

# **The Oncology ACO**

**The Forum for Re-engineering  
the Cancer Care Delivery Process  
and for Harnessing the Cancer Spend  
October 2013**

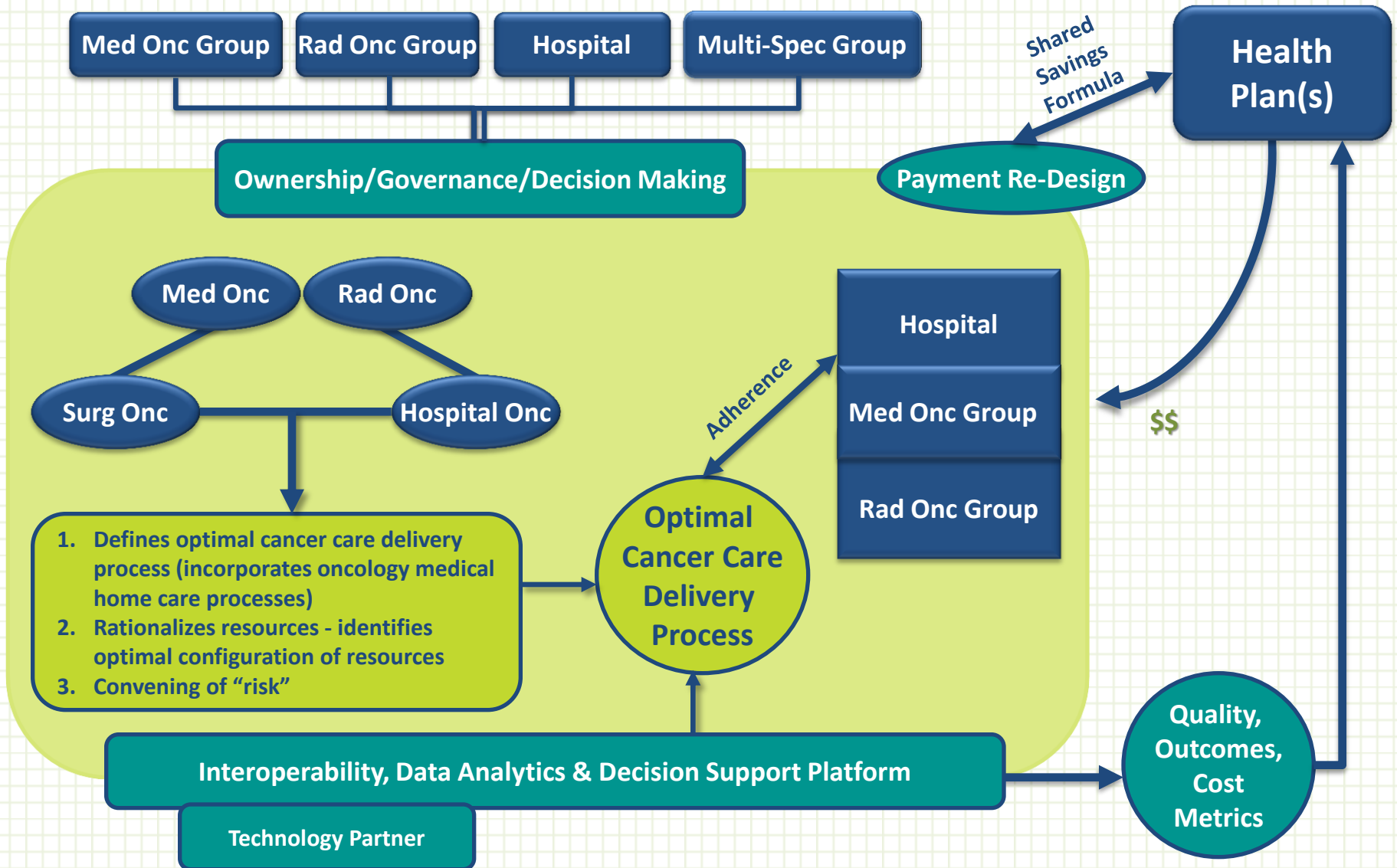
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# Oncology ACO Key Attributes

- Oncology ACO as the forum for defining the optimal cancer care delivery process for the community
- Consensus protocols, care coordination across the full care continuum - all sites of care (inpatient, outpatient)
- Oncology Medical Home as the definitive care process “engine”
- Informatics, data analytics, decision support infrastructure
- Measures & reports quality, outcome, cost metrics
- Objective: harness the cancer spend by 12% to 15%
- Objective: calibrate true operating costs and prepare for assumption of risk in oncology (bundles/episodes/capitation)

# Oncology ACO

The Forum for Cancer Care Process Re-Design Across the Full Continuum of Care and for the Convening of Risk



# Where Do The Savings Come From?

Source of Savings	% Reduction
Chemo pathways adherence	1.0% to 3.0%
Avoidable ER utilization	0.6% to 1.1%
Avoidable hospital admissions	4.0% to 7.0%
Diagnostics (imaging, lab)	0.2% to 0.5%
End-of-life dialogue/planning	0.9% to 1.9%
Total potential savings	6.7% to 13.5%

References:

- (1) John D. Sprandio, MD, Consultants in Medical Oncology & Hematology. Oncology Patient Centered Medical Home<sup>®</sup> Analysis of OPCMH savings conducted by third party consulting firm 2010.
- (2) How Oncologists are Bending the Cost Curve. Texas Oncology – Innovent – Aetna. *Oncology Times*. January 10, 2013.

# Example of Oncology ACO Economics from a Medicare ACO Perspective

Cancer incidence per 1,000 Medicare population	21
Average cost per cancer patient (during MSSP calculation year)	\$60K
Average cancer cost per 1,000 Medicare lives	\$1.3M
Potential cancer cost savings rate	12%
Potential cancer cost savings per 1,000 Medicare lives	\$151K
“Average size” ACO expressed in # Medicare lives (50-150 PCPs)	17,000
“Average size” ACO potential oncology contribution to savings	\$2.5M

# Example of Oncology ACO Economics from Commercial Health Plan Perspective

Category	Annual Net Revenue
Hospital Inpatient Oncology	\$28.4M
Hospital Outpatient Oncology	\$6.8M
Physician office-based community practice	\$28.6M
Hospital – Physician combined	\$63.8M
Significant Health Plan as % Payor Mix	20%
“Cancer Spend” of Significant Health Plan	\$12.8M
Target oncology cost reduction at 12%	\$1.5M
Annual Shared savings to ACO providers (at 50% shared savings)	\$750K

# Is Anyone Else Actually Doing This?

Organization	Location
Innovative Oncology Business Solutions Community Oncology Medical Home CMMI Grant	7 practice sites National
Consultants in Oncology & Hematology Oncology Patient Centered Medical Home prototype	Drexel Hill, Pennsylvania
Wilshire Oncology Medical Group with Wellpoint-Anthem BC Medical Oncology Home	So. California
Texas Oncology with Aetna	Dallas, Texas
Baptist Health, Advanced Med Specialties with Florida Blue Oncology ACO prototype	Miami, Florida
United Healthcare Clinical Pathways Project	5 practice sites National
Priority Health Oncology Medical Home	Michigan, Ohio
CareFirst Blue Cross Clinical Pathways Project	Maryland
BC/BS Michigan, Oncology Physician Resources Michigan Oncology Clinical Treatment Pathways Program	Michigan

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**Thank You For Your Interest**

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