

# Study: Community Oncology Practices Have Lost \$78 Million Due to Medicare Sequester

*Practices Lost an Average of 32% in the First Quarter of 2018 Due to Application of 2% Sequester Cut to Medicare Part B Drug Reimbursement*

BROOKLYN, NY, UNITED STATES, August 29, 2018 /EINPresswire.com/ -- Community oncology practices have lost \$78 million as a result of the ongoing Medicare sequester cut to reimbursement for Part B drugs. This amounts to practices losing an average of more than \$847,000 each due to the sequester cut, which has driven an increase in the number of closings and rate of closure of community oncology practices in the United States.



Sequestration is an automatic cut to Federal government spending triggered because Congress was unable to negotiate a balanced budget in 2011. The blunt budget cutting gimmick has been extended multiple times, with the current sequester scheduled to continue through 2027. Beginning in 2013, the Centers for Medicare & Medicaid Services (CMS) began to apply a 2% budget sequester cut to all Medicare Part B reimbursement, including for drugs.

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*Lucio Gordan, MD, Florida Cancer Specialists*

The study found that all community oncology practices experienced a significant impact from sequestration. Examining data and reimbursement over a 27-month study period from January 2016 to March 2018, the authors found that at the beginning of 2016, each practice, on average, experienced an approximate 28% to 31% loss due to sequestration. This remained steady for large practices, while the small and medium practices began to experience more impact (38.4% and 34.7%, respectively). The overall average loss was 32% in the first quarter of 2018.

\* [Read the full study](#) “The Financial Impact of the Sequester Cut to Medicare Part B Drug Reimbursement in Community Oncology” on the Evidence-Based Oncology website.

“This research quantifies what we have known for far too long: The sequester cut has decimated the community oncology system, causing millions of Americans to lose access to high-quality, affordable cancer care close to where they live and work,” said Lucio Gordan, MD, lead study author, a practicing medical oncologist/hematologist, and director of quality and medical informatics at one of the nation’s largest community oncology practice, Florida Cancer Specialists & Research Institute. “Practices simply cannot afford to keep the lights on for patients as long as they have to absorb the hundreds of thousands of dollars in cuts imposed by the sequester.”

The application of the sequester cut to cancer drug payment set up the nation’s cancer care system for the closure or consolidation of independent community oncology practices, where the majority of Americans with cancer are treated. This has created access problems for patients as cancer care moves into the much more expensive hospital system, driving up costs for seniors

with limited mobility and fixed incomes, as well as all taxpayers who fund Medicare.

The [2018 Community Oncology Practice Impact Report](#) showed that, since the sequester started in 2013, approximately 135 independent community cancer clinics – many comprised of multiple locations – have been forced to close their doors, and approximately 190 clinics have been acquired by hospitals. Research has found that the consolidation of community cancer practices into hospitals cost Medicare and taxpayers an extra \$2 billion in 2014 alone. In addition, Medicare beneficiaries responsible for the 20% coinsurance saw their bills rise by \$500 million in that same year.

Earlier this year, the Community Oncology Alliance (COA) [filed a lawsuit](#) to stop the United States Department of Health and Human Services (HHS) and the White House Office of Management and Budget (OMB) from applying the Medicare sequester cut to reimbursement for Part B drugs. COA represents independent, community-based oncologists, and the lawsuit shows the sequester cut has harmed patients, decimated the nation's independent community cancer care system, and cost seniors and taxpayers billions in unnecessary health care spending.

"The sequester cut to Medicare Part B drug reimbursement is both illegal and unconstitutional, and it has cost practices millions of dollars in just the last two years. This is in addition to the billions that it has cost seniors and Medicare in unnecessary spending from shifting cancer care to the more expensive hospital setting," said Ted Okon, executive director of COA. "The data in this study is eye-opening and should clearly demonstrate the need for Congress and the Trump Administration to fix this misguided constitutional violation."

The study was published today in Evidence-Based Oncology, a publication of The American Journal of Managed Care. It was conducted by Lucio Gordan, MD, director of quality and medical informatics, Florida Cancer Specialists & Research Institute; Cass Schaedig, vice president, Practice Business Solutions, ION Solutions, a part of AmerisourceBergen; and Susan Weidner, MBA, MS, is senior vice president for IntrinsiQ Specialty Solutions.

The researchers looked at an aggregated database of medical claims from 92 practices across 33 states and representing a diverse mix of small, medium, and large practices. The practices examined saw a combined 396,848 patients with a variety of cancer types.

Read the full study and methodology at <https://www.ajmc.com/contributor/coa/2018/08/the-financial-impact-of-the-sequester-cut-to-medicare-part-b-drug-reimbursement-in-community-oncology>

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