete a budget during the first week of May. Many interest groups may be tempted to find a number below the \$15-20 billion mark acceptable; however, any cuts to the program will significantly impact the services available to Medicaid patients with cancer.

CONCLUSION

AFROC will continue to be very active on Medicare reimbursement, Medicaid, and other cancer-related issues this spring and, likely into the summer and fall. The prospect of a Medicare bill, though much later in the year, is a definite possibility that may rectify the looming physician fee schedule cut in 2006 and serve as a legislative vehicle for correcting other problems in the CMS proposed 2006 Physician Fee Schedule.

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JUNE 5-6, 2005

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AFROC 17TH ANNUAL MEETING
Grand Hyatt – Washington, DC
June 5-6, 2005
AGENDA

Sunday, June 5

7:00 am to 4:00 pm

Registration – Conference Theatre Foyer**Latrobe Room**

7:00 to 8:30 am

Continental Breakfast**Session 1****Conference Theatre**

8:30 to 8:45 am

Introductory Remarks – AFROC – Meeting the ChallengePeter Blitzer, MD – AFROC President – **Conference Theatre**

8:45 to 9:30 am

What to Do When Treatments Fail: Dealing with End-of-Life Issues

John Collins Harvey, MD, PhD – Center for Clinical Bioethics

Georgetown University Medical Center, Washington, DC

9:30 to 10:30 am

HDR for Prostate Cancer – Rationale and Revenue at Freestanding Centers

Arve Gillette, MD, Cancer Care Group, Carmel, Indiana - and

Ron DiGiaino, MBA, President and CEO, Revenue Cycle, Inc., Austin Texas

Latrobe Room

10:30 to 10:45 am

Coffee Break**Session 2****Conference Theatre**

10:45 to 11:45 am

From Roentgen to Real-time-The Future of Radiation Oncology

Dwight Heron, MD, Vice Chair, of Clinical Affairs, Dept. of Radiation Oncology, University of Pittsburgh Medical Center, Pittsburgh, Pennsylvania

11:45 to 12:30 pm

Latest Trends in IMRT

Jerome C. Landry, MD, Image Guided Intelligence, Inc., Decatur, Georgia

12:30 to 1:30 pm

LUNCH - Via Pacifica

1:30 to 2:15 pm

What is Adaptive Radiation Therapy?

Ajit Singh, PhD, President & CEO, Oncology Care Systems Group

Siemens Medical Solutions, USA, Concord, California

2:15 pm to 3:00 pm

Bringing Adaptive Radiation Therapy into the ClinicMark L. Sobczak, MD, Director of Radiation Oncology, 21st Century Oncology, Seaford, Delaware**Latrobe Room**

3:00 to 3:30 pm

Coffee Break**Session 3****Conference Theatre**

3:30 to 4:15 pm

Radioimmunotherapy at Freestanding Radiation Oncology Centers: Clinical and Business Rationale

Michael J. Katin, MD, Principle Investigator, Radiation Oncology Group, 21st Century Oncology, Fort Myers, Florida

4:15 to 5:15 pm

***Expanding the Role of Radiation Therapy in Prostate Cancer
With the Use of Radiopharmaceuticals***

Richard K. Valicenti, MD, MS, Associate Professor and Clinical Director, Dept. of Radiation Oncology, Thomas Jefferson University, Philadelphia, Pennsylvania

6:45 to 10:00 pm

Dinner

Monday, June 6

Via Pacifica

7:00 to 8:30 am

Continental Breakfast

Session 1

Conference Theatre

8:30 to 9:15 am

Cytoprotection: Maximizing the Therapeutic Ratio

Jay V. Friedland, MD, H. Lee Moffitt Cancer Center, Lee Moffittampa, Florida

9:15 to 10:00 am

Tips and Traps for Billing and Coding for Freestanding Centers

Cindy C. Parman, CPC, CPC-H, RCC, Principal, Coding Strategies, Powder Springs, Georgia

Via Pacifica

10:00 to 10:20 am

Coffee Break

10:20 to 11:10 am

Medicare Reimbursement: What's New for 2005 - 2006

Stephen Phillips, Director, Division of Practitioner Services, Hospital and Ambulatory Group, Centers for Medicaid & Medicare Services, Baltimore, Maryland

Session 2

Conference Theatre

11:10 to 12:00 pm

Legislative Changes Impacting Radiation Therapy at Freestanding Centers

Diane Millman, JD, Legal Counsel to AFROC
Powers Pyles Sutter and Verville, Washington, DC

Via Pacifica

12:00 to 1:15 pm

***Lunch and AFROC Business Meeting
Government Day Orientation***

Diane Millman, JD, Legal Counsel to AFROC
Powers Pyles Sutter & Verville, Washington, DC

Session 3

Conference Theatre

1:15 to 2:15 pm

An Effective Appeals Process: Best Practices Approach

Linda L. Lively, MHA, President & CEO, AMAC, Marietta, Georgia

2:15 to 3:00 pm

Strategies for the Independent Operator of Radiation Therapy Clinics

Christopher M. Rose, MD, Technical Director, Valley Radiotherapy Associates Medical Group, El Segundo, California

3:30 pm

Visit to the Hill



17th ANNUAL CONFERENCE
June 5 - 6, 2005
Grand Hyatt Washington
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Return form with check to AFROC, 1875 Eye St. NW, 12th Floor,
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This is my first time attending an AFROC Conference.

Registration includes: All conferences, continental breakfasts, refreshment breaks, lunches, and dinner. Guest fee for breakfasts, lunches and dinner.

<u>Two Day Registration</u>	<u>Pre-registration</u>	<u>On-site registration</u>	<u>Payment</u>
<input type="checkbox"/> AFROC member	\$350	\$375	\$ _____
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<input type="checkbox"/> AFROC member	\$200	\$225	\$ _____
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- Any member organization paying a \$350 registration fee will be granted a \$50 reduction in registration fees per additional attendee. Please return forms for multiple attendees together.

Payment information:	Total amount due:
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Call the Grand Hyatt Washington at (800-233-1234) for room reservations (AFROC).
 Reservations made before May 5, 2005 will be afforded conference rate
 of \$209/single, \$224/double per night based on two night stay.



*The
Source*

April/May 2005

1875 Eye Street, NW
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