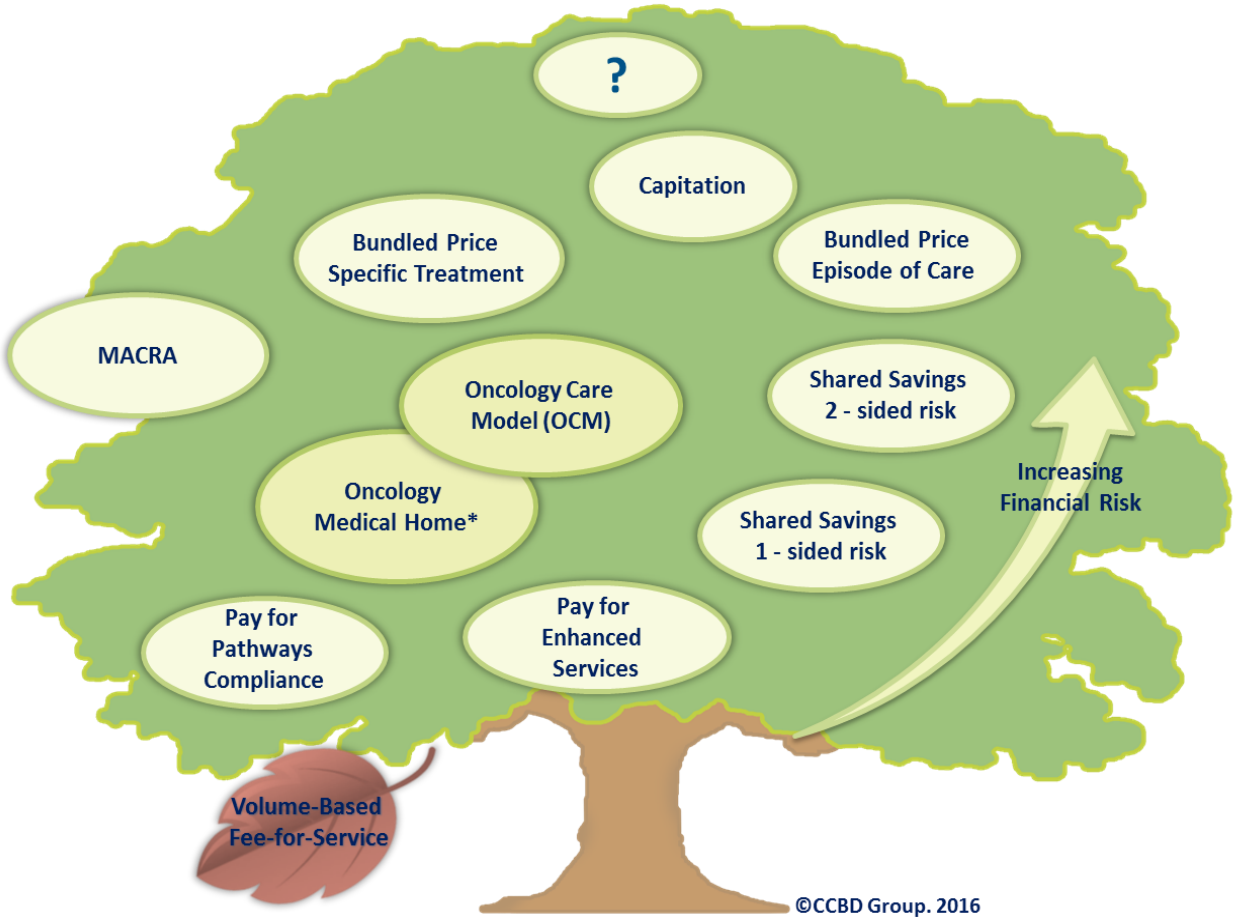
Alternative Payment in Oncology: Today & Tomorrow



*OMH Key Features: pathways compliance; pro-active care management; end-of-life planning

Alternative Payment in Oncology: Today & Tomorrow

- **Kelly Blair:** Oncology Service Line Survey 2016 Results
- **Lili Brillstein:** Health Plan Episodes of Care
- **Larry Strieff, MD**: Medical Group Episodes of Care
- **Cynthia Terrano:** Health System multiple APMs
- **Dave Terry:** Bundles, Risk and Future Outlook

Alternative Payment in Oncology: Today & Tomorrow

- Panelists will describe briefly their respective APM(s), why they are participating in them and with what result?

- Question: Can we expect to see shift of financial/insurance risk in oncology on a broad scale anytime soon? For example, prospective bundled pricing or 2-sided shared savings?

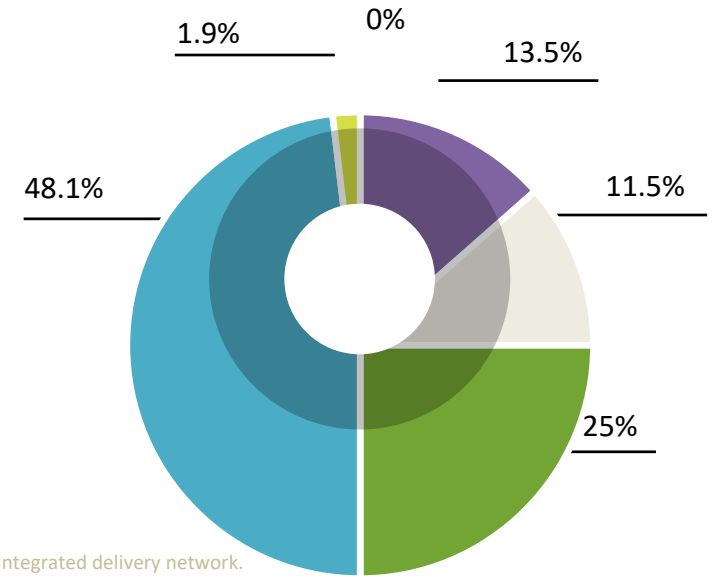
Alternative Payment in Oncology: Today & Tomorrow

Kelly Blair, M.P.A.
Vice President, Consulting
Sg2
Niles, Illinois
Kblair@sg2.com

Where Are We Today, and Where Are We Going Tomorrow?

- Sg2 was interested in understanding where our clients were in the *journey from volume to value* in cancer care.
- In Q4 2016, we surveyed *cancer service line leaders* across our member organizations.
- This survey was meant to be *qualitative* in nature and was not designed or intended to produce results of statistical significance.

Which option below best describes your organization?



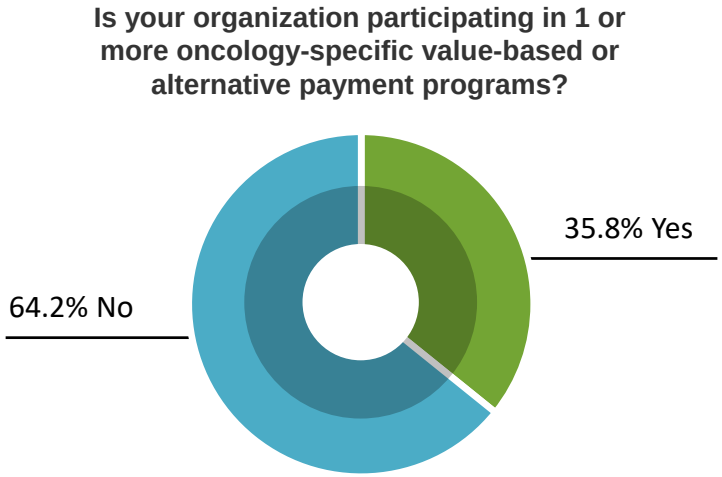
- Academic medical center
- Stand-alone academic comprehensive cancer center
- Large national health system
- Regional health system/IDN
- Community hospitals with provider-based/hospital outpatient cancer department
- Independent/private oncology medical group

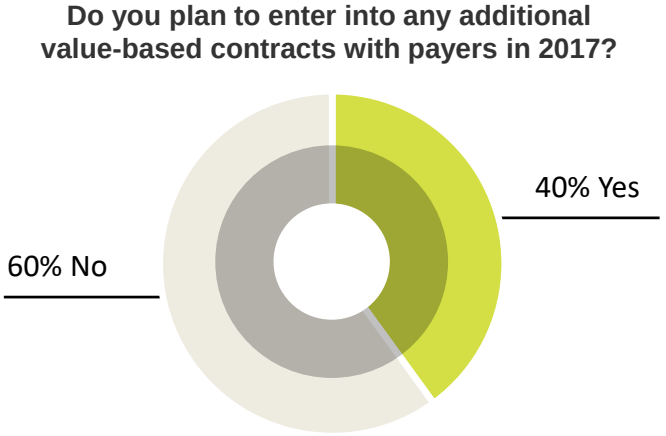
Nearly 75% of respondents came from community hospitals or regional health systems.

IDN = integrated delivery network.

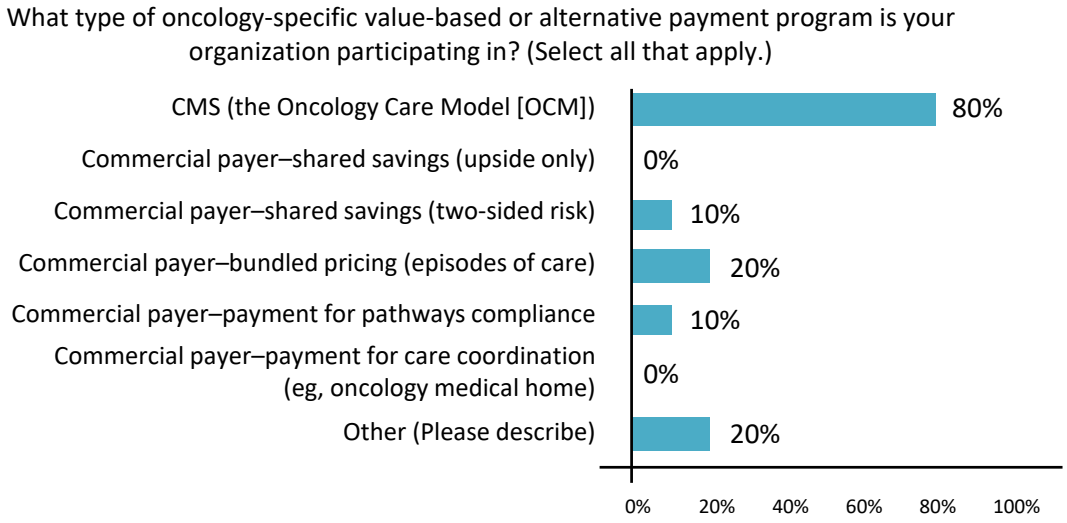
Movement (or Not) Toward Value-Based Care Models

- Of those who responded, 64% were **NOT** participating in any form of value-based or alternative payment programs.
- Of those who were participating, 80% of those were Oncology Care Model (OCM) participants.
- The majority of respondents did not plan to enter into any value-based contracts in 2017.
- Most cited lack of operational readiness as the primary reason for NOT participating.



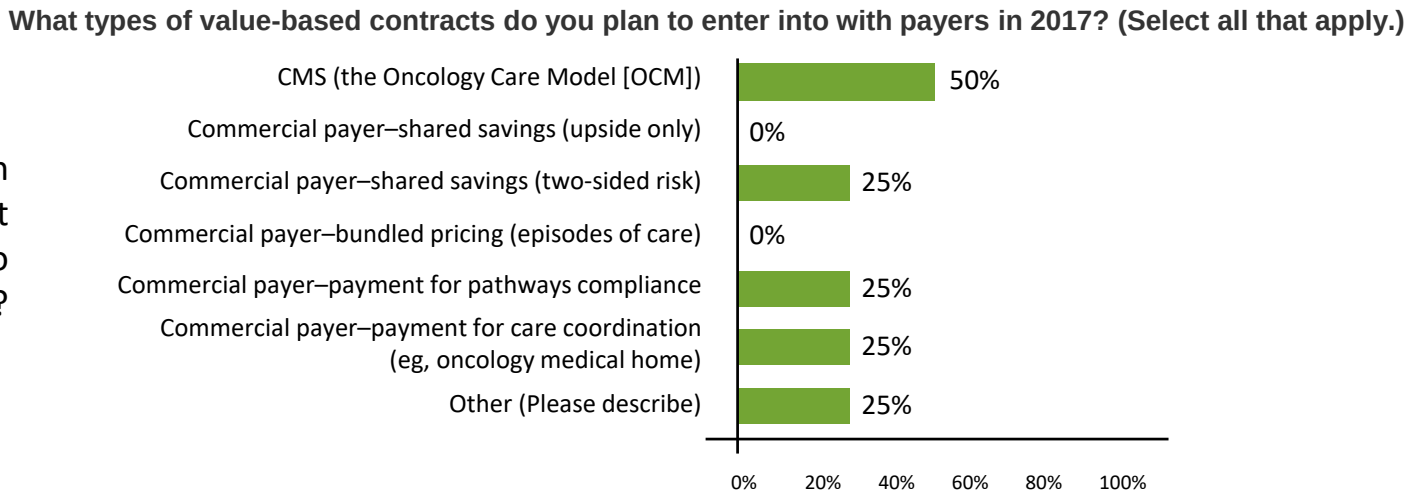


The Predominant Experiment Will Be OCM…



What will we learn from the OCM pilot?

What will we NOT learn from the OCM pilot that we need to advance the industry?



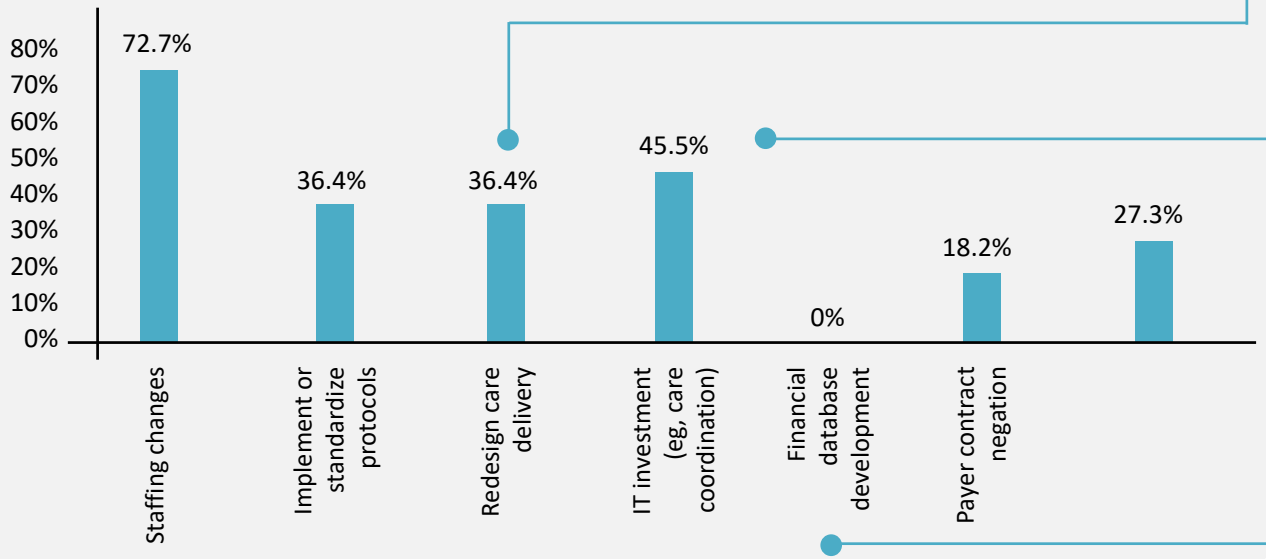
Actions and Reactions From the Field…

"Designing workflow changes is still in process. Its been a tough road."

"Physician engagement is needed."

"(I'm still) trying to capture patient list."

Which changes have you made to your cancer program in response to or anticipation of value-based payment models? (Select all that apply.)



"I would encourage organizations to have [an oncology-specific EMR] in place before undertaking an initiative."

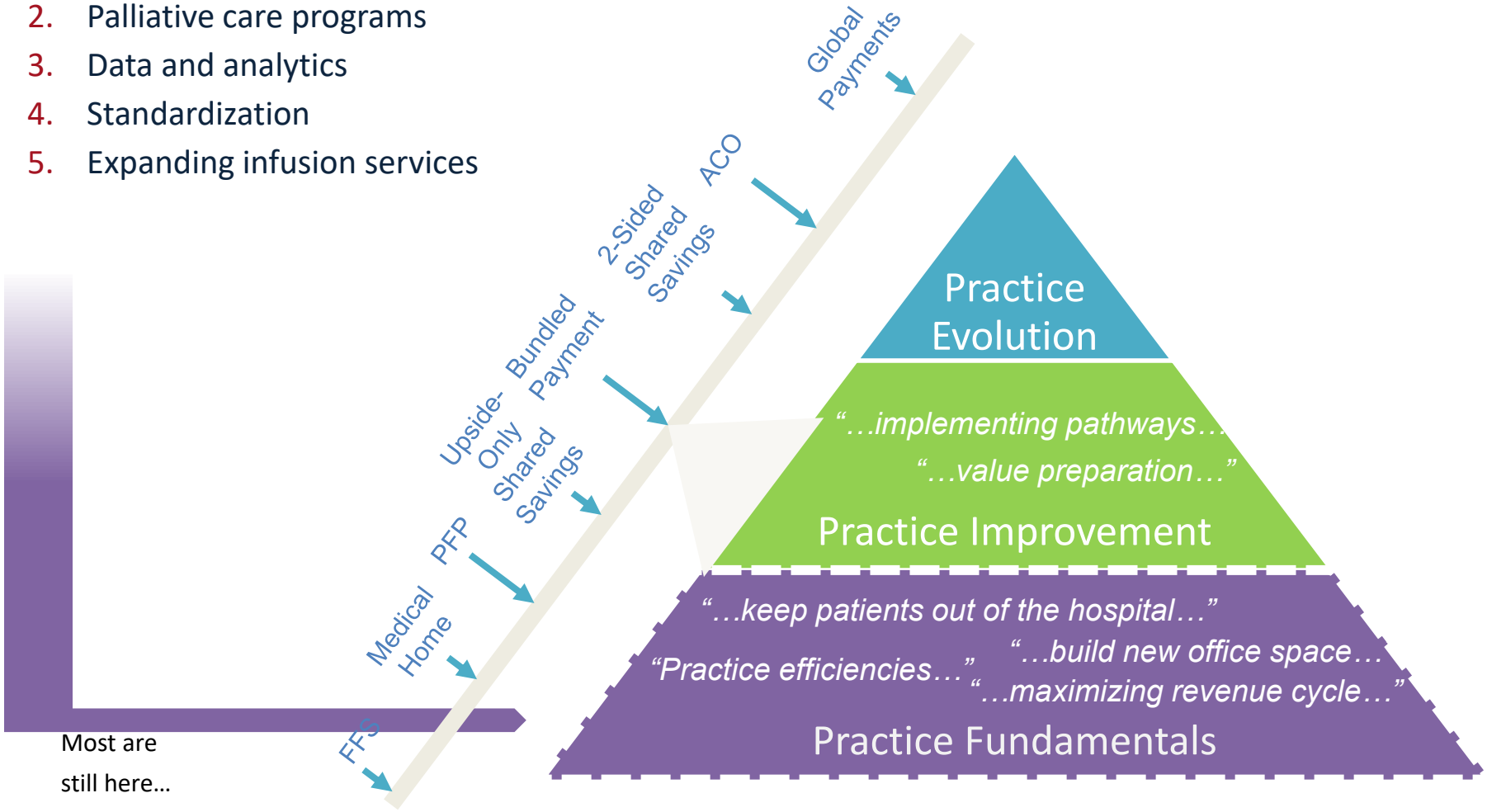
"[The organization] must have a sufficient balance sheet and future cash flows to mitigate expenses and offset loss of FFS revenue."

"We hired a care coordinator and financial advocate."

FFS = fee-for-service.

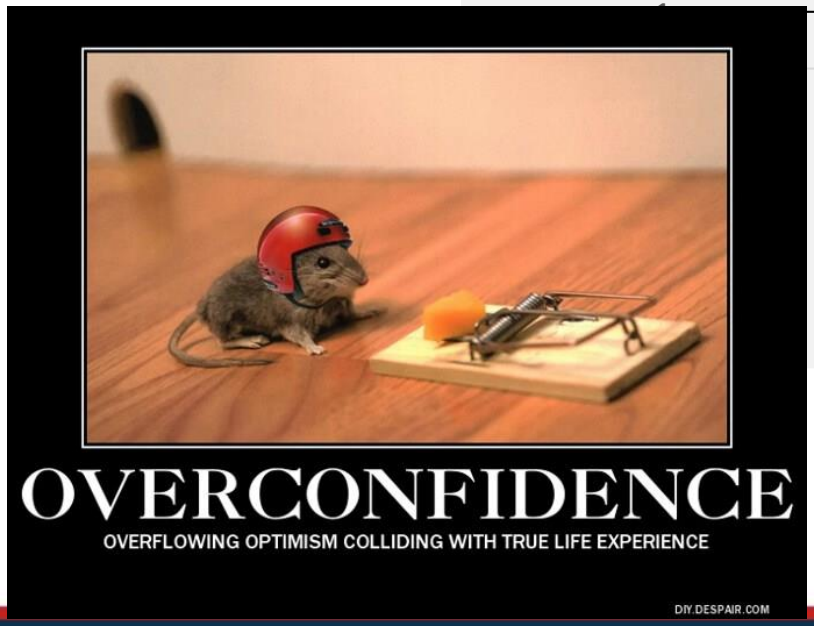
Our Respondents Are Still Focused on Fundamentals…

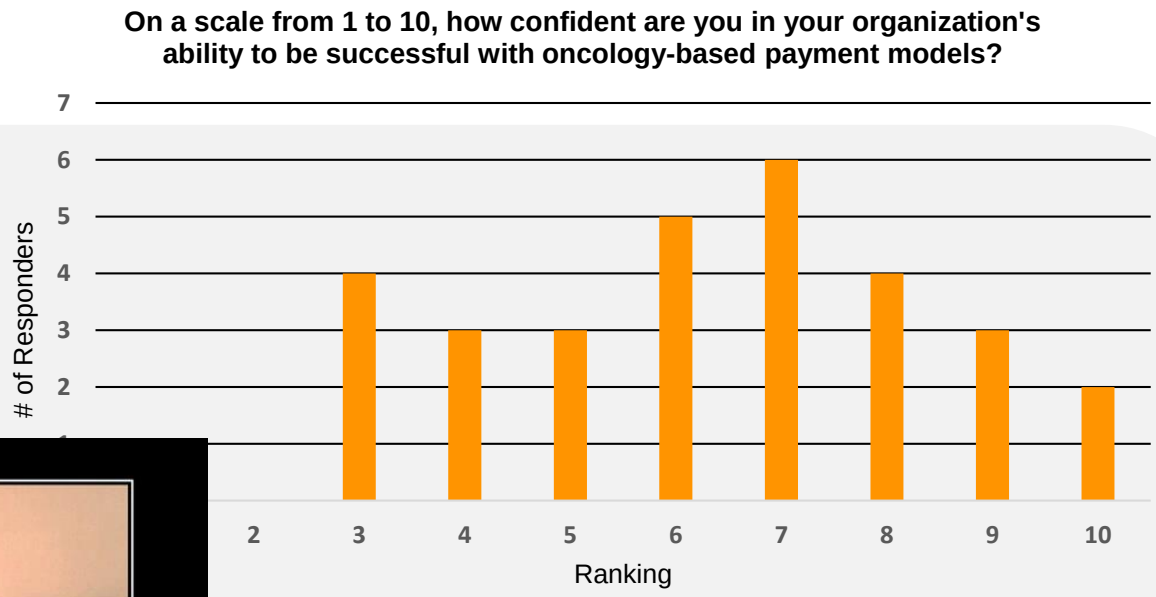
1. EMR adoption/optimization
2. Palliative care programs
3. Data and analytics
4. Standardization
5. Expanding infusion services



ACO = accountable care organization; PFP = Pay for Performance

Are We (Dare I Say…) Overconfident?





Sg2, a Vizient company, is the health care industry's premier authority on health care trends, insights and market analytics.

Our analytics and expertise help hospitals and health systems achieve sustainable growth and ensure ongoing market relevance through the development of an effective System of CARE.

Sg2.com 847.779.5300

Alternative Payment in Oncology: Today & Tomorrow

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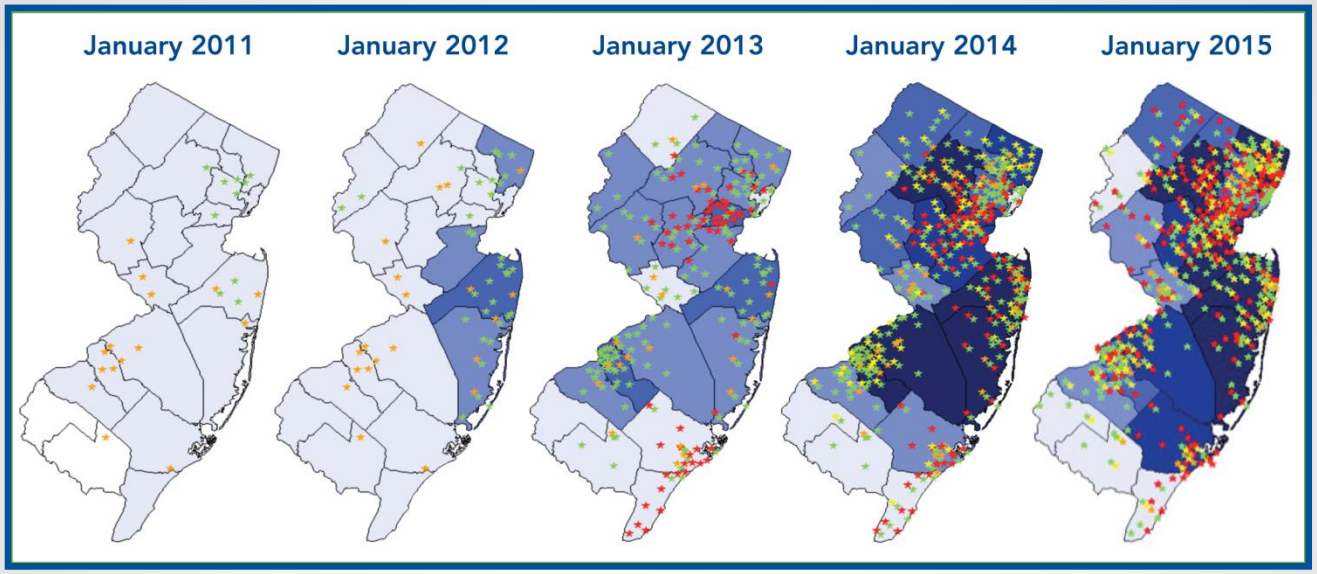
Episodes of Care
A Value-Based Model for Specialty Care

Cancer Center Business Summit

Lili Brillstein, MPH
Director, Episodes of Care
January 2017

Horizon is Transforming Care in New Jersey



Our patient-centered programs include more than 6,000 physicians that are committed to improving the quality of care.

More than 800,000 Horizon BCBSNJ members are in patient-centered programs, including Patient-Centered Medical Homes, Accountable Care Organizations and Episodes of Care Programs.

Horizon®

Episodes of Care

Value-based model designed to engage specialists and refocus health care delivery and reimbursement on quality and value rather than volume.

Full spectrum of health care services related to and delivered for a specific medical condition, illness, procedure or health care event during a defined time period.

Horizon is leading the nation

Largest commercial episodes program in the US

EOC Primary Goal

Standardize & Optimize Care and Cost of Care

Compare like patients and like outcomes
Study variation in utilization and cost of care

Retrospective Model

- Contract with an Episode Conductor
- All providers of care within the continuum of the episode are ***paid at their contracted fee for service rates***
- Episode assessment is made, post episode
  - Quality
  - Patient Experience
  - Total Cost of Care

  If metrics are met, savings are shared
  Upside only

Current Episode Portfolio

- Hip Replacement
- Knee Replacement
- Knee Arthroscopy
- Colonoscopy
- Pregnancy
- Hysterectomy
- CHF
- CABG
- Crohn's with fully integrated Behavioral Health
- Low back pain/Laminectomy
- Shoulder Replacement
- GERD
- Diverticulitis

- Oncology: Breast Cancer, Colon Cancer, Lung Cancer, Prostate Cancer, Prostatectomy

Standard EOC Program vs. COTA Oncology EOC

"Standard" Prometheus-defined Algorithms

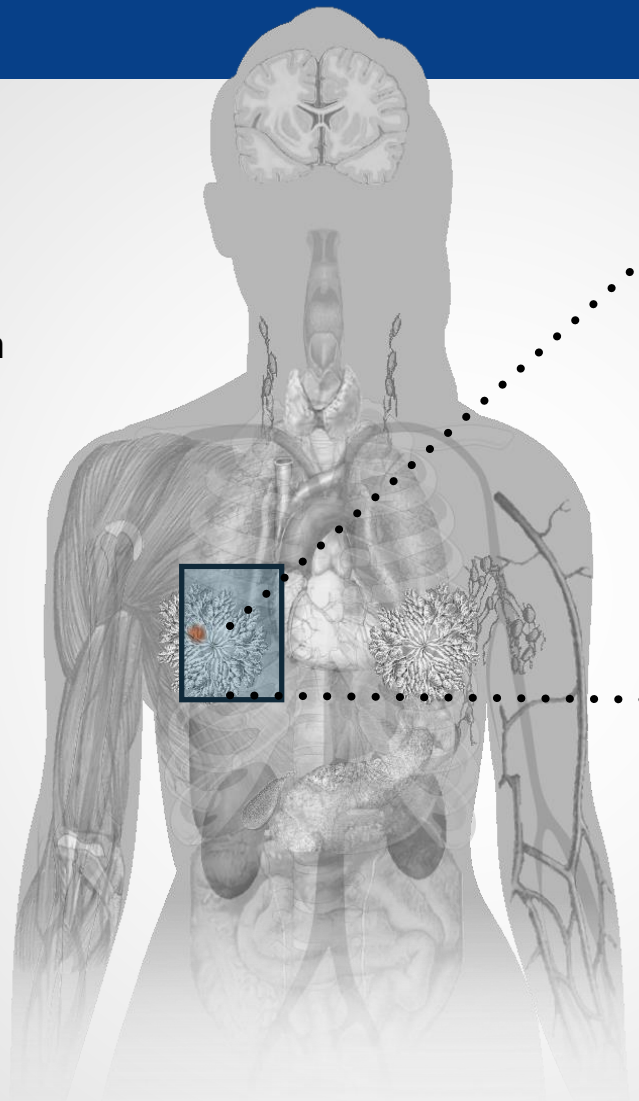
- Stratification based on claims

COTA

- Stratification based on clinical criteria extracted from EHR

COTA Nodal Addresses

A new digital classification for cancer patients



- ICD-9 Code: 174.9
- Therapy Type: Adjuvant
- Progression Track: 0
- Sex: Female
- Age: 49
- Estrogen Receptor: Positive
- Progesterone Receptor: Positive
- Her2neu: Negative
- Tumor Size: <1mm
- Nodal Involvement: None
- Metastatic Sites: None
- ECOG at Presentation: 0
- OncotypeDX: 12

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Neoplasm of the breast	Phenotype 15	Therapy Type 1 (Adjuvant) Progression Track 0 (No prior treatment)

* Provisional patent application submitted

Not Just Apples to Apples …

- Allows for more precise stratification of members and episodes
- Includes clinical and claims/cost information
- Disease state and stage considered
- Precise ability to compare truly like patients with like disease to allow for standardization and optimization of care

Partnership & Collaboration: Keys to Success

- Collaboration at Every Level, & Simplicity are key
  - Defining episode construct, intent, launch
  - Establishing metrics
  - Creating workable model
  - Fluidity, Willingness to change
- Physicians are the clinical experts in charge of the care
  - Providers make clinical care decisions
- Patient is center stage

Horizon

Alternative Payment in Oncology: Today & Tomorrow

Larry Strieff, M.D.
Specialty Medical Director
Hill Physicians Medical Group
San Ramon, California
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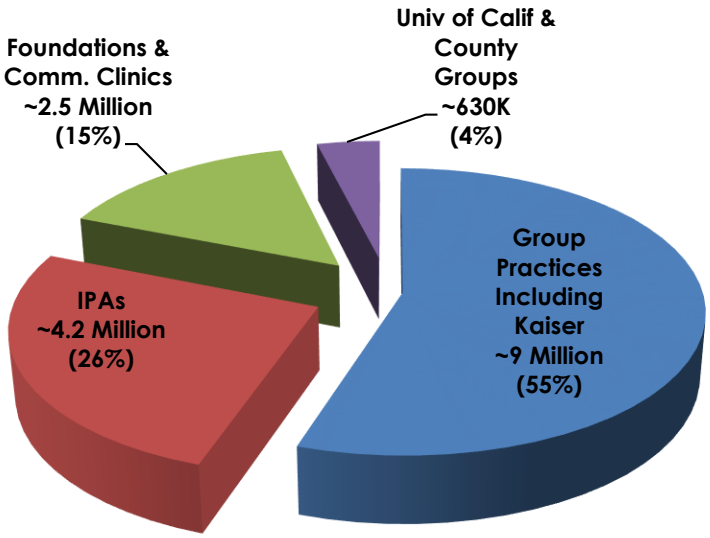
Hill Physicians Medical Group

- Independent Physician Association founded in 1984
- Provider network: 3,800 providers and consultants
  - 980 Primary Care
  - 2,260 Specialists (**170 Oncologists**)
- Service the Northern California area
  - 300,000 Members
  - 5 Regions - 9 Counties

California Marketplace – 2014 HMO Enrollment



The Model

Two Linked Modules - Act as Checks & Balances

Case Rate Payments
Cancer dx are grouped
Paid monthly
Providers bear some risk
Stop loss program protects providers
CALCULATED TO BE EQUIVALENT TO 100% FFS

Quality Management Program
Clinical Quality
Patient Experience
Utilization
OPPORTUNITY FOR ADDITIONAL 10% INCENTIVE

Case Rate portion is best described as a **prospective variable contact cap by cohort**

Part I: Case Rates

Case Rates - Description

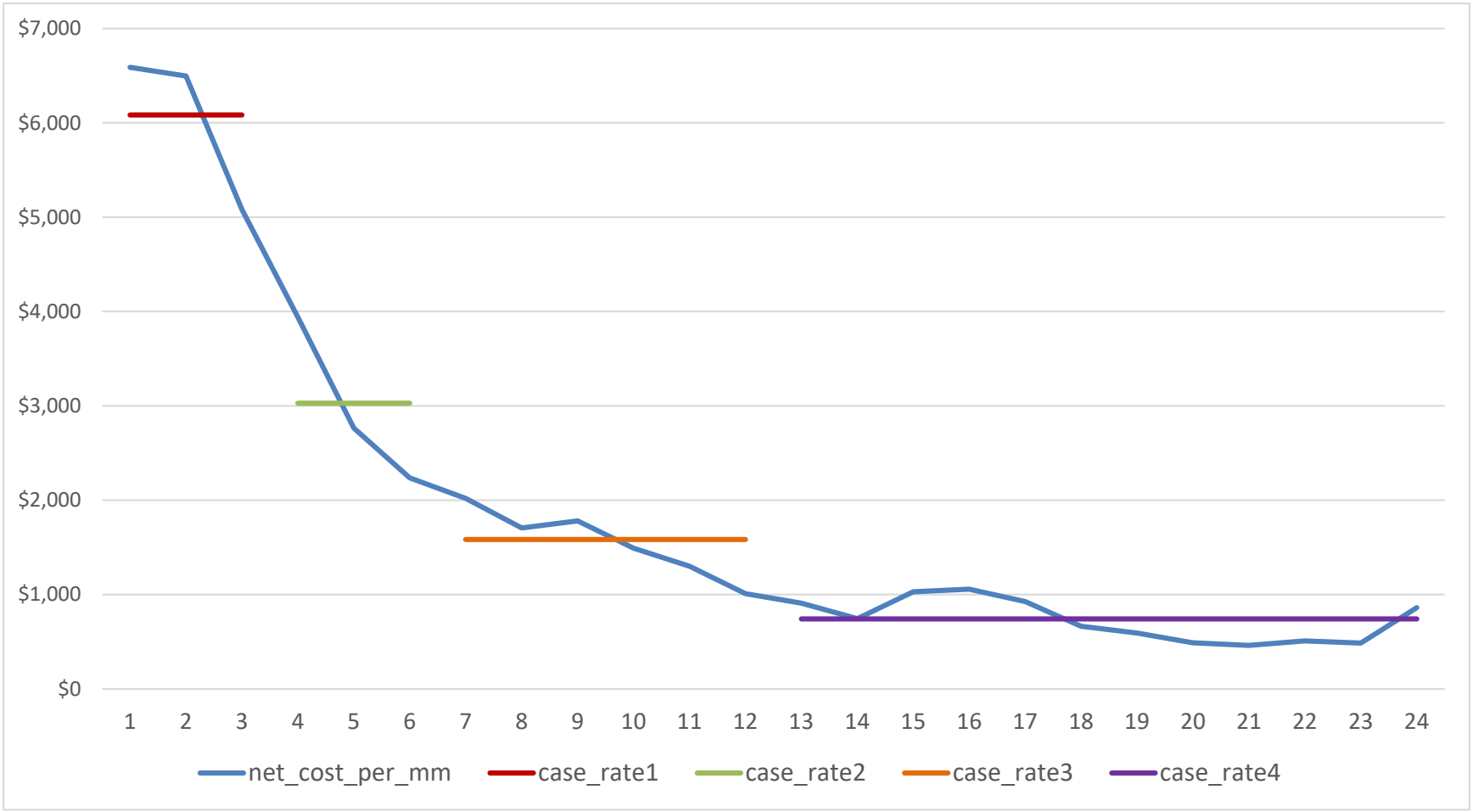
Case rates have different values for different cancer diagnosis groups	❖ All cancers grouped into diagnosis groupings ❖ *in situ* excluded ❖ Includes all services provided to patient in MD office except imaging & rad tx
Paid monthly	❖ Prospective, once case begins
Providers bear some **risk**	❖ At risk when costs exceed cumulative case rate but not yet at stop-loss
Stop loss program protects providers	❖ Providers paid case rates AND reduced FFS after reaching stop loss

CALCULATED TO BE EQUIVALENT TO 100% FFS

Part II - QMP

QMP Domains	Description
Clinical Quality	❖ Subset (25 - 30) of ASCO QOPI core measures
Patient Experience	❖ CG-CAPHS ❖ Internally developed referring PCP satisfaction survey
Utilization	❖ IP bed days ❖ ED visits ❖ Infusion Center Use ❖ Chemo Initiation
OPPORTUNITY FOR ADDITIONAL 10% INCENTIVE	❖ These are **NEW** dollars that previously were not available to the oncologists

Example of the monthly rates: Breast Cancer Cohort



Two Key Features

Stop loss

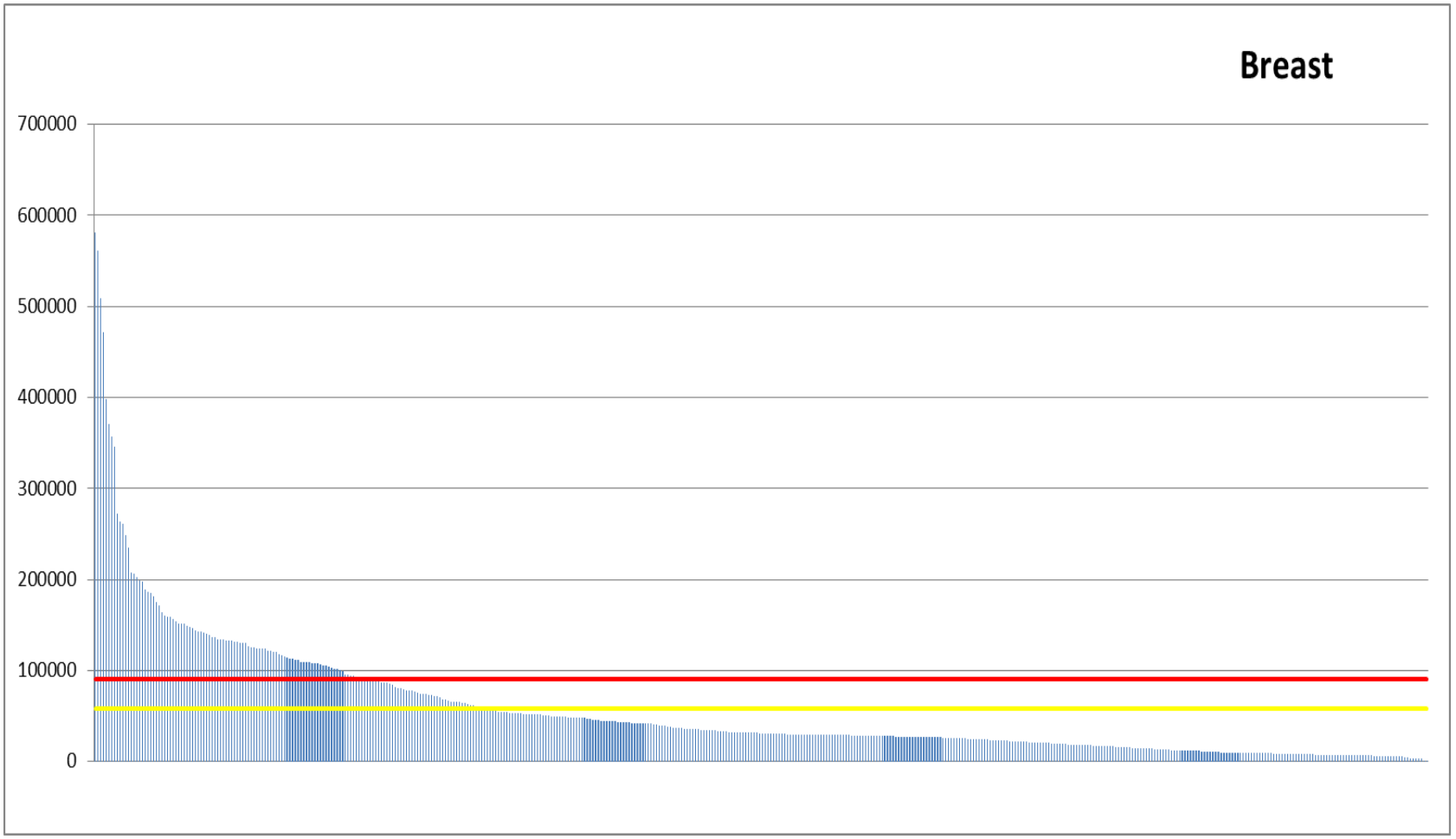
- Protects for new drugs during current case rate year
- No drug exclusions
- No prior authorizations

Annual Recalibration

- Provides longer term protection

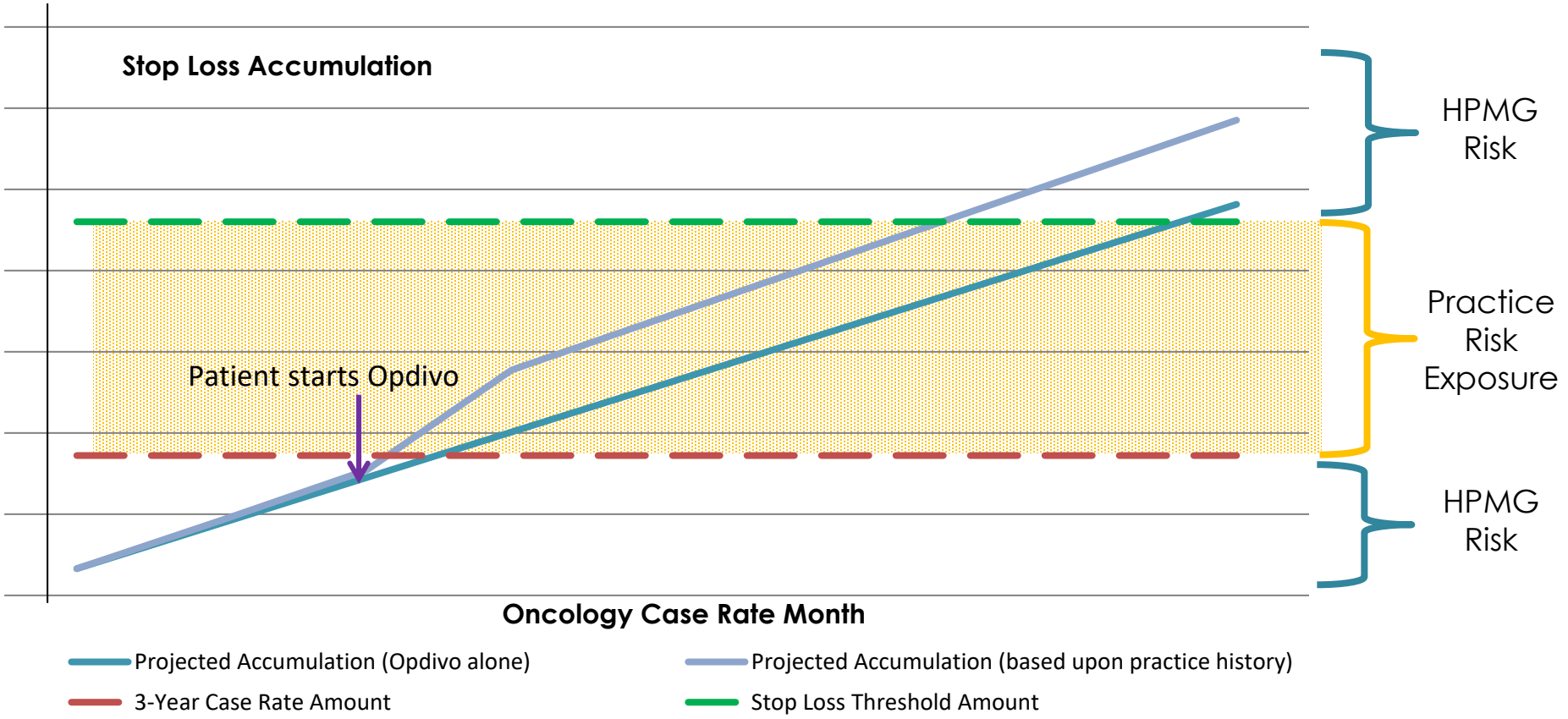
Breast Cancer

Stop Loss Threshold (—) vs. Cumulative Case Rate Payments (—)



Risk & Stop-Loss Protection

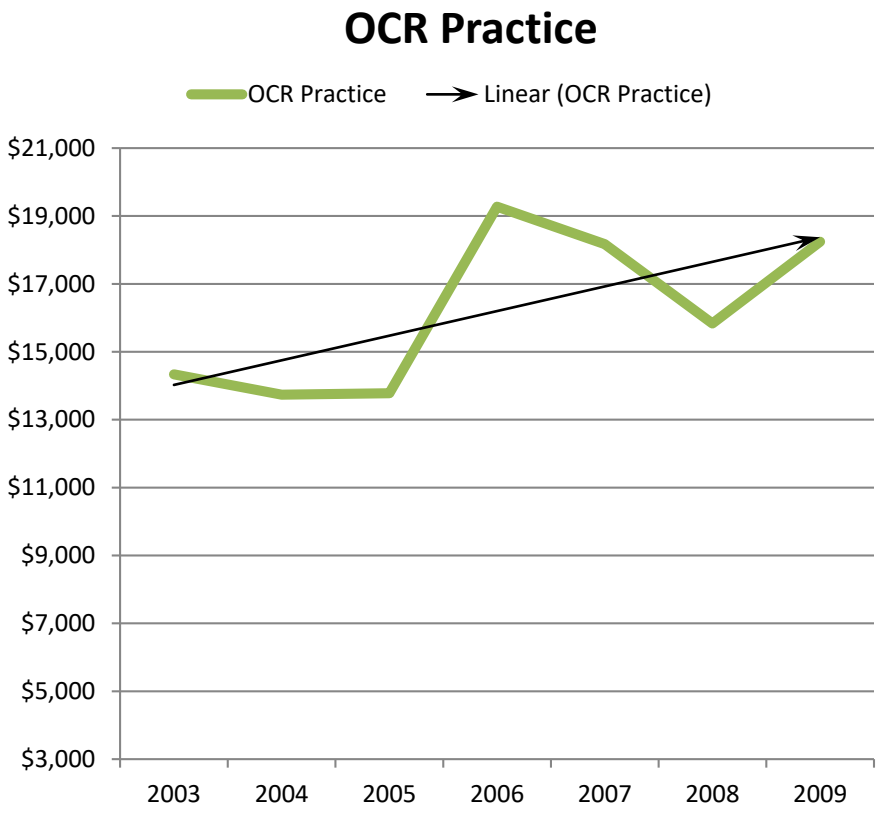
Case Study: Lung Cancer Patient Receiving Opdivo 3 mg/kg every 2 weeks



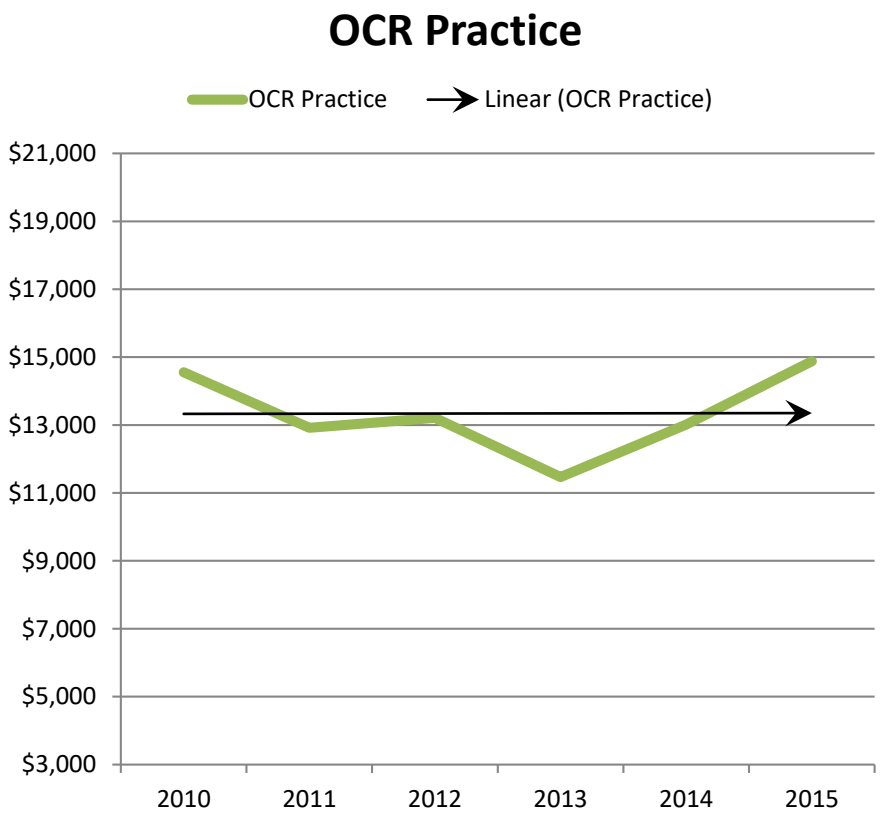
- Practice risk: Set at specific dollar amount in contract (known $ risk)
- Practice exposed to risk: 14-17% of total case rate time
- Practice NOT at risk: 83-86% of total case rate time

Resource Use: **Breast Cancer**

Prior to OCR Implementation

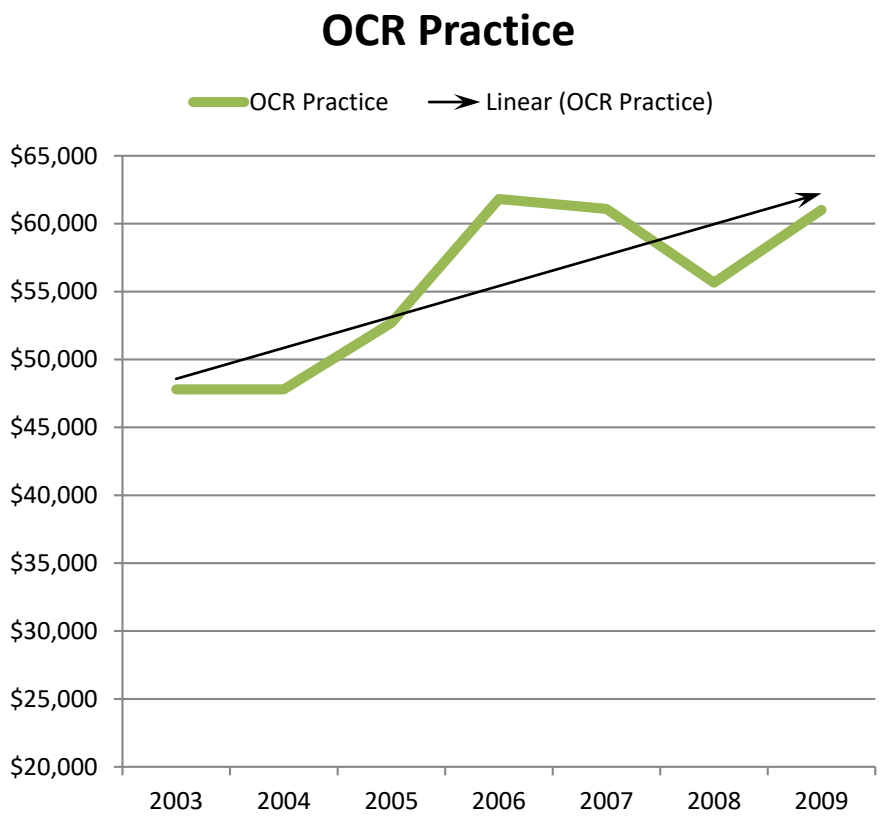


After OCR Implementation

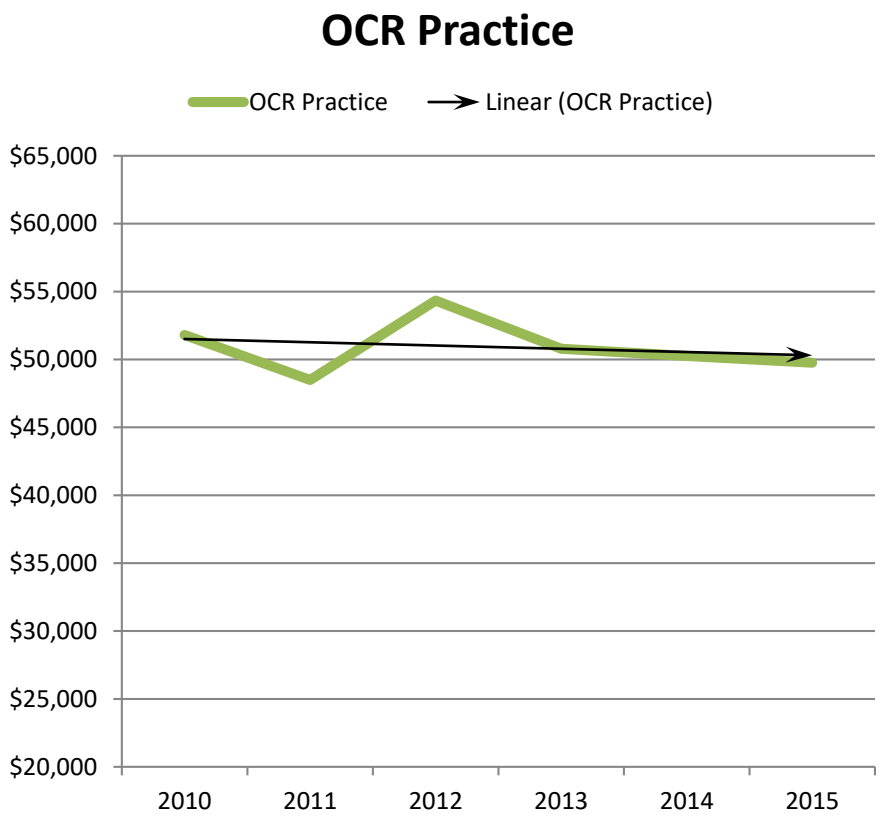


Resource Use: **All Cancers**

Prior to OCR Implementation



After OCR Implementation



Next Steps

- Keep Program Mutually Sustainable for Providers and IPA

- Next Steep Road Ahead
  - Need Oncologists to be much more active/proactive in Managing IP Bed Days and ED

Alternative Payment in Oncology: Today & Tomorrow

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INSPIRED BEGINNING

Moffitt's Singular Mission

"To contribute to the prevention & cure of cancer."

- Statutorily created (1004.43, F.S.)
- Instrumentality of state
- Cigarette tax revenue
- Annual-line item appropriation

- Established in 1981
- Named after H. Lee Moffitt, former Speaker of the Florida House of Representatives and the impetus behind the Center.

MOFFITT CANCER CENTER

NCI Designated Comprehensive Cancer Center

MULTI-SITE CAMPUS

Main Campus

International Plaza Campus

McKinley Campus

Hospital
- 206 Licensed Beds
  - 32-Bed BMT Unit
  - CRU

Research Space
- Wet Lab: 187,472 sf
- Mouse Barrier Facility: 28,000 sf
- Dry Lab: 36,205 sf
- Cancer Screening : 29,846 sf
- Clinical Research Space: 13,416 sf
- Research Admin: 37,096 sf

Opened July 2011
- Located Near Tampa International Airport
- 2 Floors / 50,630 sf
- Infusion (24 Chairs)
- Radiation Therapy
- Diagnostic Imaging
- Clinical Trials

Opened Outpatient Center Fall 2015
- 30 Acres
- 5 floors / 207,000 sf
- Cutaneous / Breast Clinics
- Infusion Center
- Survivorship Services
- Diagnostic Imaging
- Outpatient Surgery
- Genetic Risk Assessment
- Clinical Research Unit

MOFFITT CANCER CENTER

NATIONAL DESIGNATIONS

Moffitt's
NCI Designation
Renewed In 2016

U.S. News Ranks
Moffitt The Nation's
#6th Cancer Hospital

In March 2015, the
cancer center earned
the prestigious Magnet
designation in recognition
of its nursing excellence.

IMPORTANCE OF PATHWAYS

- Provide consistent, quality care with program-specific consensus
- Encourage collaboration and discussion surrounding best practices
- Personalize cancer care by patient factors and evidence rather than physician preference
- Understand costs in preparation for payer discussions about accountable care

- The Clinical Pathways Department was developed in 2009
- Moffitt filed a patent application in 2012
- The pathways became available online in August 2012
- Currently there are over 50 pathways

MOFFITT CANCER CENTER

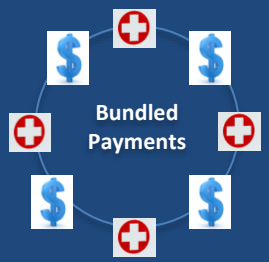
PAYMENT INNOVATION

Payment based on measures of quality, efficiency, cost, and patient experience

Value Based Payment Models

Total Cost of Care

Medical Home



Bundle Payment Program

TOTAL COST OF CARE (TCOC)

Physician Services

Hospital Services

Other Services

Opportunity for Shared Savings

- Quality Gate
- Attribution- trigger event
- Ten cancer programs
- Market based trend
- Data Sharing

MOFFITT CANCER CENTER

CHEMOTHERAPY MEDICAL HOME

Key Features

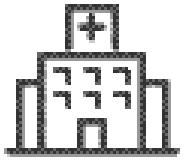
- Chemotherapy trigger
- Care coordination (manage IP and ER)
- Breast, lung and colorectal cancers
- Prospective attribution

BUNDLED PAYMENT FRAMEWORK

Single Fixed Payment

From Payer to Provider

Physician Services



Hospital Services

Other Services

Transfers risk of patient complications and inefficient care to providers

LUNG BUNDLE OVERVIEW

Goal: *Demonstrate effectiveness of a bundle payment arrangement compared to the current fee for service model, while maintaining high quality care.*

Key Features

- Early stage lung cancer with curative intent
- Surgery and radiation based bundles
- Single payment for each bundle
- Patients identified prospectively
- 3 year pilot program

MOFFITT CANCER CENTER

Alternative Payment in Oncology: Today & Tomorrow

Dave Terry, M.B.A.
Chief Executive Officer
Archway Health
Watertown, Massachusetts
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Archway Overview

100% Focused on Bundled Payment – its all we do

Founded in 2014 with offices in Boston and NYC

Our team has been active in BPCI since its inception in 2011

Backed by AthenaHealth & Coverys – large medical malpractice insurance company

Active in all of the CMS bundled payment programs – BPCI, CJR, OCM, EPM

Convener in the BPCI program

Built a comprehensive, one stop shop bundled payment platform

Working with dozens of customers & hundreds of providers across the country

Real results – all of our partner hospitals & physicians are earning significant savings

Expanding beyond CMS into the commercial and self-insured employer markets

Archway Health

Bundled Payment Market Update

CMS has 3 live BP programs, and 2 more that have been announced.

CMS Bundled Payment Program Overview

	BPCI	CJR	OCM	EPM	Advanced BPCI
Vol or Man?	Voluntary	Mandatory	Voluntary	Mandatory	Voluntary
Providers	1,457	767	196	1,150	TBD
Market $'s	$10B	$4B	$2B	$6B	TBD
Start Date	Q4 '13	Q2 '16	Q3 '16	Q3 '17	Early '18
End Date	Q4 '18	Q1 '21	Q2 '21	Q4 '21	5 years
Clinical Focus	Many	Joints	All Oncology	AMI, CABG	Many
Episode Initiators	Hospitals, Specialists, Post-Acute	Hospitals	Specialists	Hospitals	Specialists
Notes	Many providers earning gains	Hospitals slow to move	Very big deal for Onc groups	Hosps. seem motivated	Targeted to meet MACRA APM requirements

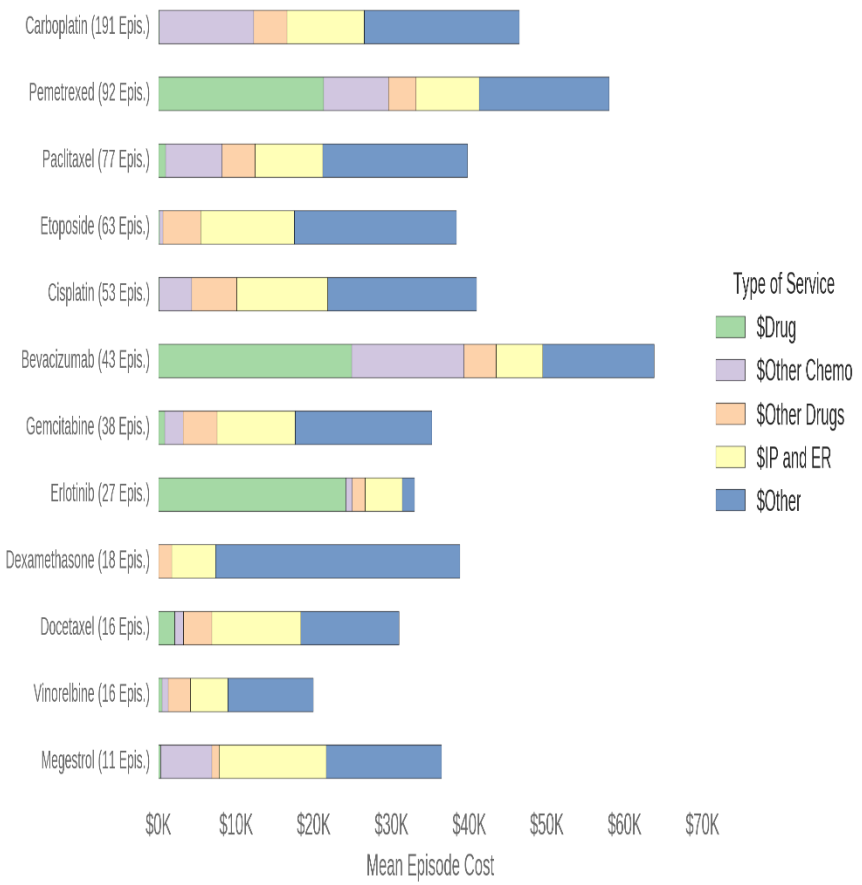
OCM Observations

The OCM program is unique in its program design, pricing model, and impact it has on participating practices.

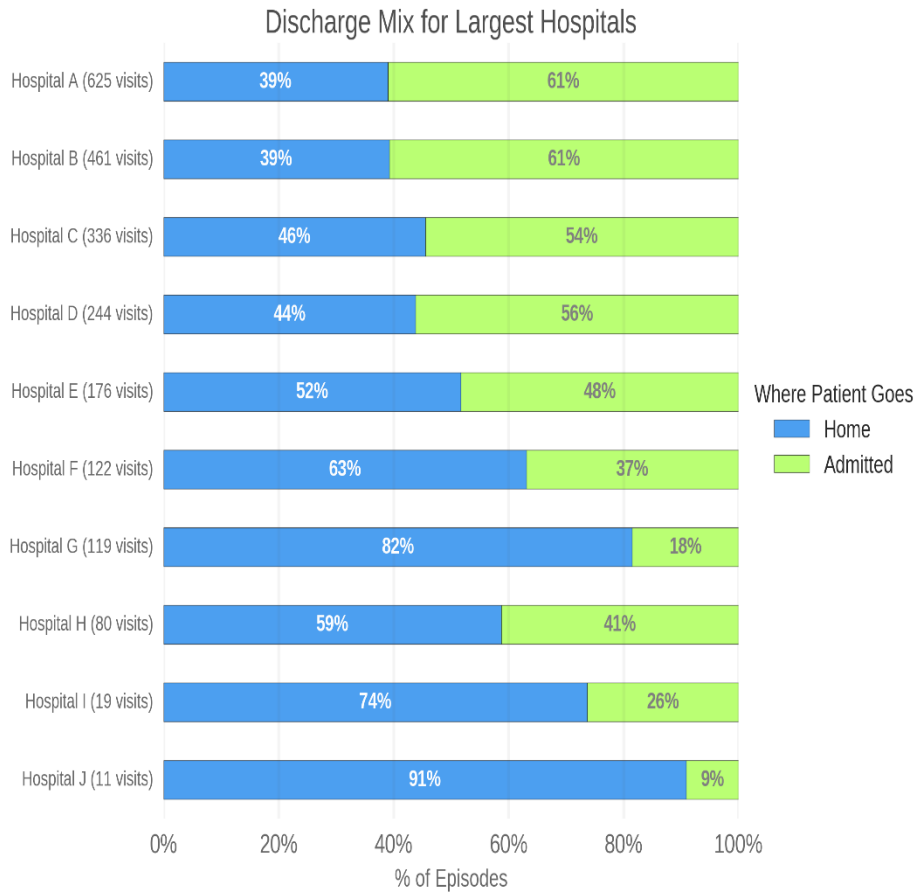
- **OCM is a big deal for participating practices – 50% of practice volume**
  - Much more significant than most other BP programs
- **The pricing model is complex**
  - Much different than the other CMS bundled payment programs
  - Proper and complete diagnosis coding is vital for practices
    - *Incomplete coding is costing practices hundreds of thousands of dollars*
  - We have found some biases in the pricing model for prostate and bladder cancers
    - *CMMI has committed to fixing the model for these cancer types*
- **Significant variation exists across the country and across practices**
  - Prescribing patterns
  - Hospital ER to Admission rates
  - Hospitalizations
  - By physician
  - Approach to end of life planning

Variation, however, is still the main driver of opportunity within the OCM program...

Cost Variation by Drug
Lung Cancer

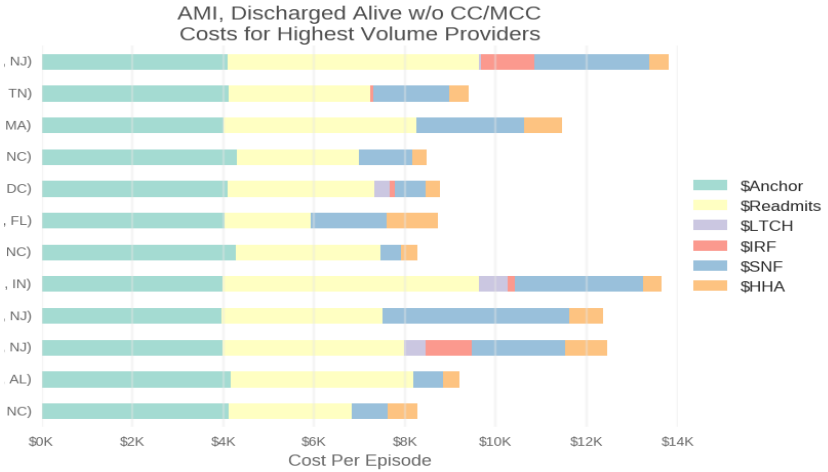


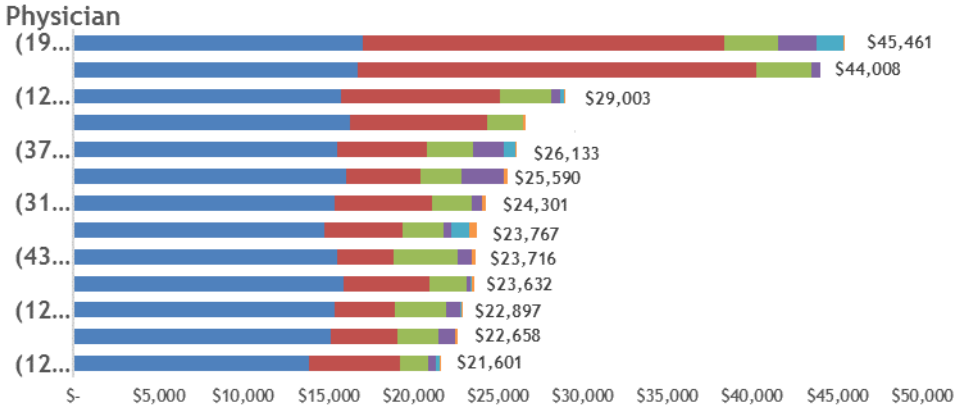
Admit Variation by Hospital
All Cancers

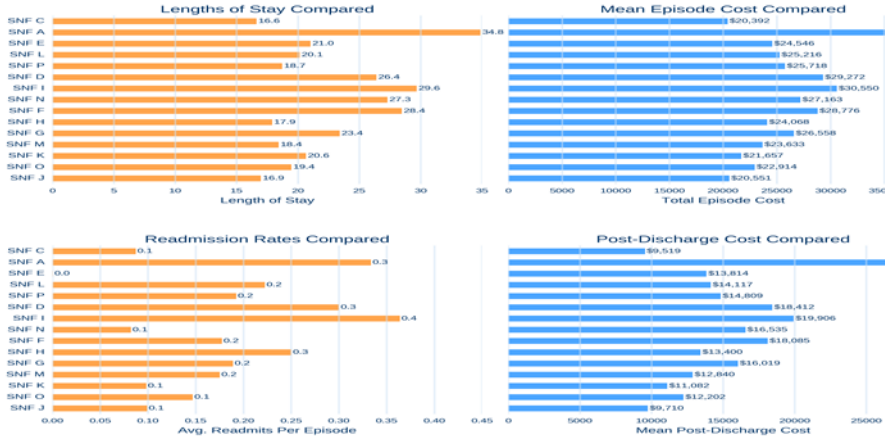


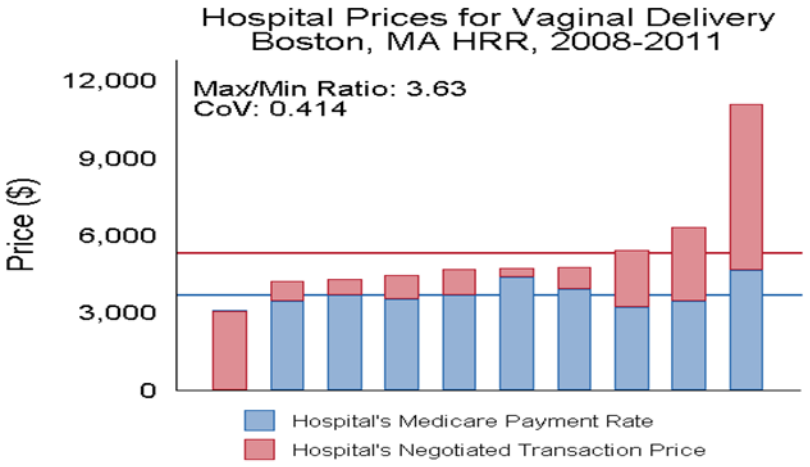
Bundled Payment Program Management - Variation

…we see this similar variation in all types of clinical areas.





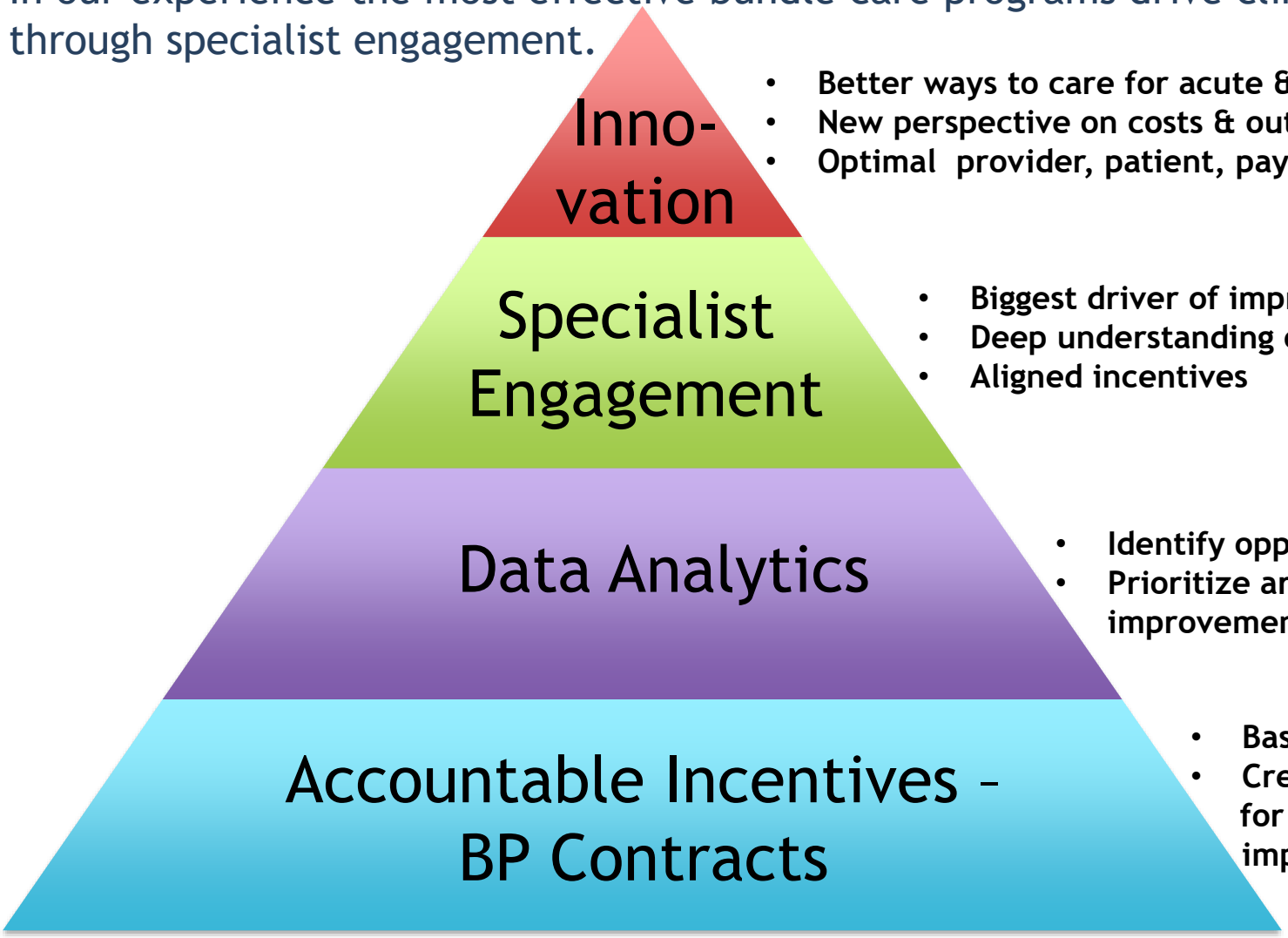




Archway Health

Lessons Learned

In our experience the most effective bundle care programs drive clinical innovation through specialist engagement.



- Better ways to care for acute & chronic patients
- New perspective on costs & outcomes
- Optimal provider, patient, payor alignment

- Biggest driver of improvement
- Deep understanding of data
- Aligned incentives

- Identify opportunities & risks
- Prioritize areas for improvement

- Basic requirement
- Creates new incentives for accountability & improvement

Keys to Success – Specialty Networks

Bundled Payment Payor Contracts

Medicare	ACO's	Self-Insured Employers	Commercial Plans	Medicare Advantage	Worker's Comp	Medicaid
• BPCI • OCM • Advanced BPCI						

Archway Bundled Payment Management Services Organization:

Bundled Definitions & Contract Development	Payor & Employer Outreach & Negotiations	Overall Program Management
BP Performance Analytics	Patient Tracking & Care Management Support	Quality Tracking & Improvement
Preferred Provider Network Development	BP claims processing & revenue cycle management	Reinsurance

Orthopedics	Oncology	Cardiology	Obstetrics	Urology	GI	General Surgery
• Joints • Spine • Sports	• Breast • Lung • Colon	• PCI • CABG • CHF	• Deliveries	• TURPs • Bladder surg • UTI	• Colon-oscopy • Endo	• Hernia

Archway Health

Challenge Question

- APMs in oncology have tended to consist mostly of an up-front care management fee plus a performance-based 1-sided retrospective shared savings payment

- Can we expect to see a shift of insurance risk in oncology on a broad scale anytime soon? And if so, in what form?