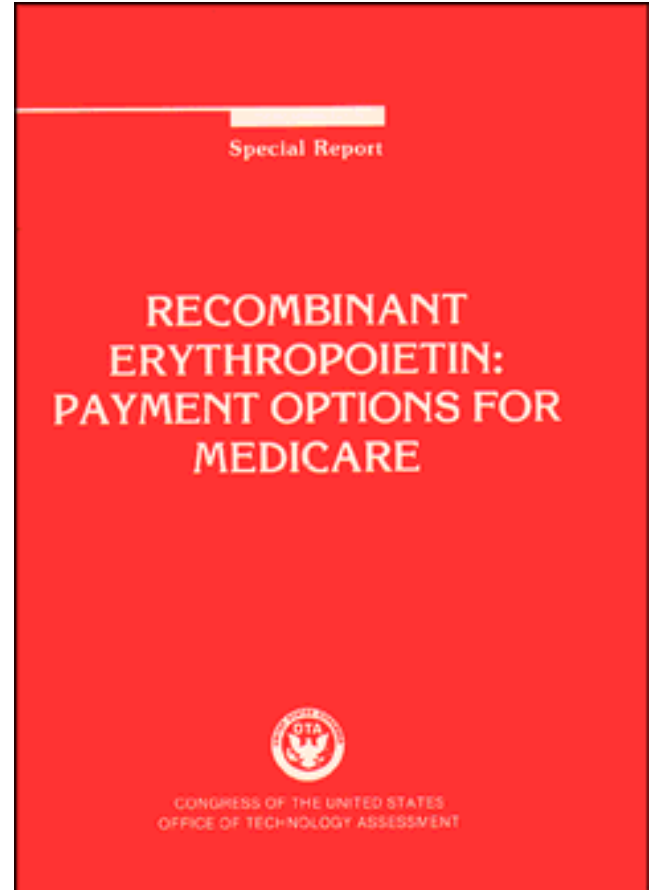


*Recombinant Erythropoietin: Payment  
Options for Medicare*

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## FOREWORD

Recombinant erythropoietin represents a therapeutic breakthrough in the treatment of anemia. Using biotechnology, researchers have developed a recombinant form of the hormone erythropoietin, which stimulates the production of red blood cells. The biologic corrects anemia associated with chronic renal failure and is being studied for its possible use in other medical conditions. Recombinant erythropoietin not only reduces patients' need for blood transfusions but also alleviates symptoms of anemia and improves the quality of their lives.

Policy interest in Medicare's payment policies regarding recombinant erythropoietin has arisen chiefly because of the biologic's expense. Through the End Stage Renal Disease program, Medicare covers the biologic for more than **90** percent of the country's approximately 100,000 patients who require dialysis. At Medicare's current payment rate, an annual supply of the product may cost \$5,000 to \$6,000 per treated patient.

Because of concern about the implications of recombinant erythropoietin use for Medicare expenditures, the House Ways and Means Committee, Subcommittee on Health, requested OTA to examine alternative payment policies that Medicare might adopt to pay for the biologic. In responding to that request, this Special Report reviews clinical and economic issues regarding the use of recombinant erythropoietin and develops a series of options for Congressional consideration.

  
U JOHN H. GIBBONS  
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