

US sequester cuts treatment for thousands of cancer patients

Kate Randall
5 April 2013

Cancer clinics across the US have begun to turn away thousands of Medicare patients as a result of the sequestration order signed into law by President Barack Obama on March 1. The action is mainly due to cuts to Medicare reimbursement for expensive chemotherapy drugs, which is making it financially untenable for clinics and oncologists to maintain their operations.

In a joint statement, the Community Oncology Alliance warned: “The sequester cut to cancer drugs threatens viability of community cancer care. In effect, the government is forcing clinics to subsidize Medicare—that is, to make up the difference between what Medicare pays and the actual cost of cancer drugs.”

The sequestration order mandates \$85 billion in cuts by the end of this fiscal year to a wide range of government departments and services and will trigger furloughs of a million or more federal employees, as well as a pay freeze. States are already beginning to implement cuts affecting the nearly 4 million long-term unemployed who receive extended benefits funded by the federal government.

The 2 percent cut imposed on Medicare, while a smaller percentage than those targeting other programs, is still estimated to amount to some \$11 billion by September 30. As a direct result of the cuts taking effect April 1, thousands of Medicare patients being treated at cancer clinics are now being told they must seek treatment elsewhere, such as in a hospital. Treatment in a hospital setting will be more expensive, and it is unclear whether hospitals will be able to handle the influx of patients.

The *Washington Post* reported Wednesday that North Shore Hematology Oncology Associates (NSHOA), with six locations in Long Island, New York, decided in a meeting on Tuesday that it will no longer provide

services to one-third of its 16,000 Medicare patients. “If we treated the patients receiving the most expensive drugs, we’d be out of business in six months to a year,” NSHOA chief executive Jeff Vacirca told the *Post*.

The Charleston Cancer Center in South Carolina began informing Medicare patients weeks ago that doctors at the clinic would no longer be able to offer them treatment. It is unclear how many senior cancer patients will be affected nationwide, but the numbers could be in the hundreds of thousands.

The *Post* notes an analysis by the Center for Cancer and Blood Disorders of Bethesda, Maryland, which estimates that between 50 and 70 percent of the drugs it administers will become “money losers” with the 2 percent sequester cut in effect. Ralph Boccia, the clinic’s director, says about 55 percent of his center’s patients are covered by Medicare.

The dire impact on cancer clinics is a result of the way the sequester cuts are affecting payments to community oncologists for chemotherapy drugs. Medications for seniors are usually covered by Medicare Part D, but because cancer drugs are required to be administered by a physician, they are paid for by Part B, which covers doctors’ visits. Part B is subject to the 2 percent Medicare sequester cut.

Under Medicare, the federal government typically pays for the average sales price (ASP) of the chemotherapy drugs, plus 6 percent toward the cost of storing and administering the medication. Because oncologists cannot change what they are charged for the drugs by the pharmaceutical companies, they argue that the 2 percent cut must come entirely out of the 6 percent overhead payment, effectively reducing this payment by about one-third.

For the most expensive chemotherapy drugs, reimbursement for cost and overhead through Medicare

is already inadequate. While pharmaceutical companies can charge in the tens of thousands of dollars monthly per patient for some cancer drugs, profiting handsomely in the process, there is little oversight on prices for medications that can often mean the difference between life and death.

According to the Community Oncology Alliance: “Since 2008, more than 1,200 community cancer care centers have closed, consolidated, or reported financial problems.” The alliance cites a recent survey that projects that the sequester will force 72 percent of cancer clinics to stop seeing Medicare patients, or to send them to the hospital for treatment.

Medicare patients who are forced out of cancer clinics and are able to obtain treatment in a hospital will most likely see increased costs. A study by the actuarial firm Milliman found that chemotherapy delivered in a hospital setting costs an average of \$6,500 more on a yearly basis than if it were done in a community clinic.

The *Post* notes, “Milliman found that Medicare patients ended up with an average of \$650 more in out-of-pocket costs when they were seen only in a hospital setting,” due to patients’ responsibility to cover some of these increased costs. Those unable to come up with the money may be forced to forego care altogether, the end result being increased suffering and deaths from cancers going untreated.

While the impact of the sequester on cancer clinics is visible and will cause immediate hardship for potentially hundreds of thousands of seniors, Medicare payments to all hospitals, doctors and other health care providers were reduced by 2 percent beginning April 1. Private practices with large numbers of Medicare patients will be affected most severely, with the implication that significant numbers of practices will cut back on serving Medicare patients or stop accepting them altogether.

The sequester cuts are being eyed as a testing ground for even deeper cuts to social programs, particularly to Medicare, the Social Security retirement program, and Medicaid, the federal-state health insurance program for the poor. The 10-year budget proposals for both big business parties call for sweeping cuts to Medicare.

The Republicans are openly calling for a voucher plan for Medicare, which would essentially do away with it through privatization. In closed-door meetings

with Congressional Republicans, Obama has signaled his agreement with a deal that would impose major increases in Medicare costs for seniors, through combining Medicare Parts A and B, which cover hospital care and doctor visits, respectively.

The sequester cuts are receiving little attention in the media, being accepted as a *fait accompli*. Meanwhile, jobs and services for millions of people are under threat as the cutbacks begin to take shape. In addition to the federal workers, teachers and others who will see furloughs and layoffs, programs and services dependent upon federal money are being slashed in every state.

Food pantries are closing, young children are being turned away from Head Start, Meals on Wheels deliveries are stopping for many seniors, National Park centers are limiting hours and closing visitor centers, air traffic control towers are being shuttered, research institutions are halting work, housing vouchers are being cut, and work-study jobs and training programs for students and young people are being eliminated.

In a cynical gesture, the White House announced Wednesday that the president would be giving up 5 percent of his \$400,000 salary in light of the sequester. The \$20,000 reduction is unlikely to win the sympathies of his fellow federal employees. No mention was made of Obama’s other perks of office, which include a \$50,000 annual expense account, a \$100,000 nontaxable travel account, and \$19,000 for entertainment.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact