



ABN 35 078 166 122

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Sirtex Medical Ltd (ASX:SRX) – Improvement in USA Reimbursement

Sirtex is pleased to announce a further development on reimbursement for SIR-Spheres® in the USA.

Although SIR-Spheres® was approved by the Food and Drug Administration (FDA) of the USA in 2002, this approval did not carry with it reimbursement to hospitals for the high cost of the product costs associated with its administration. Over the past year many hospitals in USA either stopped, or severely curtailed, their use of SIR-Spheres® because they were not able to offset the high costs associated with treatment of Medicare and Medicaid patients. The Center for Medicare and Medicaid (CMS) administers payment of costs associated with treatment of patients covered by the Medicare and Medicaid programs. As approximately 40% of patients in USA treated with SIR-Spheres® are covered by the CMS programs, this significantly hindered wide use of the product.

Sirtex previously announced that, following negotiations with CMS during 2004, new federal legislation now allows hospitals in USA to obtain full cost recovery for the SIR-Spheres® product. However, this did not include any additional reimbursement for the costs associated with administration of the product to patients.

To further enhance the Medicare payments to hospitals, the CMS has just released their proposed payments for FY2005. CMS issues the "proposed" reimbursement level for the upcoming year each August. There is a 30 day public comment period to allow anyone to challenge its methodology, data, etc. CMS takes the comments, reviews them and then issues the "final" payment schedule in the Federal Register on or around November 1 of each year. If the new payment level is approved as anticipated, then the payment code CPT77778-Interstitial Radiation Source Application-Complex (for the administration of SIR-Spheres®) will allow hospitals to receive an increase in payment for the administration of SIR-Spheres® from US\$558.00 to US\$1,466.00 per treatment. This represents a 163% increase in payment to the hospital to cover the administration and other costs incurred with a SIR-Spheres® procedure. This advantageous Medicare payment will allow hospitals more flexibility when dealing with reimbursement issues from individual private commercial carriers.

The payment for physician's professional services has been increased from a FY2004 payment of US\$570.52 per procedure to US\$580.21 for FY2005. While this represents only a 1.5% increase in payment amount, it must be viewed in the context where most physician payments are being reduced for FY2005.

The effect of these changes is to further diminish any financial impediment to widespread use of SIR-Spheres® within the USA.



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About SIR-Spheres: SIR-Spheres® was designed to target tumours within the liver with high doses of radiation and has been shown to be effective in treating a wide range of cancers that spread to the liver. SIR-Spheres® was approved for marketing by the FDA in 2002 and is being used in an increasing number of hospitals in USA and Europe to treat a variety of liver cancers. As the cost of the product is high, reimbursement from the public purse and private commercial health insurance carriers is essential for widespread adoption of the product. Sirtex has previously announced that it has made further application to the Medical Services Advisory Committee for federal funding of the product in Australia and similar applications are being generated for Europe.

SIR-Spheres® are currently approved with the USA for treatment of bowel cancer that has spread to the liver. Bowel cancer is amongst the commonest of all cancers and will affect approximately 3% of the population of many western societies such as Australia, USA and Europe. Despite advances in treatment, bowel cancer remains one of the leading causes of cancer death due largely to the fact that it frequently spreads to the liver.

Further Information: Further information about the results of this and other company activity can be obtained from Peter Manley, Company Secretary on +61 (2) 9856 0441 or Bruce Gray, CEO on +61 (2) 9856 0411. Alternatively detailed information on SIR-Spheres® and other company products and activities can be obtained from the Company's web site at www.sirtex.com.