A new health policy report suggests that the swift and dramatic rise in cancer-drug spending is due to laws that keep Medicare from managing the use or price of cancer drugs. These laws limit Medicare's actions in

cancer far more than they are limited in other areas of healthcare.

Published in the February 5, 2009, issue of the *New England Journal of Medicine,* the report was written by Peter B. Bach, MD, MAPP, an epidemiologist and pulmonary and critical care physician at Memorial Sloan Kettering Cancer Center, who in 2005 and 2006 was the Senior Policy Adviser on cancer policy at the Centers for Medicare and Medicaid Services (CMS) in Washington, DC.

According to Dr. Bach, cancer-drug prices and drug utilization are rising faster than other areas of Medicare spending. Medicare is neither able to limit which drugs are given to which patients, nor can it ensure that it reimburses for the use of drugs based on the price for the least costly version of that drug. Medicare has these abilities in its coverage and payment for other types of healthcare, as Dr. Bach outlines in his report.

“Medicare can do very little to ensure that cancer drugs are only used when they are effective, and nothing to ensure that the price they pay for drugs is appropriate,” Dr. Bach points out. “It is no surprise that cancer-drug prices and utilization keep rising.”

The report points to some studies suggesting that progress in cancer treatment has become less and less cost-effective, even as advances have been made. This “diminishing rate of return” in the war on cancer is fiscally unsustainable, in Dr. Bach’s view.

Dr. Bach suggests that policymakers could find ways to slow the upward rise in cancer-drug prices without stifling the pace of scientific innovation. Recommendations include specific changes to the laws that govern Medicare’s coverage and payment for cancer drugs, as well as an endorsement of a “center for comparative effectiveness” that could guide Medicare’s decisions.