

June 22, 2009

The Honorable Harry Reid  
Majority Leader

The Honorable Mitch McConnell  
Minority Leader

The Honorable Max Baucus  
Chairman  
Senate Committee on Finance

The Honorable Charles Grassley  
Ranking Member  
Senate Committee on Finance

The Honorable Richard J. Durbin  
Majority Whip

The Honorable Jon Kyl  
Minority Whip

Dear Senators:

On behalf of the undersigned companies and associations, who represent the majority of specialty and biotech distribution and community oncology providers in the United States, as well as other physician specialties and patients, we request your support for legislation (S. 1221 (attached)) introduced on June 9, 2009 by Senators Arlen Specter (D-PA) and Pat Roberts (R-KS). S. 1221 seeks to exclude customary prompt pay discounts extended to wholesalers from the Average Sales Price (“ASP”) methodology for Medicare Part B drugs. We respectfully request that you include S. 1221 in the health reform package.

Customary prompt pay discounts are contractual terms between drug manufacturers and distributors. They reflect the time value of money for distributors, are not often passed on to medical providers, and artificially reduce reimbursement. Our pharmaceutical distribution system is unique to the United States and provides efficiencies not realized in other countries.

The inclusion of distributor prompt pay discounts in the ASP methodology threatens the secure and highly efficient distribution model and will lead to increased costs to Medicare and beneficiaries due to greater inefficiencies and impairment of product integrity. Reduced reimbursement to community oncology practices, where 84% of cancer patients are treated, compounds challenges faced by patients in their treatment and causes access to care issues as the economic realities of Medicare reimbursement threaten the financial viability of patient treatment facilities.

Excluding distributor prompt pay discounts from the ASP methodology is consistent with existing policy and will create greater uniformity among federal healthcare programs, as these terms already are excluded from the Medicaid Average Manufacturer Price (“AMP”) methodology.

Thank you for your consideration of this request. We would be glad to provide additional information.

Sincerely,

American Society of Clinical Oncology  
AmerisourceBergen Corporation  
Association of Community Cancer Centers  
Community Oncology Alliance  
CuraScript Specialty Distribution  
Healthcare Distribution Management  
Association (HDMA)  
Health Coalition, Inc.

McKesson Corporation  
Patient Services Incorporated  
Society of Gynecologic Oncologists  
Specialty & Biotech Distributors  
Association (SBDA)  
UPMC Cancer Centers  
US Oncology

Attachment