

LEONARD LANCE
SEVENTH DISTRICT, NEW JERSEY

COMMITTEE:
ENERGY AND COMMERCE

SUBCOMMITTEES:
HEALTH

COMMERCE, MANUFACTURING
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Congress of the United States
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Dear xxx:

We appreciate the hard work you are doing as a member of the Joint Select Committee on Deficit Reduction and applaud your willingness to tackle the difficult fiscal issues facing our Nation.

However we are very concerned about any discussion to include \$3 billion in cuts to Medicare Part B reimbursement for drugs and biologics medicines that fight cancer and other serious diseases. We believe these potential cuts, if enacted, would adversely affect cancer care in the U.S.

As you know Congress reformed Medicare Part B reimbursement as part of the 2003 Medicare Modernization Act, and payment amounts for drugs and biologicals were then dramatically reduced. Payments are now set using the Medicare Average Sales Price (ASP) system, which includes the actual prices paid by physicians and other drug purchasers.

The Medicare ASP is a market-driven reimbursement mechanism that has driven down Medicare costs. In fact, the Congressional Budget Office estimated that Medicare would save almost \$16 billion over 10 years by reducing payments for Part B drugs using the current ASP system compared to the old reimbursement system. The Medicare Payment Advisory Commission (MedPAC) that advises Congress on Medicare matters said that ASP has resulted in, "substantial price savings for Medicare on nearly all drugs and those payment rate changes drove decreased spending."

Enacting cuts to ASP could also worsen an already troubling access problem, as community oncology practices are already struggling even as demand for cancer care is now starting to exceed the supply of oncologists. According to one report, in the last 3 1/2 years alone, 199 cancer clinics have closed and 369 practices, with multiple clinic locations, are struggling financially. And it is predicted that over the next ten years there will be an oncologist shortage for one in four cancer patients, and enacting \$3 billion in cancer cuts will only exacerbate this problem.

The U.S. has the best cancer care delivery system in the world. Eighty-four percent of Americans receive quality, compassionate care in the community cancer setting. It is imperative that Congress continues to ensure that cancer patients across the nation can continue to have access to lifesaving medical treatments.

It is for this reason that we urge you not to sacrifice cancer care while seeking deficit reduction solutions.

Sincerely,

Leonard Lance, David McKinley, Dennis Ross, Patrick Meehan, Brian Bilbray