



COMMUNITY ONCOLOGY ALLIANCE

## 2015 GASCO SPRING ADMINISTRATORS' MEETING

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Latest from Capitol Hill to Georgia

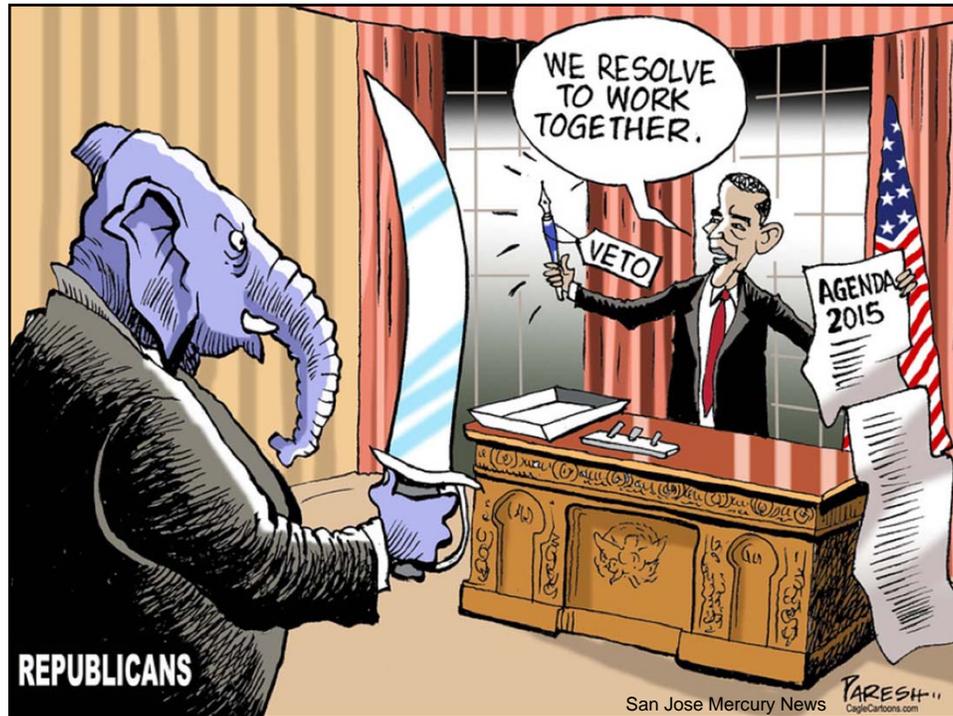
*Legislation Impacting Cancer Care*

Ted Okon  
Hilton Head, South Carolina  
March 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
  - *But off to a rocky start!*
- 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



## Political Landscape in DC

- 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 they started out doing
    - More like meaningful bill to repeal and replace if Supreme Court rules against federal subsidies
  - Still need 60 votes in the Senate to move a bill
  - House GOP has hard-core right to deal with on issues
    - Just look at homeland security fiasco
- President has the veto pen

## Obamacare Prospects

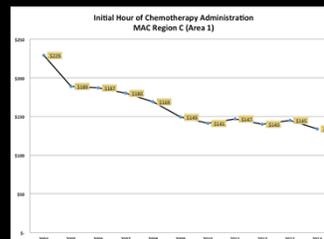
- Supreme Court decision on subsidy issue could pull the cornerstone out from Obamacare
  - Oral arguments started this past Wednesday
  - Are subsidies only intended for state-run exchanges?
  - If SCOTUS rules against validity of federal subsidies, does it open door for GOP repeal/replace?
- More serious 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

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## 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.



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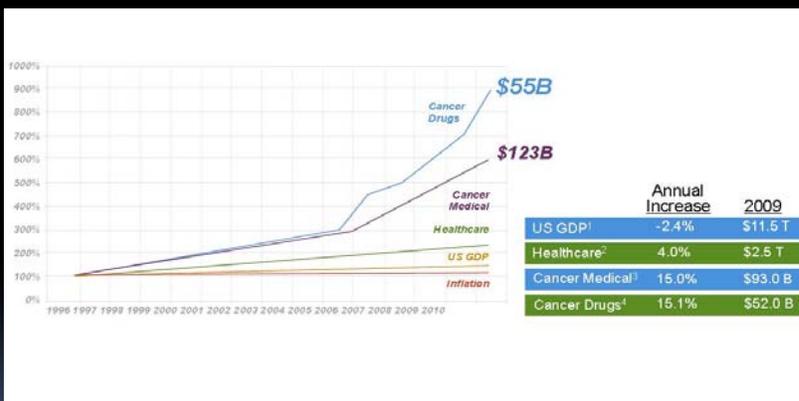
## Favorite (???) Acronym — SGR

- 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



## It's All About the Drugs

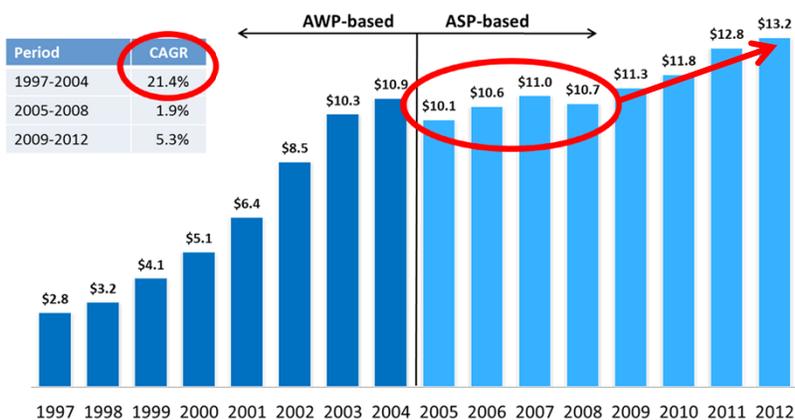


Source: The US Oncology Network

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## 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.

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## 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

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## Medicare Drug Reimbursement Issues

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- Manufacturer-to-Distributor prompt pay discounts artificially lowering ASP
  - H.R. 696 and S. 506 to fix the 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”

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## Other Radar Screen Issues

- 340B
  - Increasing Hill realization that program is unsustainable and offers possible Medicare savings
    - E&C hearing scheduled for yesterday but cancelled due to snow
  - MedPAC hearing yesterday
  - 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

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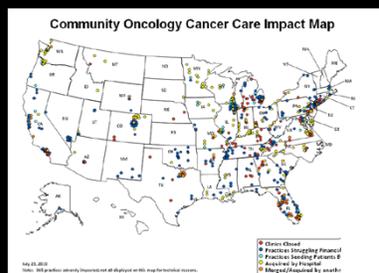
## Other Issues

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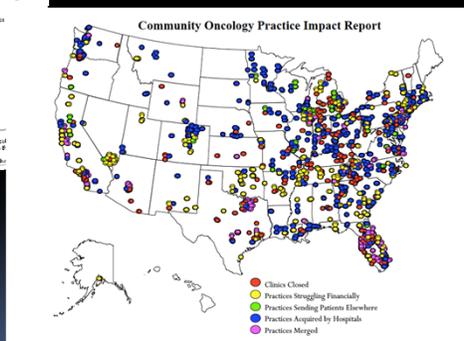
- Win on reducing 12 to 3 months reporting period for meaningless use — *Oops, "meaningful use"*
- ICD-10
  - Think it's really coming this year
- Value-based Purchasing Modifier
  - Coming to all practices by 2017
  - Truly meaningless for oncology
  - COA on this!



# Consolidation of Cancer Care



2010

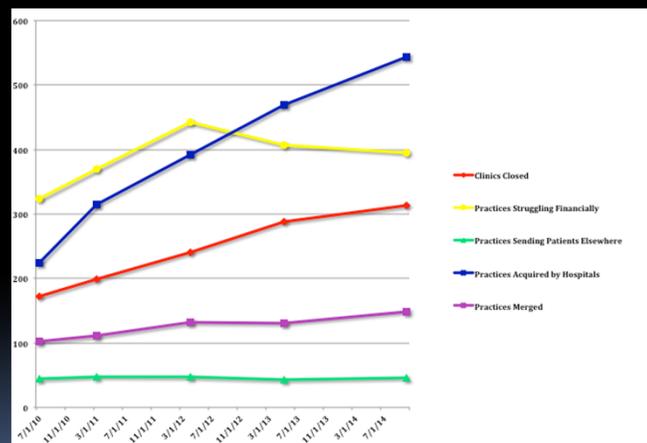


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# Consolidation Over Last 5 Years



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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

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## 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

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## 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

## CMMI Oncology Payment Reform Pilot

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- Care management fee (\$160) and performance fee
  - In addition to current FFS payments
  - Structure similar to COA's model
- Must hit specified levels of quality
  - Defined quality measures
- Built around 6-month chemotherapy bundle
  - Services not drugs
- Major structural problems with the model
  - Too prescriptive
  - Performance is "gainsharing" — competing against yourself
  - Have no idea how performance will be measures

## 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
  - Much simpler than CMMI model
  - Draft sent out for comments; bill being finalized for introduction
  - Working with the Energy & Commerce Committee

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## 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 after achieving accreditation
- Provides for easy upfront payment to put OMH processes in place

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## PROVIDERS AND PAYERS ARE WORKING TOGETHER!

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

October 22, 2014  
Washington Court Hotel, Washington, DC

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## 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

7:30-8:30 AM	<b>Continental Breakfast</b>
8:00 - 8:15 AM	<b>Welcome</b> Presented by CEO - President COA
8:15 - 9:45 AM	<b>Private Payer Established Projects in the Field</b> The panel of provider case files will describe their private payer payment reform projects, providing insights into the challenges faced by a discussion among the teams. The floor will then be opened for audience questions for a panel. <b>Aetna, PriorityHealth, UnitedHealthcare</b>
9:45 - 11:00 AM	<b>Private Payer New Projects</b> The panel of provider case files will describe their private payer payment reform projects in progress. Followed by a discussion among the teams. The floor will then be opened for audience questions. <b>Aetna, United, BlueCross BlueShield South Carolina, Wellpoint</b>
11:00 - 11:45 AM	<b>Oncology Medical Home Accreditation</b> Center for Innovation in Cancer Dr. Minchew 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>Break Luncheon Break</b>
12:00 - 12:45 PM	<b>Working Lunch: Value Based Insurance Design in Oncology</b> Presented by CEO, COA Dr. De Souza will discuss provider applications of value based insurance design in oncology payment reform. The floor will then be opened for questions.
12:45 - 1:45 PM	<b>Medicare Pilots/Progress</b> The panel of providers will describe their Medicare payment reform models for Medicare and briefly answer their questions and then open the floor for discussion. <b>CHS, COA, HDME, Congress</b>
1:45 - 2:30 PM	<b>Observations &amp; Discussion</b> Dr. Heston will walk off with brief observations from the day then will open the floor for discussion.
2:30 PM	<b>Adjournment</b>

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

- 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

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

October 22, 2014  
Washington Court Hotel, Washington, DC

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## 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

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## 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

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## COA Oncology Medical Home Update

- Oncology Medical Home accreditation by the Commission on Cancer
  - 7 COME HOME practices + 3 others working on accreditation now
- 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

**THE ONE | MUST-ATTEND CONFERENCE**

CONFERENCE SCHEDULE	CLINICAL TRACK		BUSINESS TRACK	ADVOCACY TRACK
<b>DAY, APRIL 24</b>				
5:30 - 7:00 PM	Registration		Welcome in the Exhibit Hall	
6:00 - 7:30 AM	Registration		Highlights on Day 1 from the Co-Chairs	
7:30 - 7:45 AM	Continental Breakfast		Continental Breakfast, 340E, Live Payment Party, ACA & More	
7:45 - 8:30 AM	Practical Immuno-Oncology 101 for Oncologists & Nurses		Interactive Panel: Payment Reform, 340E, Live Payment Party, ACA & More	
8:30 - 9:15 AM	Progress in the Management of Gastric Cancer		Nurses Caring for Cancer Patients: From Community to Capital Hill	
9:15 - 10:00 AM	Keynote: The Emperor of All		CRN Advocacy Success Stories	
10:00 - 10:45 AM	Respective from the NCI: Importance of Immunotherapy Trials		Productivity	
10:45 - 11:30 AM	Breakout Session 1: Oncology Payment Reform 101 for New Provider & Payer Teams		Advocacy Training (Closed Session)	
11:30 - 12:15 PM	How to Focus Your Practice: What Are the Key Components?		Advocacy Training (Closed Session)	
12:15 - 12:45 PM	Briefing		Advocacy Training (Closed Session)	
12:45 - 1:45 PM	Frank Discussion of the Future		Advocacy Recognition Awards	
1:45 - 2:30 PM	Breakout Session 2: The Pathway Consortium: How Many to We Need and How Best to Use?		Advocacy Recognition Awards	
2:30 - 3:30 PM	Breakout Session 3: The Pathway Consortium: How Many to We Need and How Best to Use?		Advocacy Recognition Awards	
3:30 - 4:00 PM	Report of Breakout Session 3: The Pathway Consortium		Advocacy Recognition Awards	
4:00 - 5:00 PM	Report of Breakout Session 2: The Pathway Consortium		Advocacy Recognition Awards	
5:00 - 6:00 PM	Advocacy Recognition Awards		Advocacy Recognition Awards	
6:00 - 7:00 PM	Dinner		Dinner	



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

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

## Thank You!

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Ted Okon

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