Are You Ready for Value-Based Payments?

Integrated Oncology Consulting Solutions
And Cancer Care Center Planning

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By Steven L. Black, MBA

The Association of Cancer Executives (ACE), the Association of Community Cancer Centers (ACCC) and the Cancer Center Business Summit (CCBS) have all held meetings during the first three months of 2016. I heard a common theme at each of these meetings: oncology is transitioning its focus from volume to value.

This change in focus is resulting in Alternative Payment Models (APM) being proposed by CMS as well as commercial payers. In addition to changes in the traditional payment models, legislation now exists that will impact cancer care models. The Bipartisan Budget Act (BBA) of 2015, Section 603 changed the rules for the fee schedules that hospitals are paid when acquiring physician practices.

The Center for Medicare and Medicaid Innovation (CMS Innovation Center) has developed a new model for how oncologists will be paid. According to the CMS press release entitled “Oncology Care Model” issued on February 12, 2015, “OCM is an innovative multi-payer model in which practices enter into payment arrangements that include financial and performance accountability for episodes of care surrounding chemotherapy administration to cancer patients. This model aims to provide higher quality, more highly coordinated oncology care at a lower cost. OCM is a five year-model and will begin in spring 2016.”

The goal of the program is to improve care coordination, appropriateness of care and access for beneficiaries undergoing chemotherapy. The primary “carrot” in this model is a monthly $160 per-beneficiary-per-month (PBPM) payment for patients receiving chemotherapy. There is also the opportunity to earn a performance-based payment. The formula for performance-based payments anticipates that practices will develop care coordination programs that will maximize the utilization of cost-effective therapies and decrease the use of unnecessary services. These unnecessary services have not yet been defined but will need to include high-cost services in order to fund the pool for the incentive payments.

In order for a practice to be able to participate in the program, it must perform the following:

- Provide the core functions of patient navigation
- Document a care plan that includes the 13 components in the Institute of Medicine Care Management Plan outlined in the Institute of Medicine report, “Delivering High-Quality Cancer Care: Charting a New Course for a System in Crisis”
- Provide 24-hour, 7-day a week patient access to an appropriate clinician who has real-time access to a practice’s medical records
- Treat patients with therapies consistent with nationally recognized clinical guidelines
- Use data to drive continuous quality improvement
- Use an ONC-certified electronic health record and attest to Stage 2 of meaningful use by the end of the third model performance year

The value for the patient should be a treatment plan that meets his expectations for cost-effective treatments, with minimal side effects and within his financial capacity. The value for the cancer program should be a better utilization of resources and increased payments for reducing the overall cost of treatments for Medicare covered patients. Commercial payers have been invited to participate in the

OCM program, and we can anticipate that these efforts will have an immediate impact on managed care contracts.

The Bipartisan Budget Act (BBA) of 2015, Section 603 will also have a significant impact on the evolution of cancer care. This section is also being referred to as, the “Site –Neutrality” provision. Ronald Barkley of CCBD Group presented, “Demystifying the Impact of Site Neutral Payment on Community Cancer Care” at the ACCC meeting. Mr. Barkley did an excellent job of showing that physician offices and hospitals have different viewpoints about the value and impact of this new law. Physician offices may view the law as elimination of an unfair competitive advantage for hospitals to acquire physician practices and hospitals may view it as an elimination of payments to offset higher compliance standards. Regardless of your viewpoint, this law will have an impact on strategic plans for hospitals and physician practices.

The bottom line is that the landscape for cancer care is continuing to evolve. We have new expensive chemotherapy agents, programs continue to build proton therapy facilities and personalized medicine has the potential to benefit the patient, but we are not sure of the cost. There are multiple variables that impact the cancer care equation. It is a complex conundrum for healthcare leaders to navigate. Medicare is pushing to reduce the total cost of caring for cancer patients at the same time that patients want the best treatment with the least side-effects and within the constraints of their financial resources.

If you haven’t already begun, it’s a good time to start preparing for future payment systems based on value and quality. If the “Site – Neutrality” provision impacted your strategic plan, you should update your plan. As a team of experienced professionals, The Oncology Group is prepared to help your program expand, improve and succeed in this changing environment. Our experts focus on revenue generation, strategic planning and care evaluation and improvement, and we’re well-versed in all aspects of oncology. To learn more about the Site-Neutrality provision and how it will impact your program, contact The Oncology Group at info@theoncologygroup.com or give us a call at 512-583-8815.