Future of Oncology

Barbara McAneny MD
CEO NMCC
CEO IOBS
Consolidation of Cancer Care

Source: COA Community Oncology Practice Impact Report, October 2014
Cost of Consolidation: Milliman 2013 Private Pay Study

- Study found “significantly higher per-episode cost for chemotherapy drugs, radiation oncology, imaging (CT, MRI and PET scans) and laboratory services” in outpatient hospitals.

![Table]

- **Cancer Type**  | **POV** | **HOP** | **HOP/POV Episode Cost - Percent Higher in HOP** | **P Value**
--- | --- | --- | --- | ---
**Metastatic** |  |  |  |  
NSCLC | $82,849 | $122,909 | 48.4% | < 0.001
CRC | $122,300 | $186,541 | 52.5% | < 0.001
Breast | $115,308 | $158,727 | 37.7% | < 0.001
**Adjuvant** |  |  |  |  
NSCLC | $44,769 | $60,994 | 36.2% | < 0.01
CRC | $79,058 | $101,060 | 27.8% | < 0.001
Breast | $57,809 | $86,857 | 50.2% | < 0.001

Source: *Comparing Episode of Cancer Care Costs in Different Settings: An Actuarial Analysis of Patients Receiving Chemotherapy*, Milliman, August 2013
Sources: Hospital data from MedPAC and the Centers for Medicare & Medicaid Services (CMS). Physician data from Physician Payment Review Commission (PPRC), the AMA and Medicare trustees. Chart by the AMA Division of Economic and Statistical Research.
COME HOME Findings – External Evaluation

• Quantitative
  – 10 ED Visits avoided per 1,000 patients**
  – 3 ambulatory care sensitive hospitalizations avoided per 1,000 patients*
  – 4 readmissions avoided per 1,000 admissions*
  – $673 per patient reduction in total cost of care ($224 PMPM)**

• Qualitative
  – “Findings in this report validate the [triage] pathways as a means to improved outcomes for patients”
  – Key facilitators of positive findings:
    • Patient symptom management through triage pathways
    • Enhanced access to program providers

*p<0.1  
**p<0.05
Medicare payment vs. practice cost inflation
<table>
<thead>
<tr>
<th>J-Code</th>
<th>Product Name</th>
<th>MBU</th>
<th>Q4 2015 Units</th>
<th>Underwater/MBU</th>
<th>Loss on Underwater Drugs in Q4 2015</th>
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</thead>
<tbody>
<tr>
<td>J9025</td>
<td>Azacitidine inj / Vidaza</td>
<td>1 mg</td>
<td>8800</td>
<td>($0.13)</td>
<td>($1,144.00)</td>
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<tr>
<td>J9041</td>
<td>Bortezomib inj / Velcade</td>
<td>0.1 mg</td>
<td>2975</td>
<td>($1.07)</td>
<td>($3,177.30)</td>
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<td>J9047</td>
<td>Carfilzomib for inj / Kyprolis</td>
<td>1 mg</td>
<td>1080</td>
<td>($0.36)</td>
<td>($386.64)</td>
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<tr>
<td>J9055</td>
<td>Cetuximab inj / Erbitux</td>
<td>10 mg</td>
<td>140</td>
<td>($1.09)</td>
<td>($152.88)</td>
</tr>
<tr>
<td>J9060</td>
<td>Cisplatin inj / CDDP / Platinol</td>
<td>10 mg</td>
<td>20</td>
<td>($0.20)</td>
<td>($3.92)</td>
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<td>J3420</td>
<td>Cyanocobalamin inj / Vitamin B12</td>
<td>1,000 mcg</td>
<td>82</td>
<td>($2.68)</td>
<td>($219.43)</td>
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<td>J0897</td>
<td>Denosumab inj / Xgeva / Prolia</td>
<td>1 mg</td>
<td>2760</td>
<td>($0.28)</td>
<td>($778.32)</td>
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<td>J1200</td>
<td>Diphenhydramine inj / Benadryl</td>
<td>50 mg</td>
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<td>($0.21)</td>
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<td>J9395</td>
<td>Fulvestrant inj / Faslodex</td>
<td>25 mg</td>
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<td>($1.24)</td>
<td>($24.72)</td>
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<td>J1750</td>
<td>Iron dextran inj / Dexferrum / Infed</td>
<td>50 mg</td>
<td>6</td>
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<td>Q2050</td>
<td>Liposomal doxorubicin inj / Doxil</td>
<td>10 mg</td>
<td>52</td>
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<td>J2920</td>
<td>Methylprednisolone injection</td>
<td>40 mg</td>
<td>3</td>
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<td>J9305</td>
<td>Pemetrexed inj / Alimta</td>
<td>10 mg</td>
<td>800</td>
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<td>J9306</td>
<td>Pertuzumab inj / Perjeta</td>
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<td>J9310</td>
<td>Rituximab inj / Rituxan</td>
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<td>J9355</td>
<td>Trastuzumab inj / Herceptin</td>
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<td>($483.11)</td>
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<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
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<td>($8,715.81)</td>
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</table>
Decline in Drug Administration Since 2004

Source: Projections based on data from the Centers for Medicare & Medicaid Services
What might the OCM look like for a community oncology practice?

Quarterly Risk Based Payment

- Shared Savings (Upside Only)
- Risk Based Payment (Full Risk)
We must act now to preserve the low cost, high quality delivery system

- We cannot afford the site of service differential
- Risk for practices must be manageable
- Payment for the Infrastructure of health care delivery must be cost effective
- Regulatory requirements must be evidence based