

Bundling oncology services

ISSUE: Medicare pays for Part B covered drugs (such as oncology drugs) administered in physician offices and hospital outpatient departments and furnished by suppliers based on the average sales price (ASP) plus six percent. Commissioners have raised concerns about whether the six percent add-on to ASP creates incentives for use of higher-priced drugs.

KEY POINTS: In response to Commission discussion at the November 2014 and March 2015 meetings, this paper begins to examine design issues associated with constructing oncology bundles in fee-for-service Medicare.

ACTION: At the April meeting, Commissioners should consider the evidence presented and discuss possible directions for the Commission's work.

STAFF CONTACT: Nancy Ray and Katelyn Smalley (202-220-3700).