

**Cancer patients hit by cuts to Medicare**  
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Bay Area oncologists say the mandated federal spending cuts that went into effect this month are putting the squeeze on their ability to administer expensive chemotherapy drugs, and some are starting to send their cancer patients on Medicare to hospitals for treatment.

The automatic cuts under the sequestration that took effect April 1 reduced by 2 percent the amount of money Medicare, the federal health program for the elderly and disabled, reimburses doctors for the drugs.

That may not sound like a huge percentage, but oncologists say it adds up, considering the cost of a single dose of a brand-name chemotherapy drug can run thousands of dollars.

"They're getting treated, but we can't treat them in our facility because we'd end up subsidizing their care sometimes quite dramatically," said Dr. Ari Baron, an oncologist with Pacific Hematology Oncology Associates who has sent about 10 Medicare patients on the most expensive drugs to California Pacific Medical Center to get their infusions.

Turning away Medicare beneficiaries may cost the health system more money because hospitals provide more expensive care. Also, medical centers may not be able to handle a large influx of cancer patients, meaning patients would have to wait for care.

"If we took all our Medicare volume and sent them to the hospital, it would rapidly overwhelm the hospital," Baron said. He said 50 percent of his patients are Medicare beneficiaries, but he's sent away only those on the most costly drugs to the medical center.

*Medicare funding cuts*

Most drugs that Medicare patients take are covered by private insurers under the optional Part D program and are not subject to the funding cuts. But physician-infused therapies like chemotherapy drugs are covered under the Part B portion of Medicare, which is included in the sequestration.

Private oncologists typically pay for the drugs themselves and then wait for reimbursement under a formula that pays them the average sales price of the drug, plus 6 percent for administration and storage.

Judith Stein, executive director of the Center for Medicare Advocacy, questioned why doctors should have to disrupt and alarm their patients by sending them to an alternative place for treatment.

"I understand and respect the need for physicians to make enough income to run their practices, but it is hard for me to believe that 2 percent is the margin," she said.

But doctors have to negotiate with wholesalers for the price of the drugs, meaning they can't always control what they pay. So the reimbursements barely cover their costs even under normal circumstances, they say. That's why they say the 2 percent cut runs deep.

"What that means is for most oncologists, at least half the drugs they are purchasing are at a higher price than they can dispense to Medicare patients," said Dr. David Minor, an oncologist with San Francisco Oncology Associates. "That's not a viable business model."

#### *Doctors holding back*

Reports of cancer clinics, particularly in the East Coast and southern states, shunting their Medicare patients to hospitals for care started surfacing almost immediately after the cuts went into effect. But most Bay Area oncologists contacted for this story said they haven't yet made that move.

Dr. Peter Yu, director of cancer research at the Palo Alto Medical Foundation and president-elect of the American Society of Clinical Oncology, called the situation "disastrous" and said local doctors may have to make some tough decisions soon.

"Because the sequester is just rolling in, doctors are loath to turn patients away and not give them the treatments they need, so they are willing to suck it up and take the bullet," Yu said. "We also know if you take too many bullets, you're not standing anymore."

Dr. Matthew Sirott, president and chief executive officer of Diablo Valley Oncology in Pleasant Hill, said his practice is evaluating the impact of the sequestration and may take that step soon.

"We will do everything we can to avoid sending patients to the hospital," he said in an e-mail. "Patients don't like it, it is cumbersome, and bottom line ... it will cost patients and the health care system more money."

Jose Luis Gonzalez, executive director of the Association of Northern California Oncologists in San Rafael, said cancer doctors are throwing their support behind HR1416, authored by Rep. Renee Ellmers, R-North Carolina, which would restore the 2 percent for Part B cancer services and drugs.

Baron, who takes all forms of insurance including Medi-Cal, said the situation is frustrating because he didn't go into medicine to run a business but, rather, to take care of patients. He directs much of his wrath at Congress.

"Nobody thought the sequester was going to go through. Even at the last minute, they thought they would fix it," Baron said. "All of us human beings in this country are getting caught in the cross fires and we can't believe it."

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