



NUCLEAR

MEDICINE APC

TASK FORCE

1850 Samuel Morse Drive
Reston, VA 22090-5316
(703) 708-9000
Fax: (703) 708-9015

Academy of Molecular Imaging
American College of Nuclear Physicians
American College of Radiology
American Society of Nuclear Cardiology
Council on Radionuclides and Radiopharmaceuticals, Inc.
National Electrical Manufacturers Association
Society of Nuclear Medicine
Society of Nuclear Medicine - Technologist Section

This document provides an update, as of August 31, 2004, on the Government Accountability Office's (GAO) survey of hospital drug acquisition costs, and work by the Council on Radionuclides and Radiopharmaceuticals (CORAR), the American College of Radiology (ACR), the Society of Nuclear Medicine (SNM) and the Nuclear Medicine APC Task Force (TF) to assist the GAO in understanding the unique features of radiopharmaceuticals.

A. Legislative Background

Section 621(a) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) required that the GAO conduct surveys in 2004 and 2005 to determine the hospital acquisition cost for each specified covered outpatient drug. As you know, based on efforts by CORAR, the MMA defines specified covered outpatient drugs to include radiopharmaceuticals. The data from the GAO survey will be provided to the Centers for Medicare and Medicaid Services (CMS) for use in setting Medicare payment rates for specified covered hospital outpatient drugs for 2006. The GAO also will make recommendations on the frequency and methodology of subsequent surveys to be conducted by CMS for payment in later years.

Therefore, the GAO surveys may be very important in determining payment for radiopharmaceuticals in 2006 and going forward. The data and methodology developed by GAO will likely serve as the alternative to using the average wholesale price which CMS is required to do by MMA in 2004 and 2005.

B. Key Points Regarding the GAO Hospital Cost Survey Tool for Radiopharmaceuticals

The GAO has initiated two pilot surveys to date and is continuing to refine the survey instrument. As of August 31, 2004, the GAO is planning to finalize the hospital cost survey instrument and send it out to a wider, representative sample of hospitals this fall and again next year.

The current GAO survey instrument recognizes that hospitals can purchase a commercially prepared dose of a radiopharmaceutical or a vial and/or a kit and then mix the radiopharmaceutical with another component product. The GAO survey instructs hospitals to identify how they purchase each radiopharmaceutical, offering a variety of options for how the hospital may report the varying products, as follows:

- (1) Commercially prepared unit dose,

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- (2) Multi-dose vials and kits, and
- (3) Vials/kits which are mixed/combined with other products In-house preparations.

The current GAO survey also asks providers to identify the products that are mixed/combined with the radiopharmaceutical and furnish the cost of these items so that the GAO can better capture “actual acquisition costs” of the final product administered to the patient. Additionally, the survey tool asks for transportation and/or shipping costs, and rebates and discounts associated with the purchase of radiopharmaceuticals.

The instructions for the survey includes contact information, so that if hospitals have questions they can obtain clarification. Hospital affiliated members of the Task Force have followed up with Westat, the statistical survey research organization responsible for collecting the hospital cost data. In this instance, Westat approved the use of the hospital-created / modified survey data tool to facilitate the process for the hospital.

The Task Force strongly encourages members to follow-up with Westat if they have questions regarding the GAO cost survey. In addition, we recommend that you notify The Society of Nuclear Medicine’s **Denise Merlino** and/or forward your comments and inquiries to **dmerlino@snm.org**.

The Task Force is continuing to work with the GAO with respect to further refinements to the survey tool and analysis of the cost data. We cannot emphasize enough the need to provide the GAO with accurate cost data. Their conclusions may well set the base for future reimbursement