

Blood groups' advocacy efforts gain inclusion of key provisions in final Medicare provider relief package

The nation's blood service organizations last December achieved a great victory in the area of inpatient reimbursement for blood and blood products. Before adjourning the 106th legislative session, both Houses of Congress passed HR 4577, the Consolidated Appropriations Act, 2001, which President Clinton subsequently signed into law. The consolidated bill incorporated the measures of HR 5661, the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act (BIPA), which contained provisions to improve reimbursement for blood and blood products.

The first legislative provision pertaining to blood reimbursement states, "The Secretary of Health and Human Services shall, when next (after the date of enactment of this Act) rebasing and revising the hospital market basket index (as defined in section 1886(b)(3)(B)(iii) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(B)(iii))), consider the prices of blood and blood products purchased by hospitals and determine whether those prices are adequately reflected in such index."

The hospital market basket index is one component Medicare relies upon to set payment levels for various hospital services. The market basket reflects the broad array of operating and capital costs, categorized for measurement purposes, that hospitals incur in order to provide medical care. The market basket index has been periodically reviewed and the relative cost measures, or "weights", recalibrated so that changes in costs are appropriately reflected in Medicare payment adjustments. The last updating of the index was in 1996.

The Health Care Financing Administration (HCFA) is under Congressional guidance to ensure that the hospital market basket index properly incorporates any significant changes in costs of blood and blood products that have occurred since 1996. Blood and blood products, while theoretically captured within the "supplies" category, do not constitute a broad

enough category to warrant separate consideration. However, the 106th Congress passed the legislative provision described above based on the premise that there has been a significant increase in the cost of blood and blood products that does, in fact, warrant separate consideration by HCFA in the next rebasing. Thus, HCFA will specifically look at the costs of blood and blood products when this next rebasing occurs to ensure that these costs are appropriately reflected. The exact timing of this project is under consideration within HCFA in conjunction with the Agency's planning of all their BIPA implementation responsibilities.

The second provision pertaining to blood requires the Medicare Payment Advisory Commission (MedPAC) to conduct a study on any increased costs incurred by hospitals "attributable to complying with new blood safety measure requirements; and providing such services using new technologies." This provision also requires MedPAC to assess "the extent to which the prospective payment system for such services...provides adequate and timely recognition of such increased costs; the prospects for...cost increases that hospitals will incur in providing such services...during the 10 years after the date of enactment of this Act; and the feasibility and advisability of establishing mechanisms under such payment system to provide for more timely and accurate recognition of such cost increases in the future." The bill directs MedPAC to consult with hospitals, blood centers and manufacturers of new blood safety technologies in performing this assessment and to submit its recommendations for legislation and administrative action to Congress within one year.

House and Senate Floor Statements Reflect Congressional Recognition of Blood Costs

Several members of the 106th Congress, including Senators Bill Roth (R-DE) and Orrin Hatch (R-UT), and Representatives Bill Thomas (R-CA), Philip Crane (R-IL)

and Jerry Klezcka (D-WI), demonstrated a particular commitment to ensuring adequate reimbursement for blood. In a Senate floor statement submitted to the Congressional Record, Senator Hatch spoke of his concern about the safety of the nation's blood supply: "Patient access to a safe and adequate blood supply is a national health priority, however, many of us have heard from the American Red Cross, America's Blood Centers, and the American Association of Blood Banks about hospitals having trouble paying for new blood therapies. Additional funding is needed if we are to remain committed to the safest blood supply possible."

Senator Hatch went on to say, "The bill directs HCFA and MedPAC to review how hospitals are being reimbursed for blood. It also asks both entities to recommend necessary changes to provide fair and timely reimbursement. While these recommendations will not be completed until late next year, I will continue to work on guaranteeing that patients are receiving the safest possible blood products as soon as possible."

In a statement on the House floor, Congressman Crane stated, "The American Hospital Association along with the American Red Cross, America's Blood Centers, and the American Association of Blood Banks have all recognized the importance of this legislation. By restoring the full inflationary update to the Market Basket Index for hospitals, Congress is providing the nation's hospitals and blood centers with the means to afford new blood therapies and to ensure that patients are treated with the safest possible products."

Congressman Klezcka echoed these sentiments in his statement, adding "All Americans deserve the peace of mind of safe blood and blood products, and I am pleased these provisions were included in the final Medicare relief package."

Hospitals Applaud BIPA's Restoration of Medicare Cuts

Hospitals and health care systems similarly applauded passage of the BIPA after a long congressional session. They and other providers will see \$11.55 billion in 1997 Balanced Budget Act (BBA) Medicare cuts restored, along with other benefits, under the omnibus package passed December 15. Advocates undertook extensive lobbying in securing its passage. "It reveals the kind of successes hospitals, health systems, state, regional, and metropolitan associations, and AHA can achieve when we work together," said Rick Pollack, AHA executive vice president for Advocacy and Public Policy, when the measure passed.

In arguing the need for providers to receive a "cost of caring" adjustment, AHA had cited the rising costs of blood as one of the reasons additional funding was needed. AHA noted in the cost of caring increase justification that "the Food and Drug Administration (FDA) will soon approve new blood screening techniques to make our blood supply safer. But quality

improvements will add significantly to the cost of blood." Following final passage of the funding increase, the AHA recognized the support Congress had included for more adequate blood reimbursement. Among its legislative accomplishments for 2000, AHA noted that it had "succeeded in getting HCFA to consider the cost of blood in its market basket calculation for hospitals" (AHA Special Report, AHA News, Vol. 37, No. 3, 1/22/01).

Key Support Will Aid Efforts Going Forward

The American Medical Association (AMA) has also lent its support to the growing need for more adequate reimbursement for blood. At its December meeting, the AMA House of Delegates approved a resolution to "join the American Hospital Association, the American Association of Blood Banks, the American Red Cross, and America's Blood Centers in urging the Health Care Financing Administration (HCFA) to assure adequate reimbursement for blood services as a way to reduce barriers to needed care." Similarly, the Department of Health and Human Services' Advisory Committee on Blood Safety and Availability has passed a number of resolutions over the past two years calling for the federal government to ensure appropriate reimbursement for the Department's blood safety recommendations.

Congress has clearly signaled its support for the blood community's efforts by instructing HCFA and MedPAC to review the way in which blood costs are accounted for and to recommend ways in which the system can be improved to reimburse more appropriately for blood products. The blood organizations are currently working with both HCFA and MedPAC to assist them in their analyses. These groups are also maintaining close contact with Congressional champions to ensure their continued support. In addition, the national blood organizations continue to work with AHA, AMA, AdvaMed and other interested stakeholders to ensure that health care providers receive the most fair and adequate reimbursement for blood and blood products.

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