Landmark Medicare law had little impact on reducing chemotherapy cost

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Legislation passed in 2003 to slow the spiraling costs of drugs paid for by the federal government to treat Medicare patients has had no meaningful impact on cancer chemotherapy drug costs, say a team of researchers in the *Journal of Clinical Oncology* published online today.

"We looked at use of outpatient chemotherapy to treat colorectal and lung cancers, and did not find a substantial change in how oncologists prescribe those drugs following the implementation of the recent Medicare law in 2005," says the study's senior author, Arnold L. Potosky, PhD, a professor in the department of oncology at Georgetown Lombardi Comprehensive Cancer Center.

"Economists expected a sharp decline in use of the most expensive drugs targeted by the law, because reimbursement to oncologists for these drugs was reduced, but that did not happen," says Mark C. Hornbrook, PhD, of Kaiser Permanente Northwest, the study's lead author.

In fact, the authors note that not only did the policy fail, cancer care cost has skyrocketed. During the decade after the law passed, the aggregate cost of cancer care increased by as much as 60 percent, even though cancer rates had fallen.

Among other provisions, the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) reduced the reimbursement to cancer clinics on some oncology drugs. One notable example: reimbursement of a typical daily dose of paclitaxel, a widely used chemotherapy, was

reduced from $1,245 in 2004 to $135 in 2005, when that provision of the law went into effect.

Profit on federal Medicare reimbursement on high-priced drugs is a significant source of revenue in many fee-for-service cancer clinics—drugs that medical oncologists are often able to purchase substantially below wholesale prices yet bill the government for higher fees.

Examining 5,831 chemotherapy regiments for 3,613 patients, the researchers found that use of MMA-affected chemotherapy drugs slightly declined after the law in fee-for-service clinics. Use of the same drugs was, in contrast, slightly higher in integrated health networks. These are HMOs and other systems where physicians are on salary—prescription choices make no difference in their incomes.

The researchers cannot say why the MMA had no significant effect on prescribing habits in this slice of the cancer care community, but they theorize that oncologists based their decisions, in part, on evidence-based medicine, which could include use of newly approved, expensive agents.

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