

## Study on handling costs for drugs delivered in hospital outpatient departments

**ISSUE:** As mandated in the MMA, beginning in 2006, CMS will pay hospitals their acquisition costs for a select set of drugs, biologicals, and radiopharmaceuticals delivered in hospital outpatient departments. The MMA requires MedPAC to study whether or not a payment adjustment to the hospital outpatient prospective payment system is needed to cover pharmacy and nuclear medicine department costs associated with storing, preparing, and disposing of these products. If a payment adjustment is needed, how should it be structured?

### KEY POINTS:

- The study covers drugs, biologicals, and radiopharmaceuticals that were on the pass-through list in December 2002. Many, but not all, of these products are used in cancer care.
- The study does not cover the acquisition costs of these drugs biologicals, and radiopharmaceuticals, which GAO is studying. Nor does the study cover the costs of administering these products to patients, which is covered by separate administration fees under the outpatient PPS.
- The study is due to Congress on July 1, 2005.

The attached briefing paper describes the study question in more detail and outlines our planned approach.

**ACTION:** Commissioners should provide feedback on the planned approach.

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