

NewsLine



North Carolina Oncology Association

www.ncoa-northcarolina.com

May 20, 2009

President's Message

On April 21st, Dr. Richard Krumdieck, Dana Simpson, and I met with a number of legislators in Raleigh to foster relationships between NCOA and the General Assembly. We had very informative meetings with Senator Bill Purcell (D-25th district), Senator James Forrester (R-41st district) and Representative Bob England (D-112 District), all of whom are physicians.

We also had the opportunity to meet with Bob Seligson, Executive Vice President of the NC Medical Society, and Carol Scheele, Associate General Counsel of NC Medical Society. The NC Medical Society has filed a compliance dispute with BCBS regarding the lack of notification regarding changes in reimbursement for chemotherapy. A mediation hearing is

scheduled for June 2nd in Chapel Hill. The NCOA appreciates the efforts of NCMS and encourages all NCOA members to also join the NC Medical Society.

Finally, I would like to remind you of our upcoming Fall Meeting to be held at the Umstead Resort, August 14-15. The meeting will include presentations on lung cancer, GU cancer, GI cancer and breast cancer with updates from ASCO. We will also have national and state legislative updates and a presentation on negotiating with managed care companies. I look forward to seeing you there.

Sincerely,
Jennie R Crews, MD



Legislative And Regulatory Update

Dana E. Simpson
May, 2009

NCOA Launches Legislative Advocacy Efforts

On behalf of my colleagues at Smith Anderson law firm in Raleigh, we are pleased to have the opportunity to represent the North Carolina Oncology Association ("NCOA") in state legislative and regulatory matters. At their last Board of Directors meeting, NCOA appointed Dr. Richard Krumdieck the Legislative Liaison for NCOA. Please send any issues facing your practices and patients to Dr. Krumdieck at rkrumdieck@lnho.org so that we can learn more about your challenges and advocate for beneficial public policies in Raleigh.

We began representing the NCOA in March and were immediately thrust into a legislative debate involving specialty pharmacy vendor requirements proposed for the State Employees Health Plan (see summary below). Since that time, we have been working on other oncology-related legislative matters, as well as broader issues impacting physician interests generally. We are also taking initial steps to raise the profile of the NCOA with policymakers by introducing NCOA leaders to key legislators and building alliances with allied associations, such as the North Carolina Medical Society and the North Carolina Cancer Society. The NCOA leadership plans to expand its advocacy efforts to not only include legislative matters, but also regulatory issues impacting oncologists (*i.e.*, North Carolina Medicaid rules, etc.).

Budget Deficit Overshadows Policy Debates

North Carolina state government faces an almost unprecedented deficit for the upcoming 2009-11 biennium budget. Legislative economists estimate that falling tax revenues plus mandatory new expenses (*i.e.*, student enrollment increases) will lead to an almost \$4-billion shortfall in the 2009-10 fiscal year budget. While some of this shortfall will be filled with short-term revenue from federal stimulus funds, much of it will have to be made up through cuts in state government and potential tax increases.

What does the massive budget deficit mean for NCOA members? The budget places enormous pressure on legislative leaders and the new Secretary

of Health and Human Services, Lanier Cansler, to make cuts in the State's Medicaid program. Since his appointment in January by Governor Beverly Perdue, Secretary Cansler has met with physician, hospital, and other health care industry representatives, seeking ideas for cutting health care costs without reducing provider reimbursement rates. The budget shortfall places unprecedented pressure on the medical community to justify the difference in rates paid to physicians for Medicaid services in North Carolina compared to other states. The current rate, 95% of Medicare, is higher than the Medicaid rates paid by other Southeastern states. However, this rate enables North Carolina's innovative Community Care Network of primary care physicians to work efficiently and deliver hundreds of millions of dollars in savings to the State by providing State Medicaid recipients with a "medical home" to manage their health care needs and costs. Additionally, the Medical Society, NCOA and other health care provider organizations are reminding lawmakers that each \$1.00 in State appropriations cut from the Medicaid program results in the loss of an additional \$4.00 in matching federal funds. Thus, every \$1.00 in State cuts to Medicaid results in a \$5.00 aggregate decrease in Medicaid expenditures in North Carolina, putting additional pressure on an already strained health care infrastructure and potentially threatening health care jobs.

The proposed budgets delivered by Governor Perdue in February and the North Carolina Senate in April avoided cuts in physician reimbursement rates under Medicaid. The Senate budget included a freeze on inflationary rate increases for physician reimbursement, but no rate cut. Unfortunately, the House of Representatives is currently preparing its proposed budget using much lower revenue projections (as a result of lower than expected April tax receipts). As a result, House Appropriations leaders are seeking over \$1-billion in additional cuts to State government in order to balance the budget. The NCOA will continue to work with the Medical Society and other specialty societies to educate lawmakers about the need to avoid Medicaid cuts, thereby reducing federal matching funds and undermining the network of physicians needed to manage the Medicaid population in an organized fashion that restrains utilization.

State Employees Health Plan

As a result of a number of actuarial and budgeting mistakes, the State Employees Health Plan faced more than a \$700-million budget shortfall for fiscal year 2009-10. Legislative leaders worked diligently



in March and April to close this budget shortfall by restructuring premiums and benefits provided under the State Employees Health Plan. In addition to reducing some benefits and raising premiums on family coverage, legislative leaders included an aggressive new focus on promoting healthy lifestyles and prevention, including forcing smokers to pay higher deductibles and co-payments.

The version of the State Employees Health Plan reform legislation passed by the Senate (SB 287) in late March included a new specialty pharmacy vendor requirement covering all specialty medications, both oral and intravenous, that exceed \$400.00 per prescription. NCOA leaders recognized that such a specialty pharmacy vendor requirement could have a detrimental impact on the way North Carolina oncologists dispense both oral and IV cancer medications. In response, the NCOA sought a legislative exemption for cancer drugs from this proposed new requirement. House Majority Leader Hugh Holli-man (D-Davidson) and Representative Julia Howard (R-Davie) worked together to specifically exempt cancer medications from the specialty pharmacy vendor requirement in the version of the legislation passed by the House. NCOA President Jennie Crews, M.D. and President-Elect Richard Krumdieck, M.D. spent a day in Raleigh lobbying legislative leaders and were rewarded when the final compromise between Senate and House leaders included the exemption for cancer medications passed by the House. This successful lobbying effort represents an important initial victory for the NCOA and its members as the Association becomes more engaged in state policy issues.

Other NCOA Policy Issues

The NCOA has teamed with the North Carolina Cancer Society and other interested parties to support legislation (HB 896) sponsored by Representative Ty Harrell (D-Wake) that updates existing State law to require health insurers to provide coverage for drugs approved by the FDA and accepted for treatment by one of the nationally established cancer reference compendia. The legislation updates State law to match recent CMS rules recognizing new federal compendia for off-label use of cancer drugs.

The NCOA also supported the successful efforts by House Majority Leader Hugh Holliman and Senator Bill Purcell (D-Scotland) to ban smoking in North Carolina restaurants and bars. This legislation was a top priority for the Cancer Society and was also supported by the North Carolina Medical Society and other health care provider organizations.

The North Carolina Medical Society, NCOA, and other specialty societies are working together to support common sense managed care reforms that seek to provide due process and level playing field in the contractual relationships between health insurers and health care providers. Despite strong opposition from health insurers, Senator Dan Clodfelter (D-Mecklen-burg) successfully championed legislation (SB 877) through the North Carolina Senate that would allow physicians to reject any proposed contract amendments offered by insurers that negatively impact negotiated fee schedules. This proposed legislation protects basic contract rights, but unfortunately NCOA members know all too well that most managed care agreements allow insurers the right to change contract terms unilaterally. Defeating this legislation is a priority for the health insurance industry and we expect a tough fight in the House of Representatives.

BOARD OF DIRECTORS

PRESIDENT

Jennie R. Crews, MD, Marion L. Shephard Cancer Center

PRESIDENT-ELECT

Richard Krumdieck, MD, Lake Norman Hematology Oncology Specialists

SECRETARY/TREASURER/MEMBER AT LARGE

T. Flint Gray, III, MD, Watauga Medical Center, Seby Jones Regional Cancer Center

IMMEDIATE PAST PRESIDENT

T. Flint Gray, III, MD, Watauga Medical Center, Seby Jones Regional Cancer Center

MEMBERS-AT-LARGE

Thomas W. Hauch, MD, Carolina's Cancer Care
Kenneth S. Karb, MD, Moses Cone Health System
Regional Cancer Center

Mary Ann Knovich, MD, Wake Forest University School of Medicine

ONCOLOGY CAC REPRESENTATIVE

David A. Eagle, MD, Lake Norman Hematology Oncology Specialists

ONCOLOGY CAC ALTERNATE REPRESENTATIVE

Thomas W. Hauch, MD, Carolina's Cancer Care

HEMATOLOGY CAC REPRESENTATIVE

James Boyd, MD, Presbyterian Oncology Association

Opportunities to Get Involved

The NCOA is part of a group of advocacy organizations involved with efforts to raise the profile of cancer issues with legislators as part of National Cancer Awareness Week in June. NCOA leaders are expected to join leaders from other allied organizations to discuss cancer-related policy issues with legislators on June 10, 2009.

A great opportunity for NCOA members to become involved in the legislative process is the Doctor of the Day program sponsored by the North Carolina Medical Society. This program offers NCOA members a chance to learn about the legislative process and build relationships with your local legislators. The Doctor of the Day provides basic first aid services to legislators and visitors to the Legislative Building and offers an opportunity to attend Health Care Committee meetings and visit with your local legislators. If you are interested in participating, please contact Jean Lewis at the North Carolina Medical Society at either 800-722-1350 or jlewis@ncmedsoc.org to schedule a day that is convenient for you.

I look forward to working with NCOA members to help educate State policymakers about issues that are important to your practices and to your patients. If you have input and/or questions regarding NCOA legislative or regulatory activities, please do not hesitate to contact Richard Krumdieck, MD at rkrumdieck@lnho.org or Jennie Crews, MD at jrcrews@hotmail.com

Save the Date: August 14-15.

Annual Membership Conference
The Umstead Hotel & Spa
Cary, NC

For more information about
North Carolina Oncology Association
www.ncoa-northcarolina.com
or call: 301-984-9496, ext. 218