

Wither Thou Goest ?

By

Robert G. Homchick

Davis Wright Tremaine LLP

The Provider's Perspective . . .

- Bad News



The Provider's Perspective

- Good News



Will Commercial Payers Follow DIMA Reimbursement Models?

- Provider Responses:
 - Probably
 - If we let them
 - They always do
 - Who knows?

Focus: Oncologists

- End of Buy and Bill?



Drug Reimbursement 2006

- DIMA approach:
 - Increase administration fees
 - Reduce drug reimbursement
 - Physicians believe that the net result will be a decline in reimbursement
 - Specialty Pharmacies will flourish

Administration Fees

- Act requires the Secretary to adjust RBRVS fee schedule
- Work RVUs equal to level one office visit
- Practice Expense RVUs based on survey
- Net result will be more \$ for Administration

Average Sales Price

- New metric
- Will be used in lieu of AWP for a number of drugs
- Derived from data from Manufacturers

Drug Reimbursement 2006

- The end of AWP?
- Buy and Bill
 - Single Source Drugs
 - 106% Wholesale Acquisition Cost or ASP
 - Multiple Source Drugs
 - 106% ASP
- Competitive Acquisition Program
 - Specialty pharmacy or distributor bills for drug
 - Physician bills only pro fee

DIMA: the Bellwether?

- Many providers think Commercial Payers want to follow DIMA
 - Move away from AWP based reimbursement
 - Move away from Physician Buy and Bill
- Use of Average Sales Price (ASP) creates uncertainty
- AWP is confusing but “has been very, very good” to some

DIMA: OIG WAMP *your* ASP

- Widely Available Market Price trumps Average Sales Price
 - Providers strong negative reaction to giving that type of power to plans
 - Just say no?

Will Providers Go Along?

- Not clear that Payers will be able to impose DIMA reimbursement scheme on provider community
- Oncologists and other specialists may refuse to contract
 - Network adequacy?
 - TIME WILL TELL