

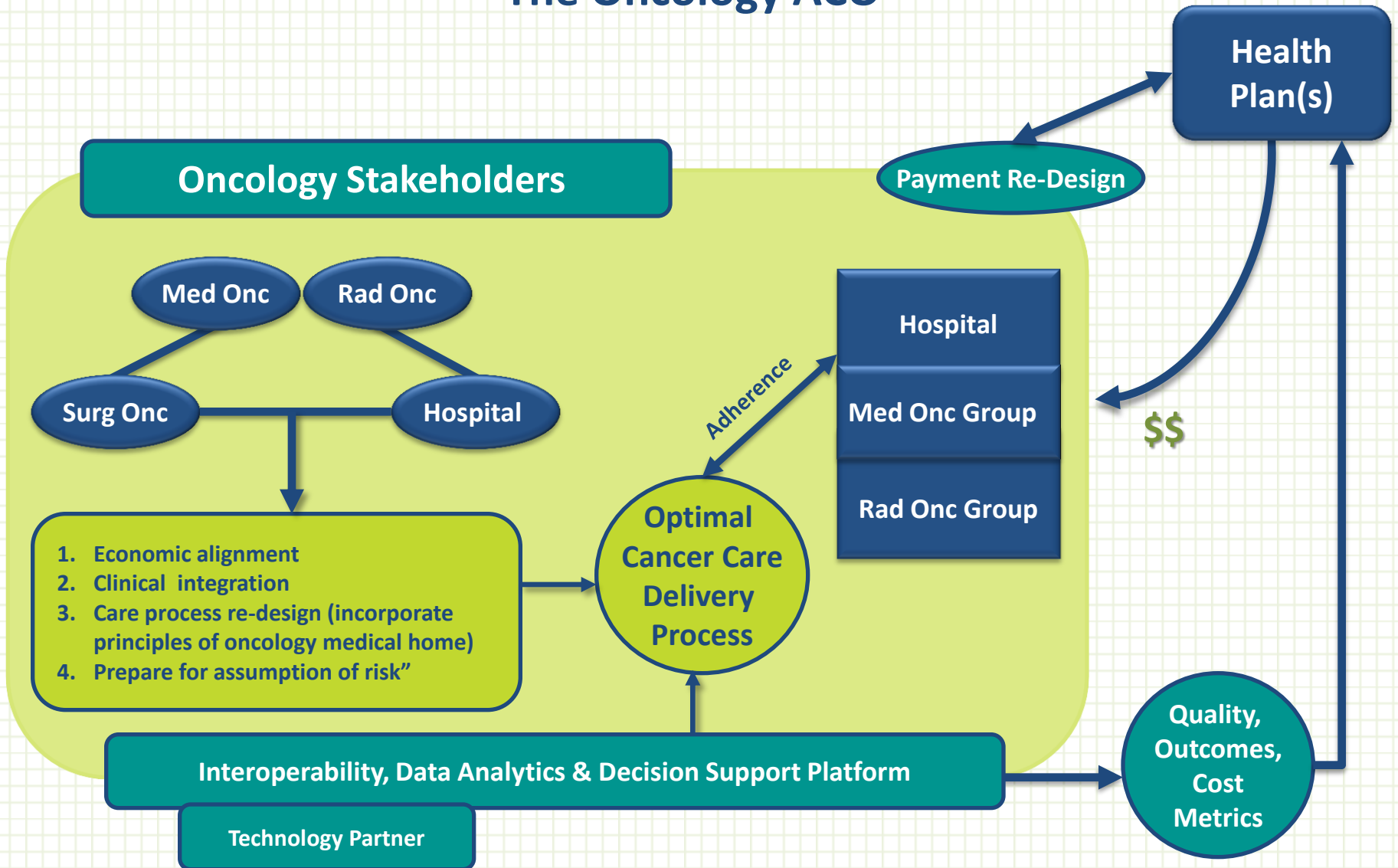
# **Business Case for The Oncology ACO**

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# Oncology ACO Key Attributes

- A forum for defining the optimal cancer care delivery process for the community
- Consensus pathways, protocols, care coordination across the full care continuum - all sites of care
- Oncology Medical Home features as the definitive care process (pathways compliance, care management, end-of-life discipline)
- Data analytics, decision support infrastructure
- Measures & reports quality, outcome, cost metrics
- Objective 1: to harness the cancer spend by 12% to 15%
- Objective 2: determine true operating costs in preparation for assumption of risk in oncology

# The Oncology ACO



# 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 COME 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 - Aetna	Dallas, Texas
Baptist Health, Advanced Med Specialties with Florida Blue Oncology ACO prototype	Miami, Florida
United Healthcare "Episodes" Pilot 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