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URGENT
MEMORANDUM

TO: Chief Financial Officers

FROM: Donna Kinzer, Executive Director

DATE: November 1, 2016

RE: Schedule CDS-A - Growth in the Cost of Outpatient Infusion and Chemo-therapy Drugs

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In its approval of the Update Factor for FY 2017, the Commission earmarked 0.10 percent to fund a portion of the rising cost of new outpatient physician-administered drugs, i.e., infusion, chemo-therapy, and biological oncology drugs. Although the portion of the FY 2017 Update set aside is small, it is anticipated that more funds will be focused in this area moving forward.

Therefore, in order to allocate the earmarked funds for FY 2017 and to allocate future funds set aside for this purpose, to the appropriate hospitals, it is necessary to collect cost and use data for the specific drugs that make up the majority of costs and cost growth for infusion, chemo-therapy.

Attached you will find Schedule CDS-A and instructions, which will become a part of the Annual Report of Revenues, Expenses, and Volumes beginning in FY 2017. However, to enable the earmarked revenue in the 2017 Update to be distributed as part of the January 1, 2017 revised rate orders, we are requesting that the CDS-A schedule be completed, with FY 2015 (Prior Year) and FY 2016 (Base Year) data, and transmitted to the HSCRC as an Excel worksheet to hscrc.oncology-drugs@maryland.gov on or before December 2, 2016. For this submission only, Hospitals should utilize the latest quarterly Medicare Average Sale Price. Also attached you will find Appendix II of the Market Shift Adjustment Policy.

If you have any questions concerning the above, you may contact Dennis Phelps at (410) 764-2565.

Schedule CDS-A – Growth in the Cost of Outpatient Infusion and Chemotherapy Drugs

Overview

Schedule CDS-A is provided to enable hospitals to report the growth in the utilization and cost of outpatient infusion, chemotherapy, and biological drugs (J and Q Code drugs) from the prior fiscal year to the current fiscal year. The information reported on Schedule CDS-A must agree with the hospital's records and is subject to audit. T**he drugs reported shall be the 30 drugs with the highest cost, or the drugs that make up at least 80% of the cost of outpatient infusion, chemotherapy, and biological drugs billed in the fiscal year.**

The net invoice cost reported shall be the actual amount paid by the hospital after all discounts, deductions, markdowns, and rebates. The amounts reported shall be limited to the net invoice cost of the billed outpatient infusion, chemotherapy, and biological drugs provided in an outpatient infusion or cancer treatment center of a hospital. Most reportable drugs will be either a chemotherapy drug or a biological drug. Drugs used in the operating room, radiology, cardiology, or in other testing or in interventional procedures or in other departments of the hospital should not be reported. The classification of Infusion/Chemotherapy/Oncology should be consistent with the definitions specified in the market shift adjustment policy.

Detailed Instructions

Heading Section

Institution Name Line

Enter on this line the complete name of the reporting hospital.

Institution Number Line

Enter on this line the number assigned to the reporting hospital. The assigned number corresponds to the last 4 digits of the reporting hospitals Medicare Provider Number, e.g., 0099.

Base Year and Prior Year Line

Enter on this line the Base fiscal year and the Prior fiscal year for which the data is reported.

Column A – J or Q Drug HCPCS Code

Enter on the applicable lines the J or Q Drug HCPCS Code number.

Column B – Description

Enter on the applicable lines the J or Q Drug Code description.

Column C – HCPCS Dosage – Base Year

Enter on the applicable lines the HCPCS Code dosage for the J or Q Drug in the Base Year.

Column D – Number of HCPCS Billed Doses – Base Year

Enter on the applicable lines the number of HCPCS billed doses administered to outpatients in the Base Year.

Column E – Number of Patients – Base Year

Enter on the applicable lines the number of outpatients receiving billed doses of J or Q Code Drugs in the Base Year.

Column F – Net Invoice Cost per Dose – Base Year

Enter on the applicable lines the net invoice cost per dose of the J or Q Code Drugs billed to outpatients in the Base Year.

Column G – Medicare Average Sale Price per Dose – Base Year

Enter on the applicable lines the Medicare Average Sale Price per dose of the J or Q Code Drugs in the Base Year.

Column H – Total Net Invoice Cost – Base Year

Enter on the applicable lines the result of multiplying the number of HCPCS Billed Doses of the applicable J or Q code drug, Column C, by the Net Invoice Cost per Dose of the applicable J or Q code drug, Column E, in the Base Year.

Column I – Number of HCPCS Billed Doses –Prior Year

Enter on the applicable lines the number of HCPCS billed doses administered to outpatients in the Prior Year.

Column J – Number of Patients – Prior Year

Enter on the applicable lines the number of outpatients receiving billed doses of J or Q Code Drugs in the Prior Year.

Column K – Net Invoice Cost per Dose – Prior Year

Enter on the applicable lines the net invoice cost per dose of the J or Q Code Drugs billed to outpatients in the Prior Year.

Column L – Medicare Average Sale Price per Dose – Prior Year

Enter on the applicable lines the Medicare Average Sale Price per dose of the J or Q Code Drugs in the Prior Year.

Column M – Total Net Invoice Cost – Base Year

Enter on the applicable lines the result of multiplying the number of HCPCS Billed Doses of the applicable J or Q code drug, Column J, by the Net Invoice Cost per Dose of the applicable J or Q code drug, Column L, in the Base Year.