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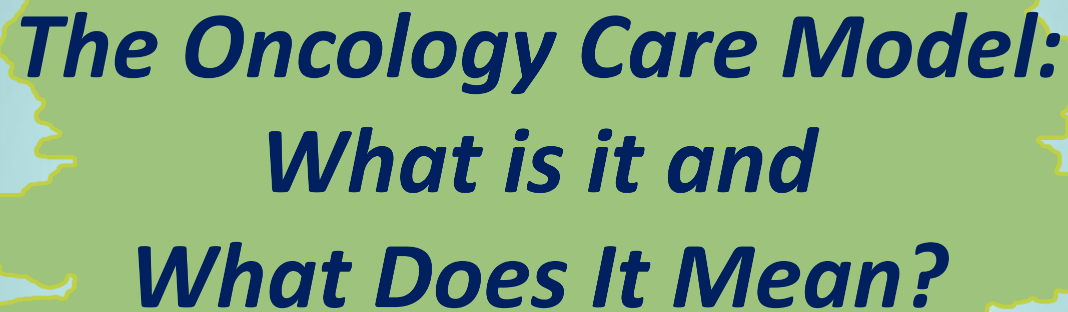
CANCER CENTER BUSINESS DEVELOPMENT



The Oncology Care Model: What is it and What Does It Mean?

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The Big Picture

1. U.S. healthcare is regularly criticized as being fragmented, inefficient, inaccessible and terribly expensive
2. As a result, we are mandated to transform from “volume-based” care to the notion of “value-based” care
3. This transformation is being catalyzed in large part by federal health reform -- the Affordable Care Act (“ACA”)
4. Cancer care, as a high cost service with high variability in terms of both outcome and cost, is subject to particular scrutiny
5. A variety of alternative payment model (APM) initiatives are crystallizing the transformation. CMMI’s new Oncology Care Model (OCM) is an APM initiative for the benefit of Medicare

Today's Focus

1. Where does OCM fit in the context of oncology alternative payment?
2. What are the key features of OCM?
3. What are the economics of OCM?
4. Where is all this headed?
5. What can you do about it?

Chronology of Alternative Payment in Oncology

Circa	Description
1990	Medicare bundled price for BMT - DRG 481
2008	Health Plan-initiated drug pathways programs
2009	United Healthcare “episodes” pilot
2010	Oncology Medical Home – demonstrated ability to reduce the overall cancer spend
2012	Oncology ACO – add hospital to oncology medical home
2013	Bundled pricing – procedure specific or cancer type specific
2014	2nd Generation Health Plan Initiatives - Anthem CCQP; Aetna OMH; United Healthcare 2.0
2015	CMMI Oncology Care Model (OCM)

Family Tree of Alternative Payment in Oncology

Capitation

Bundles - Procedure Specific

Bundles - Cancer Type Specific

Oncology Medical Home (OCM is an OMH Model)

Shared Savings - two sided risk

Shared Savings – one sided risk

Pathways Compliance

Care Management Fees

Fee-for-Service

Increasing Level of Risk

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CMMI-Oncology Care Model

- **Purpose is to:** Create incentives to furnish efficient, high quality care by enhancing services for Medicare fee-for-service beneficiaries undergoing chemotherapy treatment for cancer
- **And to:** Demonstrate reduced overall Medicare expenditures for the care of those beneficiaries
- **Eligibility:** Physician practices that provide care for oncology patients undergoing chemotherapy for cancer (both private and hospital-affiliated practices are eligible)
- **Participation:** Applications: June 2015. Acceptance: Dec 2015. About 100 practices expected (out of 450 letters of intent filed)
- **Commences:** Spring 2016. 5-year program: 2016-2021

CMMI-Oncology Care Model

- **Targeted Cancers:** Covers "high volume cancers", which will include at least: breast, prostate, lung, colorectal, lymphoma, leukemia, ovarian, pancreatic
- **Multi-Payer Program:** Intended to involve commercial health plans running parallel with their own OCM-like programs. LOIs: Aetna, Anthem, Capital BC, Health Partner Plans, UPMC HP
- **Unit of Measure:** Total cost of care during a 6-month "episode" commencing with initiation of chemotherapy
- **Two Part Payment Approach**: Per beneficiary per month (PBPM) care management fee of $160 plus performance-based payment calculated as savings against target price (OCM payments are in addition to standard Medicare fee-for-service payment)

CMMI-Oncology Care Model

- **Included expenditures:** Includes all Medicare Part A, Part B and certain Part D expenditures during the six-month episode of care. Includes expenditures associated with co-morbidities.
- **Practice requirements:** Six basic practice requirements
- **Quality & performance metrics:** 32 quality and performance improvement metrics (similar to what is measured/reported in various quality programs currently)
- **Risk option:** One-sided risk for first two years with option to convert to two-sided risk thereafter

OCM Practice Requirements

1) Patient access 24/7 to clinician who has real time access to practice's medical record
2) Attestation and use of ONC-certified EMR
3) Utilize data for Continuous Quality Improvement (CQI)
4) Provide core functions of patient navigation
5) Document care plan in accordance with IOM
6) Chemotherapy treatment consistent with nationally recognized clinical guidelines

OCM Quality Measures

Quality measure domains:

1) Clinical quality of care
2) Communication and care coordination
3) Person and caregiver centered experience and outcomes
4) Population health
5) Efficiency and cost reduction
6) Patient safety

Data sources:

1) Practice-reported
2) Medicare claims
3) Patient surveys

List undergoing refinement – to be finalized prior to practices signing agreements

OCM Economics for a 10 Oncologist Practice

Description	Year 1	Year 2	Year 3
Est. avg. overall expenditure/episode	$41,800	$41,800	$41,800
Est. Medicare FFS chemo pts/year	450	450	450
Care mgt fees ($160 x 6 = $960 x 450)	$432K	$432K	$432K
Benchmark expenditures ($41,800 x 450)	$18.8M	$18.8M	$18.8M
Less: CMS discount (4% off Benchmark)	$752K	$752K	$752K
Practice's Target Price (Benchmark-Discount)	$18M	$18M	$18M
Expenditure savings target (off Benchmark)	8%	9%	10%
Est. actual exp. (include care mgt fees)	$18M	$17.9M	$17.3M
Gain (target price less actual expenditures)	$0	$100K	$700K

OCM Economics for 10 Oncologist Practice

Description	Year 1	Year 2	Year 3
Gain (target price less actual expenditures)	$0	$100K	$700K
Times "performance multiplier"	80%	85%	90%
Performance based payment	$0	$85K	$665K
Add back care management fees paid	$752K	$752K	$752K
Estimated total OCM pmts to practice	$752K	$837K	$1.47M
Less: OCM-specific staffing	$225K	$225K	$225K
Less: OCM-specific IT programming	$75K	$0	$0
Net margin to practice from OCM	**$452K**	**$612K**	**$1.2M**
Estimated payments from multi-payer (Anthem, Aetna, United, etc.)	**$120K**	**$145K**	**$160K**

Tipping Point

May 2014	Anthem Cancer Care Quality Program	$350 per treatment patient per month for pathway + care coordination. Now in 13 states
June 2014	UHC episode findings published	Saves $33M in total spend = 11% savings per year over 3 years. Small "n" = 810
Oct 2014	Aetna Oncology Medical Home Program	Enhanced generic drug fees; "S" codes; shared savings
Dec 2014	MD Anderson – UHC	Bundled prices for head & neck cancers. All care for one year. May add lung, prostate
Feb 2015	CMMI - OCM	Per episode care management fee plus performance-based pay (shared savings)
Apr 2015	Medicare Access & CHIP Reauthor Act (MACRA)	Mandates PFS transition from value-based to merit-based pay (MIPS) - 2017
June 2015	ASCO Value Framework	Starts the comparative effectiveness dialogue: clinical benefit-toxicity-cost
July 2015	Comprehensive Care for Joint Replacement (CCJR)	MANDATORY hip & knee bundled pricing in 75 markets – mandate as harbinger of future?

Where is it Likely to be Headed?

1. Cat 's out of the bag: if you do pathways compliance + pro-active care management + disciplined advance care planning (the core features of Oncology Medical Home), you can cut the cancer spend by about 12%
2. Market forces will continue to drive the transition from volume-based to value-based care
3. Health Plans will continue selective experimentation with alternative payment models – continued migration to value-based care
4. Continued interest in selective/narrow networks consisting of providers who can demonstrate a differentiating value proposition
5. CMS will learn from OCM and will likely push for assumption of 2-sided shared savings risk in OCM year 3 - 2019
6. This all could be a precursor to shift of financial risk to providers
7. In oncology risk is likely to be translated into bundle/episode pricing
8. Timeframe: ability to engage and influence the outcome next 12-18 months; the rest plays out over next 3-5 years

What Can You to Do About It?

1. Step up and take ownership of driving the transformation locally
2. Market assessment. Are there any motivated health plans or other key players (ACOs, IDNs, employers/coalitions)?
3. Organizational assessment. Cultural and operational.
4. Carve out your scope of services. What are you good at/what can you deliver consistently? How will you control variation - avoid cost outliers?
5. Economic analysis. Profile total expenditures for your particular scope of service – what's included in your "bundle." Historic claims analysis and accounting of true cost. Is there a pony in there somewhere – an arbitrage opportunity?
6. Impact analysis. Financial and operational impact on the practice. What, if anything, is the risk of doing nothing – just waiting it out?
7. "GO/NO GO" decision time
8. Negotiate, implement , monitor, refine/course correct

Questions?

- **Where** does OCM fit in the context of oncology alternative payment?
- **What** are the key features of OCM?
- **What** are the economics of OCM?
- **Where** is all this headed?
- **What** can you do about it?
- **Thank you** for your interest

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