



COMMUNITY ONCOLOGY ALLIANCE

## 2015 CHOP BUSINESS SUMMIT

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Latest from Capitol Hill to Austin

*Legislation Impacting Cancer Care*

Ted Okon

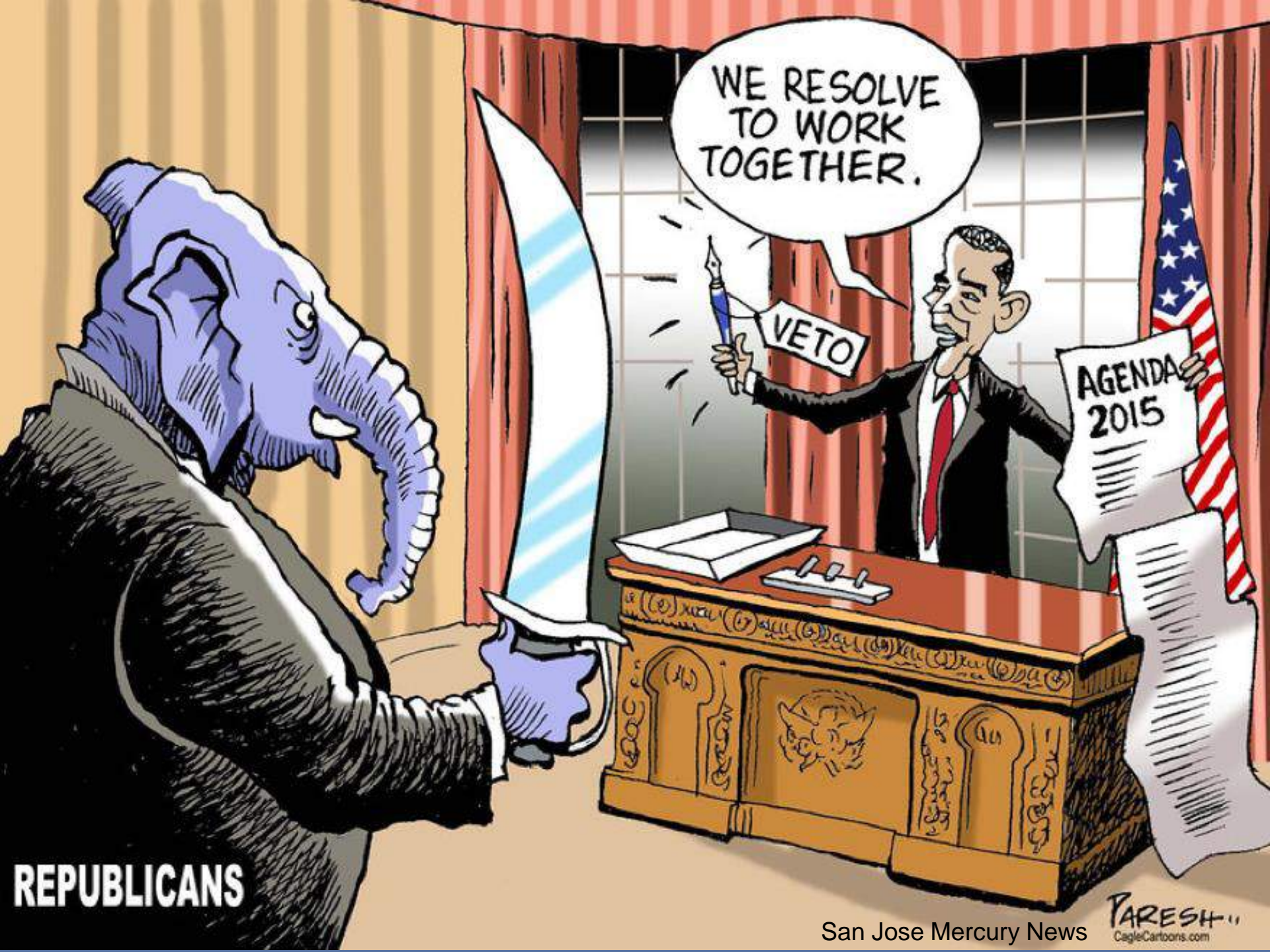
Austin, Texas

February 6, 2015

# 60 Second Summary

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- DC still a total mess but GOP Congress on the hot seat to get something really done this year into next
- Ongoing battle over ACA/Obamacare
- SGR still a political football but pressure to fix this year
- COA pressing hard on drug reimbursement problems and Medicare/private payer payment reform
- 340B and site payment parity on the policy radar screens, as well as several others
- Cancer landscape still consolidating but community practices are innovating with novel payment models and networks
  - *Lots of positive momentum!*
- Oncology Medical Home making real headway
- *Oncology needs to keep leading and not stop!!!*



**REPUBLICANS**

# Political Landscape in DC

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- GOP has control of the House & the Senate
  - Honeymoon in the Senate may be brief
    - 24 GOP Senators up (7 in double-carry Obama states) in 2016; 10 Dems
  - Pressure all on the GOP to advance meaningful legislation
    - Not repealing ACA/Obamacare, like earlier this week
    - More like meaningful bill to repeal and replace
  - Still need 60 votes in the Senate to move a bill
  - House GOP has hard-core right to deal with on fiscal issues
- President has the veto pen

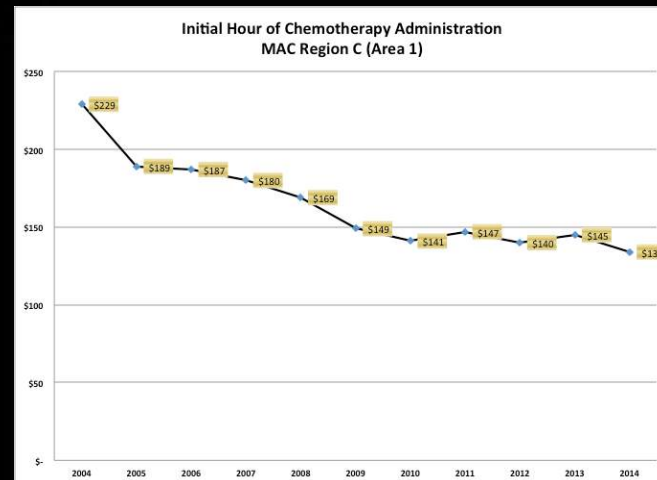
# Obamacare Prospects

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- Supreme Court decision on subsidy issue could pull the cornerstone out from Obamacare
  - Are subsidies only intended for state-run exchanges?
  - If SCOTUS rules against validity of federal subsidies, does it open door for GOP repeal/replace?
- More serious repeal/replace “plan” introduced by Senate/House — the Patient CARE Act
  - Empowers individuals versus the federal government
  - Protects some popular basics such as preexisting conditions and young adults
  - Medicare malpractice reform

# Problems with Current Medicare Reimbursement

- SGR-based formula broken
- Services payments for cancer have been ratcheted down over time
- Cancer drug reimbursement based on ASP is flawed
  - Artificially lowered by inclusion of manufacturer-to-distributor prompt pay discounts
  - Bad debt and lagged rates further lower reimbursement
  - Sequester cut makes everything worse and unsustainable
- If rates move any lower then payment reform will be academic
  - Payers (Medicare and privates) will pay more for cancer care, in addition to patients.





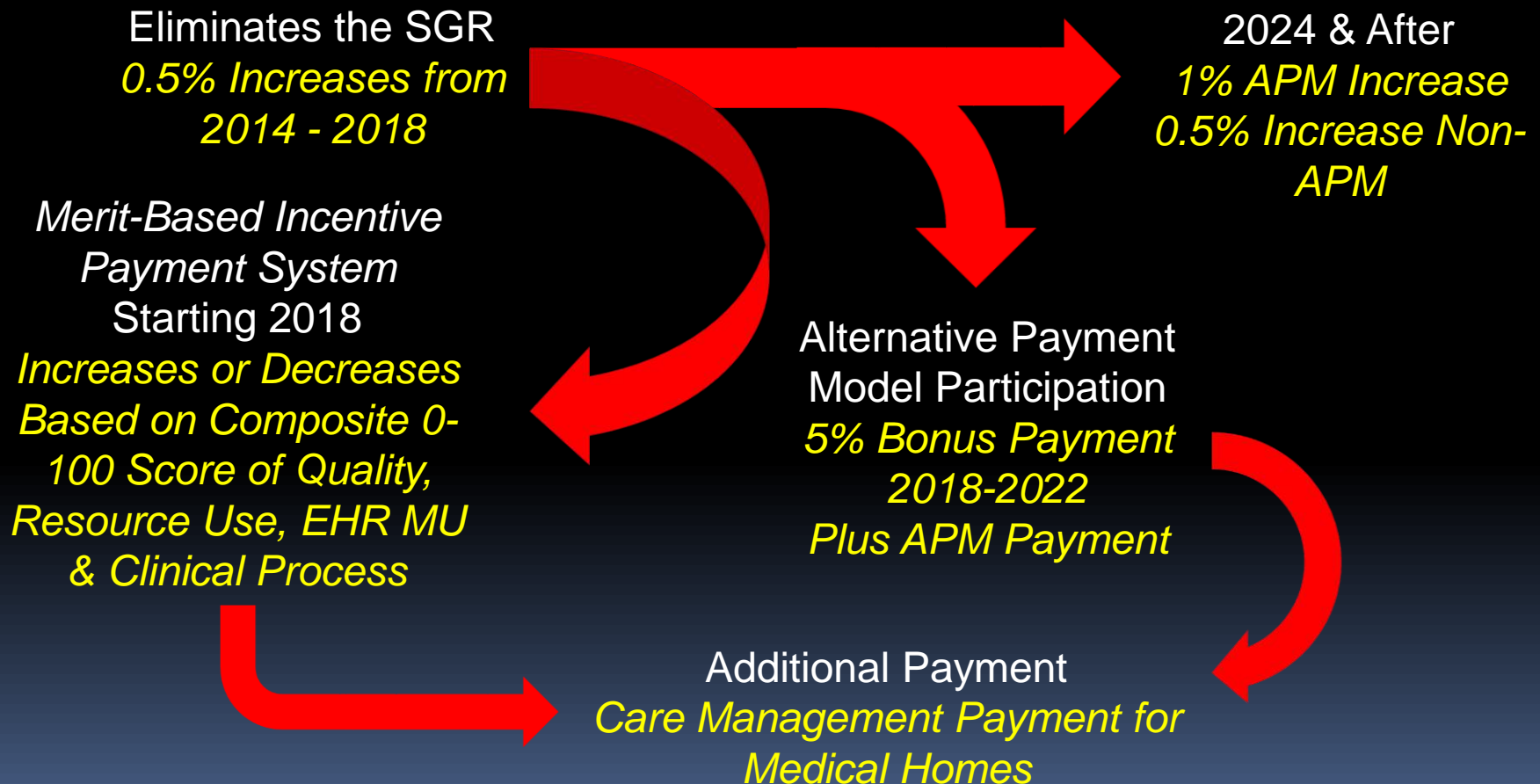
# Our Favorite Acronym — SGR

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- Current patch runs out in March
- House/Senate, GOP/Dems have agreed on the policy of fixing the SGR and enacting payment reform
  - *Problem is how to pay for it!!!*
- E&C trying to fix SGR by March deadline
- W&Ms more inclined to patch it till September
  - Merge SGR into the budget reconciliation process
- Anyone's guess on what happens but safe bet is another patch
  - *Problem is how to pay for it!!!*

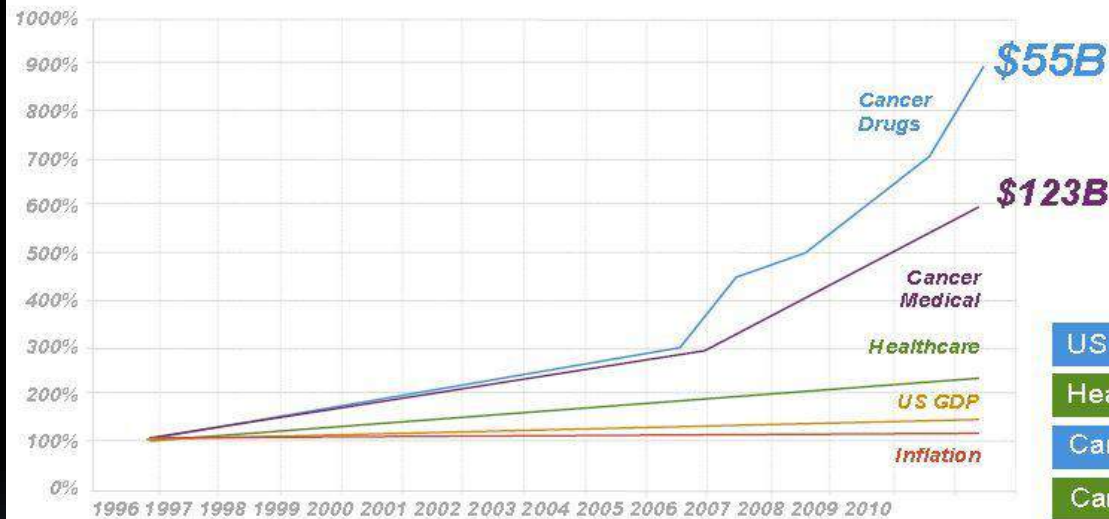
# SGR Payment Reform in a Picture

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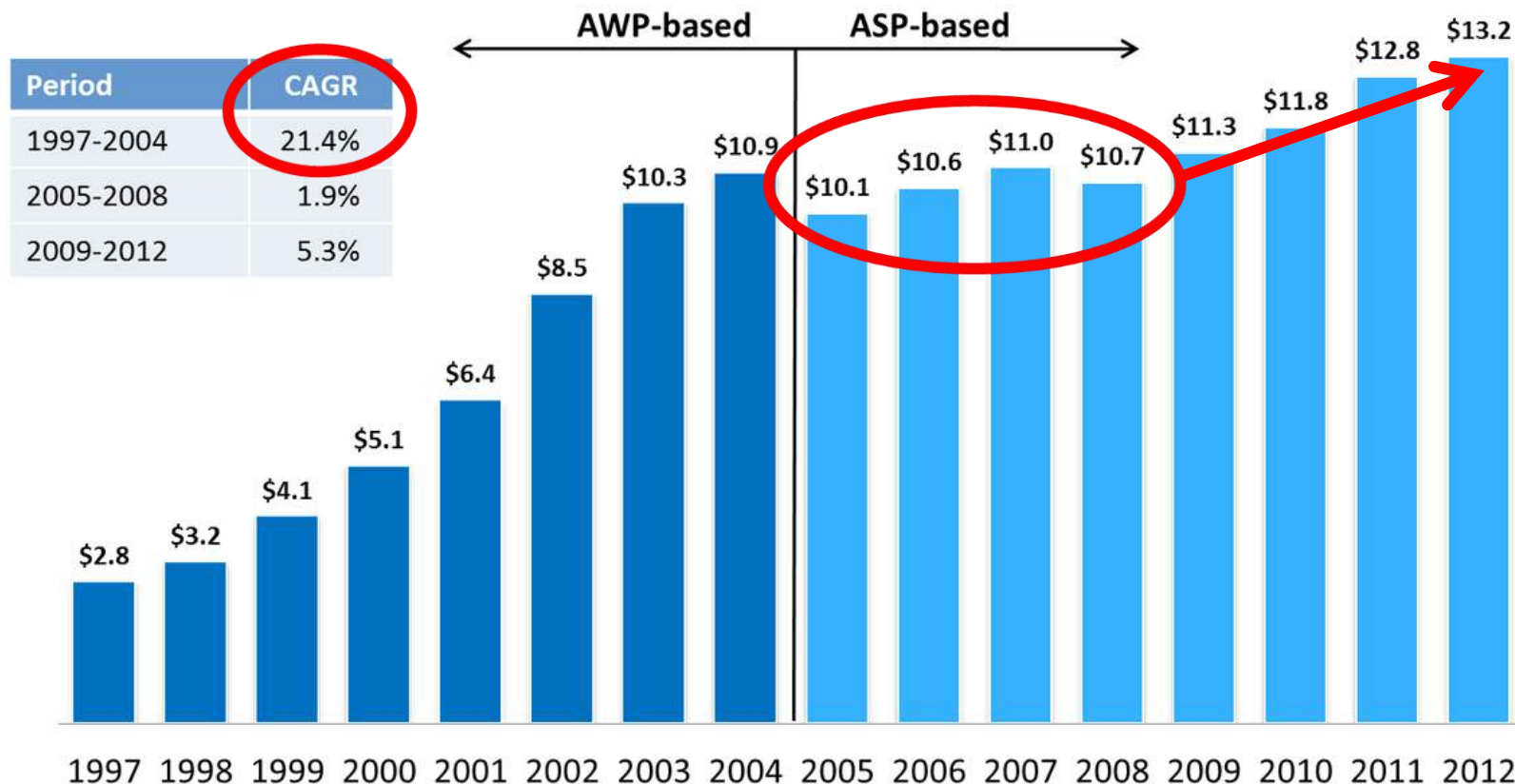
# It's All About the Drugs



|                             | Annual Increase | 2009     |
|-----------------------------|-----------------|----------|
| US GDP <sup>1</sup>         | -2.4%           | \$11.5 T |
| Healthcare <sup>2</sup>     | 4.0%            | \$2.5 T  |
| Cancer Medical <sup>3</sup> | 15.0%           | \$93.0 B |
| Cancer Drugs <sup>4</sup>   | 15.1%           | \$52.0 B |

Source: The US Oncology Network

# Medicare Part B Spending on Provider-Administered Drugs, 1997-2012



Figures in billions.

AWP = Average Wholesale Price; ASP = Average Sales Price; CAGR = Compound Average Growth Rate.

Source: Pembroke Consulting analysis of MedPAC reports, various years

Notes: In addition to office-administered drugs, data also include drugs furnished by supplies, e.g., certain oral drugs and drugs used with durable medical equipment. The data exclude drugs provided through outpatient departments of hospitals or to patients with end-stage renal disease in dialysis facilities.

Published on Drug Channels ([www.DrugChannels.net](http://www.DrugChannels.net)) on September 24, 2014.

# Drug Dynamics — Now & Coming

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- MSK “blacklisting” of Zaltrap
  - Dr. Peter Bach’s articles/presentations on fixing the drug pricing issue through more regulation
- Prices of new cancer drugs escalating
- ASCO scorecard & 60 Minutes story
- Specialty pharmacy intervention
  - Solvaldi (Harvoni) discounts close to 50%
  - Express CEO vows to do the same with cancer drugs
  - Medicaid implementing/considering specialty pharmacy distribution
- More competition — therapeutic, generics (biosimilars)
  - Pfizer buys Hospira

# Medicare Drug Reimbursement Issues

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- Manufacturer-to-Distributor prompt pay discounts artificially lowering ASP
  - H.R. 696 introduced this week to fix this problem
- Sequester cut to Medicare drug reimbursement lowering ASP + 6% to ASP + 4.3%
  - Working with several House members to fix this
  - Sequester politics are a headwind to a fix
- Both are top COA legislative issues to “stop the bleeding”
- President’s budget had an ASP cut to + 3% but included rebates for drugs “under water”

# Other Radar Screen Issues

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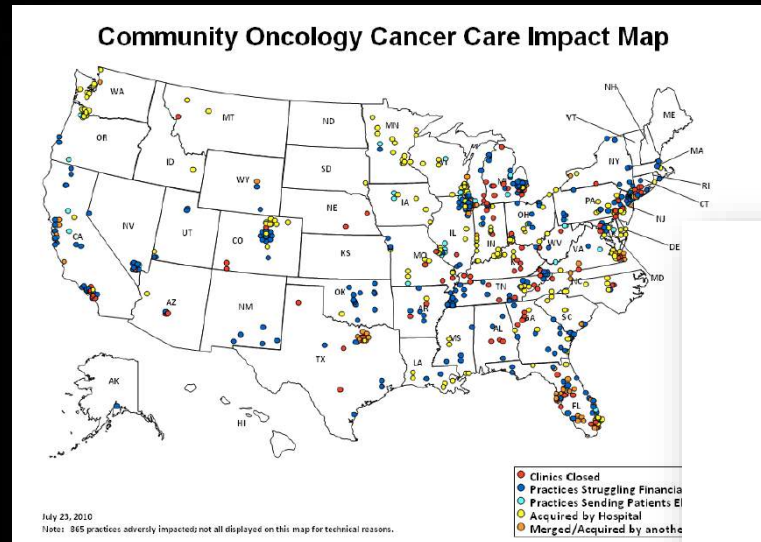
- 340B
  - Increasing Hill realization that program is unsustainable and offers possible Medicare savings
  - More cancer-related groups, not just pharma, focused on 340B problems (AIR340B)
  - More studies on 340B problems (COA, BIO, etc.)
  - No new data supporting 340B expansion in DSH hospitals
- Site Payment Parity
  - MedPAC and now Obama budget recommending it
  - Diverse coalition (including COA) focused on it
  - Can pay for SGR fix, in part
  - Weak — at best — response by AHA

# Other Issues

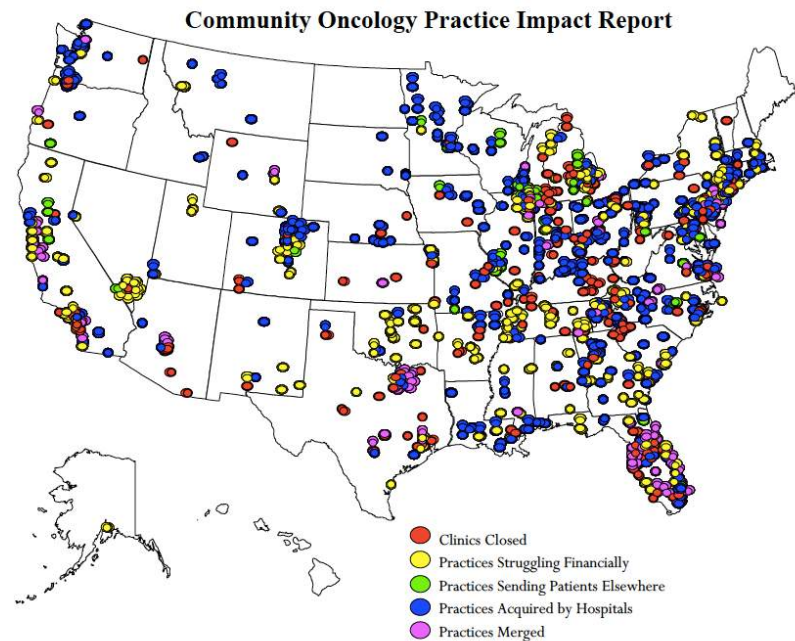
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- Win on reducing 12 to 3 months reporting period for meaningless use — *Oops, "meaningful use"*
- ICD-10
  - Think it's really coming this year
  - E&C hearing will clarify October target date
- Value-based Purchasing Modifier
  - Coming to all practices by 2017
  - Truly meaningless for oncology
  - COA on this!
- Threats to overturning Stark exception
  - Allows imaging, radiation, lab, etc.

# Consolidation of Cancer Care



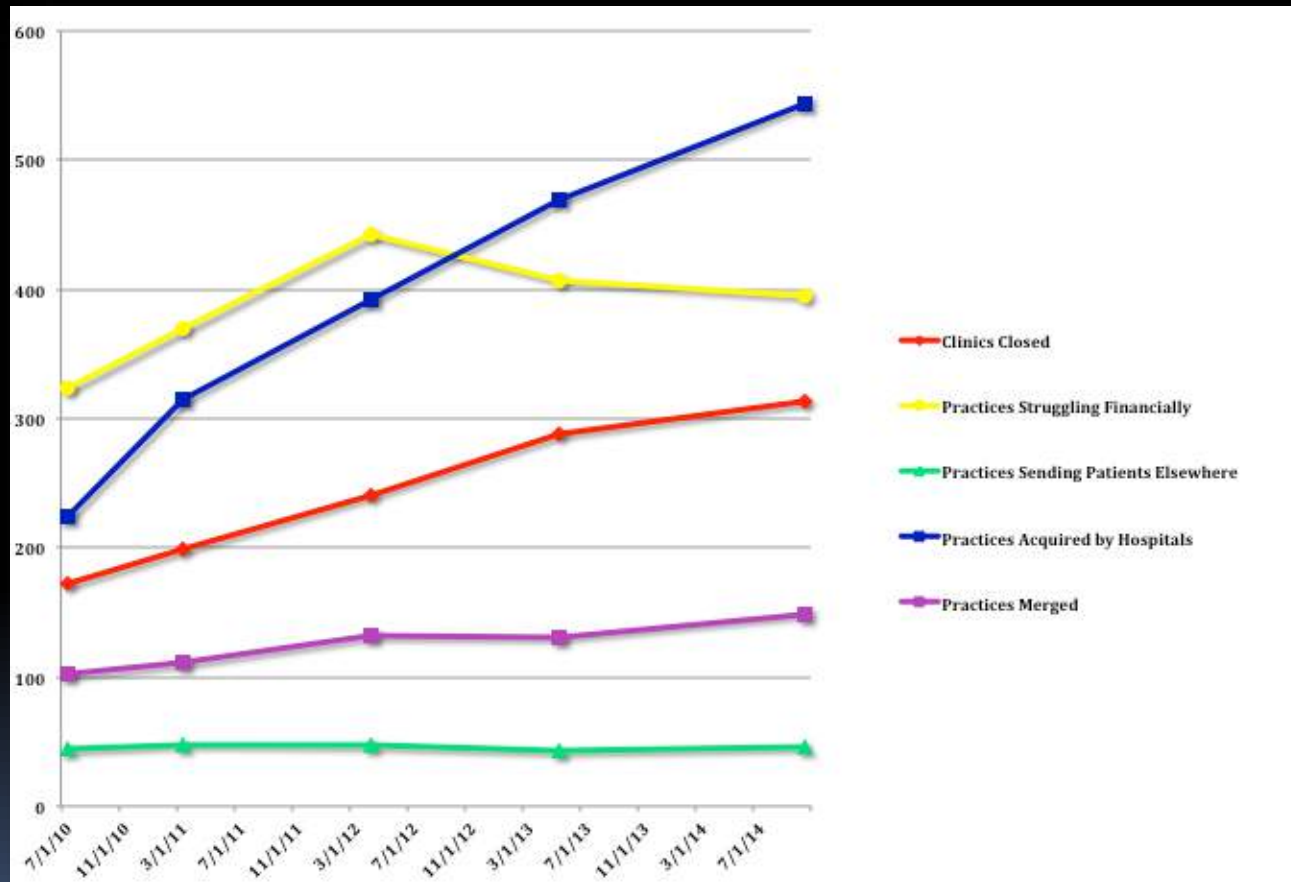
2010



2014



# Consolidation Over Last 5 Years



# Huffington Post

**THE BLOG**

Featuring fresh takes and real-time analysis from  
HuffPost's signature lineup of contributors

**HOT ON THE BLOG**  
Bernice A. King  
Robert Reich

**Ted Okon**  Become a fan  
Executive Director, Community Oncology Alliance



## The Danger in Consolidating Cancer Care

Posted: 02/05/2015 4:32 pm EST | Updated: 02/05/2015 4:59 pm EST

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Our nation's hospitals are contributing to the escalating cost of cancer care.

Over the past eight years, 313 cancer treatment facilities have closed and 544 community cancer practices have been acquired by or affiliated with hospitals. According to the Community Oncology Alliance's 2014 [Community Oncology Practice Impact Report](#), this constitutes an 82 percent increase in cancer clinic closings and a 143 percent increase in consolidation into hospitals since the first report in 2010, which reported on activity from 2008 to 2010.

The sad reality is that the 340B drug discount program, which provides a very valuable safety net for helping to ensure that patients receive needed medical

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# Move to Oncology Payment Reform

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- Not prompted by the ACA/Obamacare
  - The healthcare law lit the fuse on ACOs
- Providers and payers coming together to address two issues:
  - Consolidation of cancer care into hospitals
    - And resultant higher cost of cancer care
  - Overall escalating cost of cancer care
    - Increasing cost of therapy
    - More patients being treated

# Results of Early Pilots Promising

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- Aetna Innovent Pilot
  - General focus on following cancer drug pathways
    - Greater adherence to pathways
    - Lower ER utilization and hospitalizations
    - Fewer cancer-related hospital stays
- PriorityHealth Oncology Medical Home (OMH) Pilot
  - Better balancing of drug and services reimbursement within the structure of the OMH
    - Lower ER and hospitalizations
    - Increasing patient satisfaction
    - Better adherence with advanced care planning and directives

# United Episode-of-Care Pilot

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- Designed to take the “incentive” out of chemotherapy/drug selection
- Pilot produced significant savings but for different reasons
  - 34% in overall spending reduction in cancer care
    - But included a 275% increase in drug spending
    - No measured reduction in quality
- How were savings achieved?
  - Focused on hospitalizations, ER use, and imaging
  - Focused, timely feedback from United
  - Right mindset

# Pilots in Various Stages of Implementation

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- COME HOME CMMI Grant Project
  - 7 community practices transforming themselves as oncology medical homes
    - Patient focused 24/7 cancer care
    - Primary focus on keeping patients out of the ER and hospital
- AvMed & Baptist Health South Florida Oncology-Specific ACO Project
  - Focused on the “triple aim” for cancer patients
  - Moves from shared savings within fee-for-service environment to “population management”
    - Assumption of greater risk

# Additional Pilots in Various Stages of Implementation

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- Blue Cross/Blue Shield of South Carolina OMH Pilot
  - Building on the patient-centered OMH and delivery of quality and value
- New Aetna Project
  - Building/broadening the concepts of pathway adherence and delivery of quality and value
- Anthem/WellPoint Cancer Care Quality Program
  - Tied to pathway adherence



# Some Early Learnings from Oncology Payment Reform Pilots

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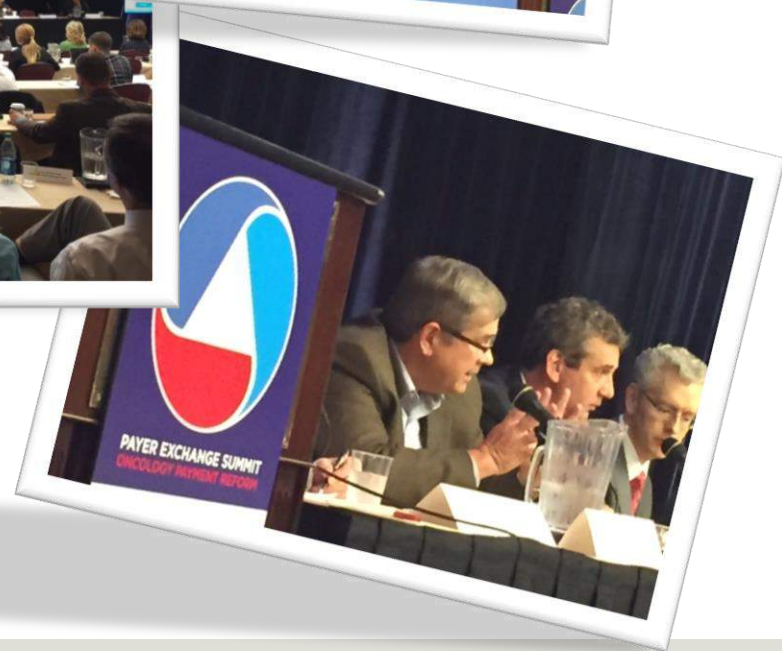
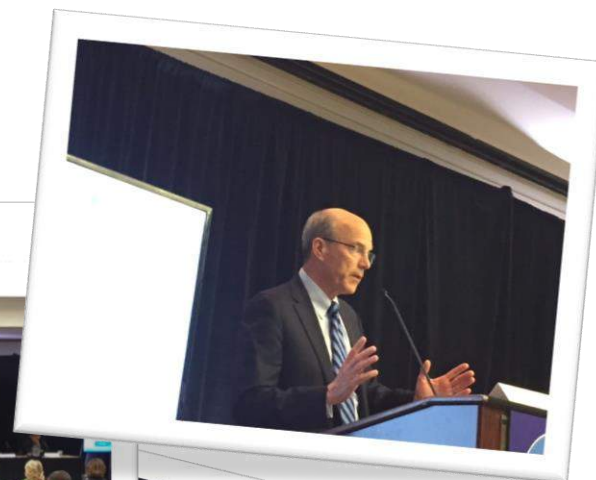
- This works — the quality of cancer care can be enhanced while costs reduced
- This takes work; it's not easy — *you have to change basic care processes!!!*
  - This isn't just saying you are going to change; *you have to really change!!!*
  - Practice has to focus on changes that keep patients out of the ER and hospital
- Requires an investment in technology and people
  - Not only is an EMR essential but getting data out of it is just as important
- Timely, regular feedback (scoring/benchmarking) from the payer key

# COA Efforts on Oncology Payment Reform

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- Brought oncology providers and payers together in inaugural *Payer Exchange Summit on Oncology Payment Reform in DC* in fall of 2014
- Summit II at the 2015 Community Oncology Conference
  - April 23/24 in Orlando (Disney Dolphin Hotel)
- Working with Congresswoman Cathy McMorris Rogers on oncology payment reform bill based on the COA model and Oncology Medical Home
  - Draft sent out for comments; bill being finalized for introduction
  - Working with the Energy & Commerce Committee

# PROVIDERS AND PAYERS ARE WORKING TOGETHER!



**PAYER EXCHANGE SUMMIT**  
**ONCOLOGY PAYMENT REFORM**

October 22, 2014  
Washington Court Hotel, Washington, DC



# HIGHLIGHTS FROM THE SUMMIT



**PAYER EXCHANGE SUMMIT**  
**ONCOLOGY PAYMENT REFORM**

Hosted by the Community Oncology Alliance (COA)  
 October 22, 2014 | Washington Court Hotel, Washington, DC

|                  |  |
|------------------|--|
| 7:30 AM          | <b>Continental Breakfast</b>   |
| 8:00 – 8:15 AM   | <b>Welcome</b><br>Bruce Gould, MD — <i>President, COA</i>  |
| 8:15 – 9:45 AM   | <b>Private Payer Established Projects in the Field</b><br>The panel of provider-payer teams will briefly review their oncology payment reform projects, providing results to-date, followed by a discussion among the teams. The floor will then be opened for questions and general discussion.<br><b>Aetna, PriorityHealth, UnitedHealthcare</b> |
| 9:45 – 11:00 AM  | <b>Private Payer New Projects</b><br>The panel of provider-payer teams will briefly review their oncology payment reform projects in progress, followed by a discussion among the teams. The floor will then be opened for questions and general discussion.<br><b>Aetna, AvMed, BlueCross BlueShield South Carolina, Wellpoint</b>                |
| 11:00 – 11:45 AM | <b>Oncology Medical Home Accreditation</b><br>Daniel McKellar, MD — <i>Chair, Commission on Cancer</i><br>Dr. McKellar will review the Commission on Cancer accreditation program for the Oncology Medical Home. The floor will then be opened for questions.  |
| 11:45 – 12:00 PM | <b>Buffet Lunch Break</b>  |
| 12:00 – 12:45 PM | <b>Working Lunch: Value-Based Insurance Design in Oncology</b><br>Jonas de Souza, MD — <i>Assistant Professor of Medicine, University of Chicago Medical Center</i><br>Dr. de Souza will discuss possible applications of value-based insurance design in oncology payment systems. The floor will then be opened for questions.                   |
| 12:45 – 1:45 PM  | <b>Medicare Pilots/Proposals</b><br>The panel of representatives implementing/proposing oncology payment reform models for Medicare will briefly review these initiatives and then open the floor for discussion.<br><b>CMMI, COME HOME, Congress</b>  |
| 1:45 – 2:30 PM   | <b>Observations &amp; Discussion</b><br>Ira Klein, MD — <i>Chief of Staff, Office of the Chief Medical Officer, Aetna</i><br>Dr. Klein will lead off with brief observations from the day, then will open the floor for discussion.  |
| 2:30 PM          | <b>Adjournment</b>   |

We thank our Corporate Sponsors for their support of the inaugural Payer Exchange Summit on Oncology Payment Reform.





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- Over 120 providers, payers, and industry sponsors
- Panels on established private pay pilots & results, new pilots, and Medicare oncology payment reform
- Amazing similar themes/concepts across all the pilots/programs
  - Paying for services, especially care coordination
  - Walking lightly with the drug piece
- Eye opener for “new” payers
- Everyone asking for this to continue

# Some Important Challenges

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- Scaling the pilots for national implementation
  - Tough to move from labor intensity of some pilots to the requirements of an “automated” national program
- Investment required for practices in staff and technology additions/upgrades
  - Who makes the investment — provider or payer?
- Proliferation of pathways
  - Oncologists with multiple payer pathways not good or safe medicine
  - Simply unsustainable

# Medicare Lagging Behind Private Payers

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- Framework for oncology payment reform within the SGR bill
  - Oncology practices well-positioned if/when SGR bill ever passes
- CMMI has released a concept for oncology payment reform
  - Management care coordination fee with shared savings
  - Specific requirements (e.g., nurse navigator) and quality measures
  - Final program release very close

# COA Oncology Medical Home Update

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- Oncology Medical Home accreditation by the Commission on Cancer
  - 7 COME HOME practices + 3 others 1<sup>st</sup> quarter 2015
- Standardizing 19 quality/value measures
  - Increasingly being used by providers and payers
  - Working with EMR and IT vendors to extract data on measures
- Patient satisfaction survey nearing 35,000 completed
  - Working with CAHPS to make it official oncology survey
  - English & Spanish versions; adding other languages
- Payment reform model that is adaptable



# Medicare Oncology Payment Reform Bill

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- 3 phase system
  - Attest applying for accreditation
  - Get at least conditional accreditation
  - Implement the OMH
- 2 payment mechanisms
  - Care coordination fee during the first 2 phases
  - Shared savings and management fee after achieving accreditation
- Provides for easy upfront payment to put OMH processes in place

# THE ONE | MUST-ATTEND CONFERENCE

## CONFERENCE SCHEDULE

| CLINICAL TRACK   |   |
|------------------|---|
| 5:30 - 7:00 PM   |   |
| 6:00 - 7:30 AM   | Registration  |
| 7:30 - 7:45 AM   | Continental Breakfast   |
| 7:45 - 8:30 AM   | Practical Immuno-Oncology 101 for Oncologists & Nurses                              |
| 8:30 - 9:15 AM   | Progress in the Management of Gastric Cancer  |
| 9:15 - 10:00 AM  | Keynote: The Emperor of All   |
| 10:00 - 10:45 AM | Reimbursement   |
| 10:45 - 11:30 AM | Perspective from the NCI: Importance of Immunotherapy Trials                        |
| 11:30 - 12:15 PM | How to Focus Your Practice: What Are the Key Components?                            |
| 12:15 - 12:45 PM | Briefing Session  |
| 12:45 - 1:45 PM  | Frank Discussion of the Future of Oncology  |
| 1:45 - 2:30 PM   | Breakout Session 1: Oncology Payment Reform 101 for New Provider & Payer Teams      |
| 2:30 - 3:30 PM   | Breakout Session 3: The Pathway Conundrum: How Many Do We Need and How Restrictive? |
| 3:30 - 4:00 PM   |   |
| 4:00 - 5:00 PM   | Repeat of Breakout Session 3: The Pathway Conundrum                                 |
| 5:00 - 6:00 PM   | Awards Ceremony   |
| 6:00 - 7:00 PM   | Reception   |

■ Oncology Payment Reform



**THE COMMUNITY ONCOLOGY CONFERENCE**  
 COMMUNITY ONCOLOGY 2.0  
 Moving Forward on Payment Reform



| BUSINESS TRACK   | ADVOCACY TRACK  |
|--|---|
| DAY, APRIL 24  |   |
| Breakfast in the Exhibit Hall  |   |
| Thoughts on Day 1 from the Co-Chairs                                     |   |
| Legislative Panel: Payment Reform, 340B, Site Payment Parity, ACA & More |   |
| Can It Deliver?  | Nurses Caring for Cancer Patients: From Community to Capitol Hill |
| Networking in the Exhibit Hall   |   |
| Productivity   | CPAN Advocacy Success Stories                                     |
| Reimbursement: ICD-10 Update from Coding Mistress                        | Advocacy Training (Closed Session)                                |
| Networking in the Exhibit Hall   |   |
| Practice Dispensing: Making It Viable in Your Practice                   | Advocacy Training (Closed Session)                                |
| Using Your Practice as a Model Medical Home                              | Advocacy Recognition Awards                                       |
| Conference Wrap-up from the Co-Chairs & the Audience                     |   |

Subject to change. Confirmed speaker list available soon.

DISNEY WORLD'S DOLPHIN HOTEL | APRIL 23-24, 2015

# Thank You!

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Ted Okon

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