Medicare Patient Access to Cancer Treatment Act of 2023

The Issue

Under current payment policy, Medicare reimburses hospital outpatient departments (HOPDs) higher rates for the exact same services delivered in independent, community cancer clinics. This unfair payment approach puts community care at a significant disadvantage, driving up costs for patients and the Medicare program, and putting preferred patient care at risk. As this payment disparity has grown, it has resulted in a dramatic shift of outpatient cancer care from the community clinic to the HOPD. In fact, a recent analysis by the Medicare Payment Advisory Commission (MedPAC) confirmed that the administration of chemotherapy in independent community oncology clinics dropped from 65 percent in 2012 to 48 percent in 2021.[1]

The Problem

Hospital Acquisitions
Medicare's reimbursement disparities create perverse financial incentives that encourage hospitals to buy up physician practices in order to increase their profits. Hospital systems acquire private practices, deliver the same care and increase costs. This unfair payment advantage has put independent physician practices nationwide in a position in which selling to hospitals is their only option.

Higher Patient & Medicare Costs
Cancer care delivered in the HOPD costs significantly more than the same care delivered in independent physician offices. For example, under the Medicare Physician Fee Schedule in 2023, chemotherapy administered in the physician office setting is reimbursed at $123, but the reimbursement rate for chemotherapy is nearly 3x more expensive in the HOPD setting, at $333. Aggregate, utilization weighted payment for drug administration services is approximately 164% higher in the HOPD. Similar disparities exist in radiation therapy; intensity-modulated radiation therapy (IMRT) delivery is 40% higher in the HOPD and stereotactic body radiotherapy is 78% higher in the HOPD. These costs add up, as Medicare beneficiaries typically pay 20% of the total cost in coinsurance.

Reduced Patient Access
Nearly 2,000 independent oncology practices during the past 12 years either closed, entered into a purchasing agreement with a hospital, sent patients elsewhere, merged with a corporate entity or reported financial hardship, largely resulting from lower Medicare payments to physician-owned oncology practices.[2] This trend reduces patient choice and access to oncology care in the community-based setting.

The Solution

Medicare should adopt site-neutral payments to reduce cancer care costs for seniors, Medicare and taxpayers. The Medicare Patient Access to Cancer Treatment Act (H.R. XYZZ), introduced by Representatives Jodey Arrington (R-TX), Debbie Lesko (R-AZ), and Michael Burgess, MD (R-TX), would help ensure patient access to quality cancer care in the community setting.

H.R. XYZZ:

- Levels the playing field in Medicare reimbursement for outpatient cancer care
- Ensures patient access to high-quality, cost-effective care in community cancer clinics
- Eliminates financial incentives for hospital acquisition of community cancer clinics
- Lowers costs to patients, taxpayers, and the Medicare program

[1] Medicare Payment Advisory Commission, June 2023 Report to Congress

[2] COA Practice Impact Report