

**ASCO Analysis of Proposed 2005 Payment Rates
Explanation of Spreadsheet**

Column	Drug Payment Rate Analysis (Top of Spreadsheet)	Drug Administration Payment Rate Analysis (Bottom of Spreadsheet)
Column A	HCPCS billing code for drug.	CPT code for drug administration service.
Column B	Drug name.	Description of drug administration service.
Column C	Unit associated with J code listed in Column A.	2004 Medicare payment. Insert your geographically adjusted payment rate for 2004.
Column D	Projected 2005 payment rates as listed in Table 28 of CMS Proposed Rule on the 2005 Physician Fee Schedule.	The spreadsheet will tabulate a projected 2005 payment by multiplying the payment rates in Column C by 79.2% to account for the planned reduction in practice expense for drug administration.
Column E	The implied Average Sales Price (ASP) for the first quarter of 2004 should approximate the manufacturers' reported ASP for each drug. The number was calculated by taking the projected 2005 payment rates in Column D, subtracting the 6% add-on that will be applied in 2005, and subsequently subtracting the 3.39% increase in drug prices estimated to occur due to inflation between the first and third quarters of 2004.	Units you billed Medicare in one quarter of 2004.
Column F	The price you paid for the drug (taking into account any rebates or discounts) listed in Column B per unit as listed in Column C. <u>Please note that, for the spreadsheet to compute total revenues, costs, and profit/loss accurately, you must use the cost per J code unit.</u>	Medicare allowables for 2004. The spreadsheet will calculate total Medicare allowables for one quarter of 2004 by multiplying the 2004 payment rate entered in Column C and the units billed entered in Column E.
Column G	Units you billed Medicare in the first quarter of 2004. <u>Again, please relate the number you enter in Column G to the J code unit in Column C.</u> For example, the unit for J0880, Darbepoetin, is 5 mcg. If you billed for 1000 mcg, the number entered in Column G should be 200 (1000 mcg/5 mcg unit).	Medicare allowables for 2005. The spreadsheet will calculate total projected Medicare allowables for one quarter of 2005 by multiplying the projected payment rate entered in Column D and the units billed entered in Column E.
Column H	Once you enter figures into Columns F and G, the spreadsheet will calculate the total implied revenue for the first quarter of 2004 if payments had been made at 106% of ASP.	

Column I	The spreadsheet will also calculate total costs for the first quarter of 2004, which are calculated by multiplying the price you listed in Column F by the number of units entered in Column G.	
Column J	The spreadsheet will show total implied profits or losses for the first quarter of 2004, calculated as the difference of Columns H and I if payment had been based on 106% of ASP.	
Cell J24	Finally, the spreadsheet will calculate your percentage margin if the ASP-based reimbursement had been in effect. If you are willing, please report this percentage to ASCO at publicpolicy@asco.org. Thank you for your assistance	
Column K	This column reflects the Medicare allowable (including the 20% beneficiary copay) multiplied by the number of units you billed in the first quarter of 2004 as entered in Column G.	
Column L	The actual profit or loss for each drug is calculated as the difference of the total Medicare allowables from Column K and total implied revenues from Column H.	
Column M	This column shows the variance between the actual profit or loss calculated in Column L and the implied profit or loss calculated in Column J. This calculation can be interpreted as the difference between actual first quarter 2004 payments and first quarter 2004 payments had ASP-based reimbursement been in effect.	This column shows the difference between actual 2004 drug administration payment rates shown in Column F and projected 2005 drug administration payment rates in Column G. Please remember that this figure reflects drug administration payments for all drugs in one quarter.