Oncology Management Trends – Who, How, What and What to Ask

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Agenda

➢ The models facing payers and physicians for oncology programs:
  ● Third party organizations aggressively courting payers with promises to control costs of oncology care and drugs by a variety of means
  ● MDs and cancer centers reactions and initiatives in the face of increasing payer policies and care management choices
  ● Potential collaborative programs for both payers and MDs
➢ The players and pros and cons for each model
➢ Questions payers and physicians should ask in evaluating potential models
➢ How payers can work with MDs to develop successful programs
The good Old Days (pre-2005)

- Employer
- Payer
- Provider Rep (IPA, PPO, institution, etc)
- Provider
- Patient
Now

Employer

Payer

Provider Rep (IPA, PPO, institution, etc)

Accountable Organizations/Gatekeepers

Prefered Provider

Provider

Oncology Manager

Patient

Drugs, Guidelines, Pathways, Formularies, Credentialing, Authorizations

Case mgmnt, disease mgmnt

Pnt mgmnt

Case mgmnt, disease mgmnt

Pnt mgmnt

Payer Mix

- Varies across country – many states with high concentration and market dominance of few payers

- Rough:
  - Medicare 50%
  - BCBA/Anthem/Wellpoint 30%
  - Aetna
  - CIGNA
  - Humana 25%
  - Medicaid/Welfare 5%

- Others: Self-funded, Third Party Administrators, local payers
Perspective is Everything
5 Views of Main Street/Oncology

Top Payer Goals

- Reduce Variation (regimens, drugs, operations, off-label)
- Reduce Costs (be aware and make choices, pro-active treatment, compliance management, symptom and adverse event management, end of life process)
- Good Business partner (effective, efficient, accountable, proactive)
Issues for Private Payers

- Utilization of On-label/ Off-label, even definition
- Role of FDA and Compendia, NCCN, ASCO, peer reviewed journals
- New drugs cost and management
- Patient Responsibility vs Employer Premiums
- Oncology transparency, predictability and management
- Value vs cost
  - Common Good/society vs individual
  - Thresholds for patient/drug/survival benefit vs cost

Changing Payer Perspectives

- Oncology No Longer Off the Table
- Need Predictability
- ?Do we need private practices?
- Treat Oncology As a Business and whole, not piecemeal
- Preference for Orals vs Infused Oncolytics
- Definitions of Need, Appropriate, Outcome, Best, Effective
Where is Patient in Payer Policy?

- Battle for Control and Dollars
- Management by MDs or others
- Patient Portion –
  - co-pays,
  - Tiers,
  - Co-Insurance,
  - Fixed out of pocket vs Variable,
  - medical vs pharmaceutical benefit
- Value/Benefit Ratios
  - Survival
  - Quality of Life

Standing on Wet Sand

- On the Table for Discussion
  - Oncology Care Venue
  - Oncology Drug Choices
  - Oncology Treatment Choices

- Window of Opportunity
  - Taking Charge or
  - Losing Control
2008 Oncology Trend Report

- Unique cross-industry national survey
- Sponsored by Genentech, executed by Kikaku International
  - Managed Care Professionals
  - Specialty Pharmacy Professionals
  - Oncologists
  - Oncology Practice Administrators and Billing Managers
- Disclosure: Dawn Holcombe: Report Chair

Managed Care Highlights

- 90 managed care professionals surveyed re their perspectives on the management of cancer care.
  - 79% expect it will increase in the pharmacy benefit.
  - 61% are neutral or not worried about dropping reimbursements and losing MDs in network
  - 43% expect to require specialty pharmacy for specific drugs in next 12 months
  - 35 – 45% anticipate changes affecting MD drug choices and utilization
  - 67% believe a disease management program would be effective in managing cancer costs
  - 72% offer case management to patients
Specialty Pharmacy Highlights

- 42 specialty pharmacy professionals - management of oncology drugs by specialty pharmacy providers and pharmacy benefit managers.
  - 21% of total revenue, and 16% of total prescription volume
  - 60% cancer-related revenues for specialty pharmacies
  - Oral cancer medications - 26% of all cancer-related prescriptions distributed through specialty pharmacy. (Self-injected cancer therapies, 33%; adjunctive cancer therapies, 16%; office-based infusions, 13%; and office-based injections, 12%.)
  - 81% provide patient education and medication disease management
  - 74% compliance and persistence programs
  - 69% patient care coordination programs.

- 2008 Oncology Trend Report, Page 3

Oncologists Highlights

- 139 oncologists surveyed on provision of cancer care.
  - 64% - workloads have increased in the past year.
  - 39% - income fallen in past 2 years.
  - 58% - identifying revenue loss therapies (42% have not)
  - 69% - consider referring patients to hospital for financial loss therapies

- 2008 Oncology Trend Report, Page 3
Does Your Practice Encourage or Require the Use of Clinical Guidelines for Treatment of the Following Cancers?

- Breast: 83%
- Colorectal: 81%
- Lung: 79%
- Prostate: 74%
- Bladder: 66%

If Your Practice Encourages or Requires the Use of Clinical Guidelines, How is Adherence to Guidelines Encouraged or Enforced?

- Guideline Adherence:
  - Not enforced: 50%
  - Physician assumes reimbursement risk: 12%
  - Practice guideline adherence reports are shared with peers: 37%
Oncology Admin. Highlights

- 60 reported on Practice management, billing and reimbursement
  - 60% payer contracts mostly favorable, 23% - not, 17% don't know
  - 19% - do not negotiate fee schedules
  - 35% - try to negotiate fee schedules but are generally not successful.
  - 21% - do not know contract collectibles
  - 21% - know contract collectibles, but not if they are paid correctly

2010 Oncology Trend Report

- Cross-industry national survey

- Sponsored by Sanofi Aventis, executed by Kikaku International
  - Managed Care Professionals
  - Oncologists

- Disclosure: Dawn Holcombe: Report Chair
Managed Care Highlights

- 80 managed care professionals surveyed
  - Although 73.5% of cancer spend is in the medical benefit, 52.5% expect it will increase in the pharmacy benefit.
  - 55.1% encourage, but do not require, use of spec. pharmacy.
  - 9.7% of cancer spend is in oral drugs
  - 35.4% have a preferred relationship with one or more specialty pharmacies in regard to oral cancer drugs.
  - Oncology management measures: 46.3% require step therapy, 46.3% require lab values, 48.7% prior authorization rules toward preferred agents, and 38.8% require compendia positioning
  - 30% have collaborative oncologist relationships, 40% planning to develop
  - 34.2% report oncology MD communications as ad hoc, 25.5% as professional, and 15.4% as collaborative

MCO Interest in Collaboration by Program Type

- Interest level for collaborating with payers on programs (using a scale of 1 to 5, where 1 = little interest and 5 = intense interest)

- Improvements in quality measures for plan satisfaction: 3.9
- Care cost and evaluation: 3.8
- Hospitalization avoidance: 3.8
- End-of-life process: 3.7
- Reduction of variation (guidelines): 3.7
- Targeted reduction of preferred treatment options (pathways): 3.7
- Pain management programs: 3.5
- Patient symptom/side-effect management programs: 3.5
- Risk-based reimbursement programs: 3.5
- Bundled reimbursement programs: 3.3
- Off-label programs, tracking, and compliance: 3.3
- Participation in ASCO’s Quality Oncology Practice Initiative: 3.2
- Advisory panel: 3.2
- Survivorship management programs: 2.9
Oncologists Highlights

- 163 oncologists surveyed on provision of cancer care.
  - 29.6% 1-2 MDs, 27% 3-4 MDs, 23.7% 5-6 MDs, 9.5 7-9 MDs, 9.2% 10+ MDs.
  - 49.7% use EMRs, but more than half use primarily for routine operational tasks. 42.5% do not collect data. 21.6% able to leverage data for $ or other.
  - 62-66% follow guidelines, but 50% of those monitor compliance. Only 13.5% integrated guidelines into EMRs.
  - 54.7% do not accept drugs from specialty pharmacy to practice, and 69.2% do not accept to patient. 88.6% would require liability waiver. 31.5% use spec. pharmacy for 5% or less of drugs, 78.3% use spec. pharmacy for less than 20% of drugs.
  - 28.6% feel unable to negotiate fees with payers. 57.9% feel able to negotiate with limited success.
  - 63.2% have identified revenue losses for treatments (36.8 have not).
  - 41.1% expect some affiliation or alliance change in future, 43.4% expect no change.
  - 37.9% say relationships with payers around annual contracting. 12.4% felt communications were strained, 11.9% said neutral, and 10.2% said collaborative.

MD Interest in Collaboration by Program Type

- Interest level for collaborating with payers on programs (using a scale of 1 to 5, where 1 = little interest and 5 = intense interest)

1. Improvements in quality measures for plan satisfaction (MCO 1) 3.1
2. Patient symptom/side-effect management programs (MCO 8) 3.1
3. Participation in ASCO’s Quality Oncology Practice Initiative (MCO 12) 3.1
4. Care cost and evaluation (MCO 2) 3.0
5. Hospitalization avoidance (MCO 3) 3.0
6. Advisory panel (MCO 13) 2.9
7. End-of-life process (MCO 4) 2.9
8. Off-label programs, tracking, and compliance (MCO 11) 2.8
9. Reduction of variation (guidelines) (MCO 5) 2.7
10. Targeted reduction of preferred treatment options (pathways) MCO (6) 2.7
11. Pain management programs (MCO 7) 2.7
12. Risk-based reimbursement programs (MCO 9) 2.7
13. Survivorship management programs (MCO 14) 2.7
14. Bundled reimbursement programs (MCO 10) 2.5
15. Contract Capitation (mutually agreed) (no MCO ?) 2.4
Same Patients, Different Perspectives

Payer World
- Need Predictability
- ?Do we need private practices?
- Reduce Variation
- Treat Oncology As a Business and whole, not piecemeal
- Definitions of Need, Appropriate, Outcome, Best, Effective

- Specialty Pharmacy World
  - Good Business Opportunity
  - Proven Working Model from Other Specialties
  - We can Manage Care and Deliver Proof
  - Orals are the back door into all Cancer Care

- Oncology Management World
  - We can promise easy savings (mostly drug related by managing MD choices)
  - After first couple of years, realize need MDs to like and want to work with them to succeed – but damage already done

It’s Really About Medical Decision-making, Not Drugs

- Continuum
- Care
- Cost
- Comparativeness
Models in Play for Oncology

- Drug Management
- Disease Management
- Specialty Pharmacy/Pharmaceutical Benefit
- NO MD infusion at all
- Oncology Management
- Front End Compliance Programs
- Back End Compliance Programs

Drug Management

- Primary Focus: Drugs - preferred product pricing, formulary, authorization process
- ICORE, CareCore Oncology, specialty pharmacies, P4Healthcare (Cardinal)
- MD Involvement – none
- Payers – $$, easy to understand
- MDs– Negative Impact/Interactions with MDs
- Pharma – disconnect with pricing, MDs

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**Disease Management**

- Primary Focus – Manage symptoms and side effect of oncology disease and treatment
- Present in every oncology practice, not always formalized or tracked
- Quality Oncology (Alere), Innovent Oncology New entrant), ICORE
- MD Involvement – Must have Tx plan and care info from practice (usually not reimbursed and difficult to obtain)
- Payers – formalized programs and tracking, essential part of daily cancer care
- MDs – intrusive, redundant with much of practice care
- Pharma – disconnect with MDs and call centers

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**Specialty Pharm/Pharm Benefit**

- Primary Focus – Shift oncology care to pharmaceutical benefit and/or provision of drugs through specialty pharmacy
- Most oncology drugs are provided through offices and buy and bill
- Specialty Pharmacies/PBMs
- MD Involvement – Order, receive, store, provide/ distribute (Retain liability)
- Payers – tracking and monitoring, benefit design control
- MDs – issues: liability waiver, waste

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Retail Infusion Centers

- Primary Focus – Shift oncology treatment to freestanding infusion centers, away from physician or hospital-based centers
- 80+% of care provided in physician center, rest in hospital centers
- Potentially large pharmacy chains or mass market stores with clinical offices
- MD Involvement – diagnose, Order, medical supervision and management (Retain liability)
- Payers – mass contracting
- MDs – issues: liability, medical management complications, complex oncology not like kidney dialysis with one drug

Oncology Management

- Primary Focus: "Rational physician reimbursement", utilization management, prior authorization, approval logarithms
- ICORE, Medco
- MD Involvement – none
- Payers – External company as buffer between MDs and payer, short term savings
- MDs – Negative reactions from MDs, short term results, wall between MDs and payers
- Pharma – disconnect between MDs, OMs
Role of BCBS FL for ICORE

- Projected to save $71 million
- MDs not involved
- “We believe that over the next several years, oncology benefits management will be an important component of the services and expertise we offer and a material part of our overall business” 2008 Annual Report, Magellan Health Services

Market Position ICORE

- Managed Care Oncology – 900 payers, 100 payer vendors, 4000 oncologists
  - 2009 Media Kit “Sources information chemotherapy trends?”
    - NCCN 79%
    - Managed Care Oncology 74%
    - ASCO 68%
    - Journals 50%
    - Medical meetings 44%
    - Colleagues 38%
    - Resources – Compendia etc 38%
- 7th Annual Oncology summit NYC, Sept 10/11
Rapid Expansion

- Magellan purchased First Health (Medicaid plan) from Coventry July 2009
- Included provision that ICORE oncology management services will be executed in 5 Coventry Markets before end of 2009
  - Missouri, all public and private Coventry members (GHP)
  - Virginia (Southern Health)
  - PA?

"Magellan Health (MGLN) to Acquire First Health Services from Coventry (CVY) for $110 M", Magellan Health Services News Release, June 5, 2009. Last accessed on August 30, 2009 at: http://www.streetinsider.com/Mergers+and+Acquisitions/Magellan+Health+(MGLN)+to+Aquire+First+Health+Services+from+Coventry+(CVY)+for+$110+M/4710717.html

Front End Compliance Programs (Pathways)

- Primary focus: Support Evidence based medical decision-making by MD at point of decision by pathways monitored, maintained by MDs
- Via Oncology, Innovent Oncology, NCCN (Proventys)
- MD Involvement – for every patient, every key medical decision
- Scope: Up to 17 diseases, with up to 520+ branches for single best choice tailored to state and stage of disease
- Payers: MD buy-in, Web Portal, current payer/MD contracts, Tracks and monitors compliance as well as reasons for non-compliance, applicable for hospitals as well as MD groups
- Issues: Requires MD payer joint collaboration, not a remote third party solution, once MDs buy in to pathways, easier to implement across all payers and patients than any one payer
Back End Compliance Programs (Pathways?)

- Primary focus: Tracking care through post treatment claims data against multiple approved pathways choices; and drug margin preferencing
- P4 Healthcare (Cardinal), ION Pathways
- MD Involvement – pathway development by MDs, varying degrees of negotiating, limits?
- Scope: Usually 3-4 major diseases in first year, with subsequent expansion, multiple care choices per disease, collect all practice claims data – additional paper info added only for select patients
- Payers: P4 – existing payer contracts, limited time of MD required ION – practice enters data in ION software (easier if client), can reach greater depth than P4 model
- MDs: P4 cookie can collect more data than contract requires, limited reporting capability (P4), limitations in insight into medical decision-making, does not track clinical trials or reason for non-compliance, some contracting focuses only on drug margins, multiple choices questioned as more guideline than pathway model

Getting to effect on Full Oncology Spend?

- Pathways or preferred menus
- Claims data limitations
- Preferential pricing (Product Preferencing)
- Oncology Management
- Brownbagging/Whitebagging
- Evidence Based Medical Decision-making from Point of Diagnosis Onward
Focused Initiatives

Current MD Focused Programs

- **Front End**
  - University of Pittsburgh Medical Center (UPMC)/Highmark BCBS, Horizon BCBS (VIA Oncology)
  - USON pilots/United and Anthem Wellpoint/(Innovent Oncology), Aetna

- **Back End**
  - Michigan/BCBS Michigan
  - P4/Carefirst BCBS, Capitol BCBS
Examples, continued

- Other
  - CCE Cancer Clinics of Excellence/Anthem Wellpoint
  - CCE Cancer Centers of Excellence (NCCN)/United
  - United NCCN Compendia claims submission policy/national
  - Cancer Care Northwest/Premera BC (private pilot)
  - New Century Infusion Solutions/Medicare MA plans in FL
  - United Evidence Based Pilot (up to 6 practices)

Marriage Counseling - Laying common ground work – Caution, Full Speed Ahead May Cause Unintended Consequences

- Payers
  - Oncology a black box
  - Challenges and issues
  - Realities of Medicare (former role model)
  - Process vs outcomes

- Physicians/Centers
  - Proof of value/quality
  - Payer challenges and issues
  - Realities of Future and external players
  - Process vs outcomes

MDs: Let’s collaborate and manage the full costs and aspects of quality oncology care, using evidence based medicine.

External Managers: We can manage oncology.
Where are we going?

- Data disconnect – office, drugs and total oncology spend
- Reform – requires open conversation for longevity
- Delivery models – understanding full implications of changes
- Short term vs long term solutions
- Collaboration requires information, transparency, trust

FAQ for potential partners

- Transparency
- Collaboration
- Business Partner
- MD Involvement
- Non MD partners
- Software, Data
- Customer
- Payer Negotiation
- Strategic Direction
Other Types of Programs/Projects
- ASCO’s QOPI participation
- Pathways (≠ guidelines)
- Variation and Standardization (Process vs Outcomes)
- Premium payments
- At risk payments
- Continuum of Care/Registries/Experience
- Proof of implementation/process/execution
- Compliance with ______ (guidelines, pathways, off label, planning, process, formulary, etc.)
- Role of Specialty Pharmacy, Disease Management
- Programs – Survivorship, End of Life, Symptom Mgmt

New Delivery Models
- Physician (private, group, network)
  - Professional Services only
  - Full Oncology Services
- Hospital/Integrated system (existing or expanded)
- Academic Center Expansion
- Corporate Infusion Clinics (Walmart, eg)
- Regional MD or Hospital Infusion clinics
New Strategy Required for MDs

- Quality in eye of beholder
- Common Business Sense Matters
- Learn New Language (s) for Better communication

- Size/affiliations Matters
- Quality Matters
- Overhead/Business Savvy (Strategy) Matters
- Full Continuum of Care/Service matters

Oncology Management Strategy

- Look to MD collaborations as much as possible
- Bridge facilitators for payers and MDs, rather than contract managers
- Watch for limited models and ripple impact on MDs and patients of external vendors
- Oncology spend encompasses far more than just drugs.
Summary

- Oncology is about far more than drugs (75% +)
- Effective, evidence based tools that work in concert with care providers are now available
- Engaged physicians and Payers will lead the way to new solutions
- Many payers and MDs have yet to figure out how to talk to each other, or that this is the time. Bridges needed?

Thank You, and Good Luck

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