What is Value-Based Care?

Value-based care (VBC) is the popular conviction that the nation's fragmented fee-for-service model will be replaced by a comprehensive, coordinated system of care deploying alternate payment models (APMs) that hold healthcare organizations accountable for cost control and quality gains in the delivery of care. The transition from fee-for-service to fee-for-value (VBC) has been embraced as the preferred approach to lowering healthcare costs while increasing the quality and accessibility of care.

In more basic terms, VBC models focus on improving patient outcomes and quality of care based on the reporting of specific process measures, for example, reducing emergency room events, reduced infection rates, reducing hospital readmissions, use of certified health IT or improving preventative care. Under the new VBC models, providers are incentivized to use evidence-based medicine, engage patients, upgrade health IT capabilities and utilize data analytics in order to be compensated for their services.

The genesis of today's VBC paradigm can be attributed to the Affordable Care Act (ACA - Obamacare). Implemented in 2010, the ACA placed emphasis on accessibility, quality and cost of care. The Center for Medicare & Medicaid Innovation (CMMI) subsequently initiated a number of value-based programs for Medicare beneficiaries that rewarded healthcare providers based on quality of care rather than on quantity of care. Since the enactment of the ACA, commercial health insurers have implemented VBC programs similar in nature to those launched by CMMI.

Value-Based Care in Oncology

The longer-standing VBC models include primary care (Patient-Centered Medical Home - PCMH), population health (Accountable Care Organizations – ACOs) and procedure-oriented episodes of care (Comprehensive Care for Joint Replacement – CJR and Bundled Payment for Care Improvement Initiative – BPCI).

VBC in oncology is a relatively new development, commencing with limited commercial health plan VBC initiatives in oncology as early as 2010 and more recently with the impactful Oncology Care Model (OCM) program launched by CMMI in July 2016.

Oncology VBC programs are variations on the theme of the Oncology Patient-Centered Medical Home (OPCMH), first described by John Sprandio, M.D. in 2010. The hallmarks of the oncology medical home are (1) pathways compliance, (2) pro-active care management of treatment patients and (3) disciplined end-of-life care. Early pilot projects of the oncology medical home demonstrated a consistent 10% to 12% overall annual reduction in cost of care resulting from the tenets of the oncology medical home.

Many oncology providers participate in one or more of the available oncology-specific VBC programs profiled below. Participation in all oncology VBC programs has to date been voluntary, although there may be a transition to mandated oncology VBC programs in Medicare given the current Administration's interest in mandated risk APMs.

(1) Oncology Care Model (OCM). A five-year program of CMMI, launched in July 2016. Now in the 3rd year, the OCM program will conclude in June 2021. Some 196 oncology provider organizations nationally became OCM Participants at OCM launch (currently there are reportedly 186 OCM Participants remaining in the program). There is rumor of deliberations taking place at CMMI for a replacement model for OCM upon program conclusion – an OCM 2.0 – which may incorporate elements of risk.

The OCM program is essentially an oncology medical home model based on fee-for-service metrics with per-episode payments of $160 per month for care transformation services (Medicare Enhanced Oncology Services – MEOS) and a "shared savings" Performance-Based Payment (PBP) feature for cost reductions achieved by the OCM Participant below its historic baseline costs.

Since its 2016 launch, the OCM Program has undergone a number of iterations to its original financial Prediction Model as a result of a series of discoveries of design flaws in the model itself, including statistical bias associated with prostate, bladder and breast cancer faulty OCM Beneficiary attribution methodologies and the adjustment for novel therapies feature that markedly understates the true cost of adoption of new cancer treatments, immuno-oncology drugs in particular. Further, the quality and performance reporting requirements of the OCM program have been overly complicated and cumbersome for participants to administer.

The OCM Participation Agreement provides that CMS may terminate the agreement for any OCM Participant that has not earned PBP by the Initial Reconciliation of the 4th Performance Period – which occurs in August 2019. CMMI has translated this provision to require that those participants who have not earned PBP by the August

2019 reconciliation must convert to the OCM 2-sided risk model (assume both upside and downside risk) or be terminated from the program.

According to CMMI, approximately 1/3 of all OCM Participants have earned PBP to date, thus it is anticipated that there may be a large number of OCM Participants that will be faced with a tough decision to assume OCM downside risk or terminate from the program. During the brief period from PBP reconciliations in August to the 2-sided risk deadline of October 1, OCM Participants who have not earned PBP will be faced with the decision to convert. They will need to evaluate their OCM risk posture and many of them do not have the capability to accurately conduct such evaluation nor to make an informed decision with regard to accepting 2-sided risk.

(2) Anthem Quality Cancer Care Program. Launched in 2014 for the Anthem Blue Cross Plans, Quality Cancer Care Program (QCCP) is essentially an oncology medical home and drug pathways adherence program. Participating oncologists are paid a monthly management fee of $350 which is administered by AIM Specialty Health, an Anthem subsidiary.

(3) Aetna Oncology Medical Home. Aetna launched its Oncology Medical Home (OMH) program in 2013. Aetna OMH shares savings with participating oncologists based upon reductions in overall cost of care for Aetna members treated for cancer. Aetna OMH features drug pathways adherence and care coordination.

(4) United Healthcare Bundled & Episode-Based Programs. During 2009 to 2012, United Healthcare (UHC) conducted a pioneering episode-based pilot program intended to reduce drug costs by paying participating practices a flat rate for drug administration as opposed to paying for the traditional percentage mark-up on drug costs. While the original objective of reducing drug, costs was not accomplished (drug costs during the pilot project actually increased), UHC was able to demonstrate that overall costs of care (medical costs) for UHC members was, in fact, decreased against projected costs. UHC has continued with a variation of the original episode-based program, albeit to limited scale. UHC also conducted a prospective bundled payment pilot program for head & neck cancers with MD Anderson and Moffit Cancer Center with launch dates in 2014 and 2016 respectively. However, neither of the programs continued past their initial pilot phases due to the relatively small population size of UHC patients at the institutions (the small "n" issue of the large commercial health plans, including UHC).

(5) Cigna Collaborative Care. Several oncology practices participate in Cigna's Collaborative Care program; however, Cigna has not yet gained any significant scale with VBC in oncology.

(6) Humana. Earlier this year (2019), Humana launched its Oncology Model of Care (OMOC) program with a respectable number of oncology practices signing to participate. Under the OMOC program, participating practices are compensated for providing enhanced cancer care navigation services with the objective of reducing overall costs of cancer care for Humana members.

(7) Horizon Blue Cross/ Blue Shield of New Jersey. Horizon Blue Cross/ Blue Shield of New Jersey (Horizon) has been a leader in oncology VBC with its Episodes-of-Care (EOC) program. EOC Initially launched in 2014 for breast cancer and has subsequently added other major cancer sites. The program compensates participating oncologists on the basis of a bundled price for the episode with retrospective adjustments annually to the bundled price targets under certain circumstances.

Ronald Barkley
June 2019