



Oncology Care Management – The Next Horizon for Value-Based Purchasing



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Medicare and other payers have begun transitioning from traditional fee-for-service payment systems to provider compensation that is based on value and quality. By 2016, Health and Human Services (HHS) intends to tie 30 percent of Medicare payments to alternative payment models such as bundled payment arrangements, increasing to 50 percent by the end of 2018. Joined by key leadership in the physician and private payer communities, Medicare believes that such changes build upon a common interest in delivering better care, spending healthcare dollars more wisely and improving the health of beneficiaries. So far, Medicare is generally pleased with the initial results of new payment models such as Accountable Care Organizations (ACO), primary care medical homes and bundled payments for episodes of care.

Cancer Care is One of Medicare's Focus Areas

Cancer care is clearly one of the areas in which Medicare would like to pilot value and quality payment systems. Oncology can best be described as “ground zero in the health system’s transition from volume to value,” according to Paul Keckley, Ph.D. The forces driving payers to focus on oncology include increasing prevalence and demand, improving survival rates, accelerating pace of innovation in diagnostics and therapeutics, increased public attention, and increased costs.

Payers are Exploring Innovative Compensation Arrangements That Support Quality and Value

Five recent payer initiatives highlight the increased focus on oncology services:

1. Medicare’s Oncology Care Model: Through this pilot program sponsored by CMS’s Innovation Center, Medicare seeks to improve care coordination, appropriateness of care and access to care for Medicare beneficiaries undergoing chemotherapy. The Oncology Care Model is a two-part pilot program.
 - a. For those providers who have applied and are chosen to participate, Medicare offers a threefold reimbursement system combining traditional fee-for-service payments with a monthly per-patient payment of \$160 and the opportunity to earn additional performance-based payments based on cost savings.
 - b. Medicare is also extending the program to private payers and state Medicaid agencies. It is selecting payers interested in financially incentivizing oncologists who develop programs similar to Medicare’s Oncology Care Model.

The Oncology Care Model is a five-year pilot program, beginning sometime in spring 2016. Applications to participate in this program are currently closed. CMS hopes to announce the selected payer and provider participants in early 2016.

2. Anthem/WellPoint’s Cancer Care Quality Program: Through AIM Specialty Health, the Cancer Care Quality Program compares requested coverage for a cancer treatment regimen with a database of current, evidence-based cancer treatment protocols. In cases where the regimen varies from the evidence-based standards, information on alternatives is presented. The Cancer Quality Program has selected the recommended cancer therapy pathways on the basis of clinical benefit (efficacy), side effects (toxicity), strength on national guideline recommendations and cost. Selected Pathways are eligible for enhanced reimbursement up to a maximum of \$350 per month for a limited number of months. Currently 16 Pathways are in place.

3. The American Society of Clinical Oncology (ASCO): This professional organization released its proposal for payment reform designed to support higher quality, more affordable cancer care. The initiative calls for four new supplementary payments: \$750 for new patient treatment planning, \$200 per month per patient for care management, \$50 per month for each patient during active monitoring, and \$100 per month per patient for participation in clinical trials. Under this proposal, practices would continue to be paid fee-for-service. In exchange for receiving the additional payments, each practice would commit to the following four distinct actions aimed at providing high quality, evidence-based care: avoidance of emergency department visits and hospital admissions for complications; appropriate use of drugs, laboratory testing and imaging; delivery of high-quality care near the end of a patient's life; and commitment to the standards of quality as defined by ASCO. It also offers two additional payment options including consolidated payments for oncology practice services and bundled payments.
4. Aetna: Since 2013, Aetna has teamed with a small number of oncology practices to pilot an oncology medical home system. For example, Aetna has partnered with Tampa-based Moffitt Cancer Center to explore ways that Moffitt might coordinate cancer care that is effective, efficient and personalized. Other arrangements currently in place include Pennsylvania's Consultants in Medical Oncology and Hematology and the University of Chicago. Aetna's approach is focused on designing treatment programs using medical evidence and on specific disease populations and patient-specific factors. As part of its exploration of ways to transition from fee-for-service payment to value-based reimbursement, Aetna has indicated their interest in being a payer participant in Medicare's Oncology Care Model program.
5. United Healthcare and MD Anderson Cancer Center Pilot Program: Late in 2014, MD Anderson Cancer Center and United Healthcare launched a three-year, pilot cancer payment system for head and neck cancers. The collaboration uses a single, bundled payment focused on an episode of care. This effort builds upon United's previous oncology bundled care pilot with five medical groups. In October 2015, United announced its intent to expand its bundled payment program to 500 more oncologists, bringing their pilot to 650 physicians in seven states. This expansion is founded in United's positive experience over the past year in which the overall cost of cancer care for pilot program patients decreased by 34 percent. The program includes an additional \$160 per patient per month for overall patient management, 24-hour access and use of EMRs. Rewards were also offered for meeting quality targets and overall reduction of costs below benchmarks. More initiatives are likely forthcoming from United as their 2014 Specialty Pharmacy initiative highlighted their significant expenditures on oncology drugs and called for further action.

If you haven't already begun, it's a good time to start preparing for future payment systems based on value and quality. The door has opened, as four of the largest payers explore innovative payment relationships that often include the use of protocols and guidelines. As a team of experienced professionals, The Oncology Group is prepared to help your practice 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. Contact The Oncology Group at info@theoncologygroup.com or give us a call at 512-583-8815 if you would like to know which practices or programs in your market submitted an application to participate in Medicare's Oncology Care Model.