

MEDICARE NEWS

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NEW COMPETITIVE ACQUISITION PROGRAM FOR DRUGS ADMINISTERED IN A PHYSICIAN'S OFFICE SELECTS VENDOR

The Centers for Medicare and Medicaid Services (CMS) today announced the selection of BioScrip as the vendor for the initial phase of the new Competitive Acquisition Program (CAP) for certain Part B drugs and biologicals that begins on July 1, 2006. The CAP is a voluntary program that offers physicians the option to acquire many drugs they use in their practice from an approved CAP vendor thus reducing the time they spend buying and billing for drugs.

Rather than purchasing these drugs from distributors and being reimbursed by Medicare, the physician would obtain the drug from an approved vendor and administer it to the beneficiary. The vendor would be responsible for billing Medicare for the drug, collecting the coinsurance from the beneficiary, and other administrative tasks. The CAP, which was mandated by the Medicare Modernization Act of 2003 (MMA), will allow physicians who choose to participate in the CAP to continue to be paid for the costs of administering the drugs.

“This is a very important step in enabling physicians to focus on caring for patients rather than on paperwork and payments for the drugs they administer in their offices,” said CMS Administrator Mark B. McClellan, M.D., Ph.D. “We are very pleased that BioScrip will be joining us as we begin this exciting new opportunity. BioScrip has a demonstrated record of providing high quality products and services, and we look forward to working with them in offering this program to physicians. This initial phase of CAP will provide CMS with the opportunity to gain valuable experience with this competitive program. We look forward to expanding the CAP to more categories of drugs in the future and widening the pool of vendors and interested physicians.”

BioScrip, www.bioscrip.com, was selected in a competitive bidding process to provide more than 180 drugs to physicians' offices. To be selected, a vendor had to qualify for the CAP based not only on the price the bidders offered Medicare for each drug, but also their experience in providing Part B drugs to physicians' offices; their ability to meet CAP's strict processing, packaging, and shipping requirements; their commitment to customer service to physicians and beneficiaries; and their financial and administrative capability. As indicated in the CAP final rule, the payment rates for the CAP drugs are based on the median of the bid price of several qualified bidders. However, qualified bidders who were offered contracts were not obligated to sign those contracts.

Physicians will be able to elect to participate in CAP later this spring for the period of July 1, 2006 through December 31, 2006. Additional information about the election process will be announced shortly on the CMS website.

The CAP applies only to certain drugs covered under Medicare Part B which are administered to a Medicare beneficiary in the physician's office. This CAP does not apply to drugs included in the Medicare prescription drug benefit (Medicare Part D)

Note: More information about the CAP can be found at www.cms.hhs.gov/CompetitiveAcquisforBios.