Choices for Payer Provider Partnerships

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Agenda

- Payer/Provider Contracting Trends
- Choices
- Front End Partners
- Strategy and Next Steps
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

Top Three Hot topics for payer/MD collaborations

- Reduce Variation

- Reduce Costs

- Good Business partner
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
- Radiation Oncology Benefit Management
- MD Collaborations
- Front End Compliance Programs
- Back End Compliance Programs
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 “cowboy physicians”

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**MD Collaborative Programs**

- **Straight Line most cost effective**
- “Team” collaboration = health care reform instead of collisions
- **Engagement demands culture approach, not piecemeal**
- **Process vs outcomes** (like step therapy)
- **Real change is evolution, dollars and action**
- **Very transitional – room to explore**
Wide menu of Collaborative Program Topics

- 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
- Hospitalization avoidance, diagnostics, imaging
- Role of Specialty Pharmacy, Disease Management
- Programs – Survivorship, End of Life, Symptom Mgmt

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, tracking off pathway choices, clinical trials,
Back End Compliance Programs (Preferred treatments)

- Primary focus: Tracking care through post treatment claims data against multiple approved preferred treatment choices; and drug margin preferencing
- P4 Healthcare (Cardinal), ION Pathways (in development)
- 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, data collection logistics a challenge

Current MD Focused Programs

- Front End
  - VIA Oncology
  - Innovent Oncology

- Back End
  - P4 Healthcare
  - ION Pathways
What are Your Priorities?

- Desired Role – Passive, Proactive, Reactive, Compliant
- Partner Expectations – Trust, Roles, Future
- Strategy – Shape Oncology Standards in Market, Follow Payer Standards, Preserve Drug Margins, Negotiate New Oncology Role with Payers
- Front End (point of med. decision-making)
- Back End (augmented claims data post tx)

Model/Partner Parameters

- Leadership/Primary Negotiator – You or them?
- Methodology – Front or Back End, links embedded in practice system or web portal data entry? Experience with MD usage.
- Clinical Management – engaging in medical decisionmaking or post through claims data
- Data – how used and how reported to you and others?
- Aligned Goals – trust, focus, primary goals, longevity
- Clinical strength – process and depth, tracking and feedback, transparency, flexibility
FAQ for potential partners

- Transparency
- Collaboration
- Business Partner
- MD Involvement
- Non MD partners
- Software, Data
- Customer
- Payer Negotiation
- Strategic Direction

ANCO Selection

- Front End Partners and Compliance Programs
  - Trusted Vendors
  - Front End Data Entry (no cookies collecting all practice claims info)
  - Clinical Decision-making Focus
Via Oncology

- **Cancer Value Management Company**
  - Developer of oncology networks who provide an evolved model of Utilization and Disease Management through clinical algorithms and decision support software embraced by physicians at the point of care

- **Wholly-owned subsidiary of UPMC (Univ of Pittsburgh Medical Center)** – VIA created in Summer 2009 to formalize the expansion of Pathways into the broader US and International markets
  - Pathways, Staff and IT platform now reside in Via Oncology

- **Via Oncology’s mission** - to provide innovative and clinically rigorous solutions to the cost and quality issues in cancer care

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Via Development

**Institutional Controls:**
- Strict Industry Relations Policies
- No Pharma-facing revenues or business lines

**Disease Committee Controls:**
- Pharma contracts for drug pricing not allowed into consideration
- Conflict of Interest Disclosures required and reviewed annually from all Chairs and voting Committee Members
- Confidentiality agreements with all Chairs and Committee Members

**Staff/Medical Director Access Controls:**
- No face to face meetings with vendors (pharma, lab, etc.)
- Anonymous email account ([pathways@viaoncology.com](mailto:pathways@viaoncology.com)) - only route for Vendors to submit data or questions to the Via Pathways pharmacist or Medical Director
Via Methodology

➢ Fifteen disease specific committees:
   • One academic chair and one community based chair
   • Additional members from among all Via Pathways oncologists, both within UPMC and external

➢ Duties:
   • Defining state and stages of each disease including scenarios where key co-morbidities require alternate therapy (e.g., non-taxane regimen for diabetics)
   • Reviewing and grading all available literature for each state and stage identified
     Quarterly meetings to review new data and change Pathway if needed
     Changes occur frequently due to rapidly evolving science and feedback from outcomes

➢ Committees define a single best treatment for each state and stage of disease based upon:
   • Efficacy first
   • Toxicity second if efficacy is comparable
   • Cost third if efficacy and toxicities are comparable

Via Disease Scope

80% of all new cancer cases

93% of all new cancer cases
Via Modality Coverage

- **Medical Oncology Treatment**
  - Infusional Chemotherapeutics
  - Biologics (Avastin, Erbitux, etc)
  - Orals (Xeloda, Tykerb, etc.)

- **Prognostic Testing (Personalized Medicine)**
  - Her2
  - KRAS
  - OncotypeDX

- **Advance Care Planning – 1st Qtr 2010**
  - Prompts to physician at first presentation of metastatic disease or second relapse of malignant heme to:
    - Document Treatment Intent (curative, non-curative)
    - Document *discussion of Treatment Intent* with patient
    - Palliative Care as On Pathway option for all non-curative lines of therapy
    - Reminds physicians to consider hospice upon each disease progression

- **Supportive Care**
  - Antiemetics (5HT3’s, Aloxi, Emend)
  - WBC Growth Factors

- **Radiation Oncology**
  - Conventional 3D
  - IMRT
  - Brachytherapy

VIA Dashboard Reports

- Seamless dissemination of monthly Via Pathways Adherence Reports

  - By Physician, Practice, Network or by Disease

    - Patient capture rate
    - On Pathway rate
    - Reasons for going Off Pathway
Via Reporting

Additional Value Added Reports Available

- By Physician, By Practice
  - Distribution of new patients by Disease and Stage
  - Distribution of Active vs. Follow Up Patients
  - Distribution of treatment selections by state and stage of Disease
  - Drug utilization and market share by class
  - Reasons for Non Accrual to Clinical Trials by Trial
  - Most Practices are Unable to Report These Metrics from EMR

Via Adherence / Completeness

- Year Ended 12/31/09:
  - Via Pathways implemented and measured for 80% of all new cancer cases:
    - Current Patient Capture Rate > 95%
    - Current “On Pathway” Rate of 80-85% (denominator is all treatment orders)
      - Goal is never 100%...intended to meet the majority of clinical situations but never all… 80-90% is general goal.
Via Pathway Portal

**Novel Software Application**

- Point of Care Decision Support Tool
  - Physicians utilize when selecting treatment
- Patient Specific / Personalized
  - Interfaced with practice’s demographics and scheduling applications
- Easily Implemented
  - Web-Based Application (centrally or locally hosted)
- Stand Alone or Integrated with EMR
  - Avoids duplicate entry of treatment orders by physicians

**Focused on Physician Efficiency**

- Intuitive and user friendly
  - Minimal training required
  - Presents the “right patient at the right time”
- Provides additional tools to Physician
  - Chemo Order Sets (for non EMR sites)
  - Clinical references and full text articles
  - Patient Education Materials
  - Dose Modification Guidelines
- Email alerts to physicians each day regarding prior Missed Patients
### Via External Market Expansion

<table>
<thead>
<tr>
<th>Practice</th>
<th># of MD’s</th>
<th>Location</th>
<th>Go Live</th>
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<tbody>
<tr>
<td>UPMC Community Med Oncs</td>
<td>91</td>
<td>Western PA</td>
<td>Nov 2005</td>
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<tr>
<td>UPMC Academic Med Onc</td>
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<td>Pittsburgh, PA</td>
<td>Nov 2005</td>
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<td>The Regional CC</td>
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<td>Erie PA</td>
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<td>Ft Worth, TX</td>
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<tr>
<td>UPMC Rad Oncs</td>
<td>30</td>
<td>Western PA</td>
<td>August 2010</td>
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<tr>
<td>Space Coast Med Assc.</td>
<td>7</td>
<td>Cocoa Beach, FL</td>
<td>March 2010</td>
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<tr>
<td>Center for Cancer</td>
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<td>Cherry Hill, NJ</td>
<td>May 2010</td>
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<tr>
<td>Maine Center for Cancer Medicine</td>
<td>14</td>
<td>Portland, ME</td>
<td>June 2010</td>
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<td>HOA - Northern NJ</td>
<td>12</td>
<td>Morristown, NJ</td>
<td>July 2010</td>
</tr>
<tr>
<td>Royal Berkshire (UK)</td>
<td>7</td>
<td>Reading, UK</td>
<td>Aug 2010</td>
</tr>
<tr>
<td>TCCBD Rad Onc</td>
<td>3</td>
<td>Ft Worth, TX</td>
<td>Aug 2010</td>
</tr>
</tbody>
</table>

Total: 228

### Via Case Study:

- Large integrated practice of 17 oncologists (med, gyn, rad)
  - Go Live Date:
    - Med Onc: April 12, 2009
    - Rad Onc: Summer 2010

- Customized Pathways?
  - Practice reviewed Via Pathways and accepted “as is”
  - Their physicians have joined our Disease Committees

- Interfaced Chemo Orders to their EMR (Aria):
  - Physicians use Via Pathways Portal to “order” chemotherapy; no double entry required

- Results were very comparable to UPMC and Erie experience within 3 months of Go Live:
  - Patient capture rate >90%
  - On Pathway rate > 80%
Via Current contracts

- Highmark BCBS (with UPMC)
- Horizon BCBS (With VIA)

Innovent Oncology

- Owned by US Oncology
- Level 1 Pathways created for US Oncology use and accessed through IKnowMed EMR.
- Innovent Oncology created 09/08, with web portal for additional access to Level 1 Pathways.
Innovent Development

- US Oncology physician teams – private oncology practices
- Updated regularly
- Evidence Based
  - Allow interchangeability with generics where medically equivalent
  - Refine the options to those with proven clinical effectiveness and the least possible toxicity.
  - When Level I evidence points to a superior treatment regimen, in terms of efficacy and safety, that is used.
  - If no clear evidence of clinical superiority, then costs are factored into the Pathway.

Innovent Disease Scope

- 1st, 2nd, 3rd lines of therapy
- 7 solid tumors, 7 hematological tumors, stepped branches
Innovent Service Focus

- Level 1 Pathways
- Patient Support Services - Oncology nurse support team for treatment symptoms and side effects
- Advance Care Planning – end-of-life planning and support program

Innovent Reporting

- Clinical Benchmarking
  - Dashboards of key clinical performance indicators - utilization and quality patterns
- Online Analytics
  - Instant web-based data that provides insight for organizations from a high-level point of view to a more detailed, patient level detail.
  - Designed to be quick and easy tools that do not require end-users to have special training.
- Summary Reporting
  - By integrating health claims and clinical information, Innovent Oncology provides rich, detailed reports that offer a comprehensive view of utilization, quality and cost patterns.
  - Key cost and outcome metrics for organizations.
Innovent Methodology

- IKnowMed software – once installed, used for Level 1 Pathways access, data gathering and reporting
- Web portal – interactive portal for MD access to Level 1 Pathways – no known users accessing through portal – so no experience to report re EMR compatibility or MD ease of access

Innovent Current Contracts

- Aetna – 05/10 Level 1 pathways and Patient Support (start 06/10 1 practice in TX, rolling out other states internally -2011)
- Rocky Mountain Cancer Centers with CO retirement union Patient Support (self-insured program using Anthem BCBS CO)
- No known contracts outside of USON practices
Innovent Savings

- Study published USON and Aetna
- Non Small Call Lung Cancer
- On Pathways – 35% reduction in direct care costs (treatment and related drugs, outpatient care, admissions, etc) as compared to Not On Pathways treatment

Via Pathways Cost Savings Study Goals

Breast & NSCLC

NSCLC Only

Practice Based Services

The 80% of Patients “On” Pathway

Total Cost of Care

Patients seen at Pathways Practice

VS.

Practice Based Services

The 20% of Patients “Off” Pathways

Total Cost of Care

Patients seen at NON-Pathways Practice

35% difference in outpatient costs

Journal of Oncology Practice
January 2010
**Via Cost Savings Studies**

**Highmark Blue Cross Blue Shield / UPMC Studies**

- Breast and NSCLC patients in active therapy (excluded patients in remission)
  - Both commercial and Medicare Advantage with full coverage (e.g., Rx Benefit with Highmark)
- Analysis completed by only Highmark using Highmark claims data
  - Measured Total Cost of Care, not just drugs
- Two arms:
  - Control = non-UPMC patients (44%)
  - Experimental = UPMC patients (56%)
- Two periods measured:
  - 12 months before Pathway implementation
  - 12 months after Pathway implementation (measured months 6-18 to give a 6 mo gap for ramp up)

**Highmark/UPMC - Breast Study Results** (see details in Appendix)
- 9% absolute Growth Rate difference (56% Lower) for Total Cost of Care
  (UPMC 7% growth rate, Control Arm 16% growth rate)
- 16% absolute Growth Rate difference (67% Lower) for Total Drug Costs
  (UPMC 8% growth rate, Control Arm 24% growth rate)
- 15% drop in Hospital Admissions/100 pts in Experimental Arm while
  Control Arm grew by 2%

**Highmark/UPMC - NSCLC Study Results** (see details in Appendix)
- 5% absolute Growth Rate difference for Total Cost of Care (UPMC 1% growth rate, Control Arm 6% growth rate)
- 16% absolute Growth Rate difference in Hospital Costs (UPMC 12% decrease, Control Arm 4% increase)

**Via Pathways Cost Savings Studies**

- $910K/yr
- $1.8 MM/yr
Via Cost Savings - Drugs

IntrinsiQ/UPMC Study of NSCLC Drug Costs (see details in Appendix)

• Large oncology EMR and data analytics company
  • Database of EMR prescribing data for 700 nationally distributed oncologists at very granular level
    - Regimen
    - Disease and Stage
    - Line of Therapy
    - Performance Status
    - Clinical Markers (Her2, etc.)

• Compared for Non Small Cell Lung Cancer:
  • Real world treatment patterns versus
  • UPMC / Via Oncology Pathways

• Results:
  – 10% savings on Drug Costs if adhered to national Guidelines
  – 40% savings on Drug Costs if adhered to Via Pathways
    • Assuming an On Pathway Rate of 80%, the savings would likely be 32%

Via Pathways vs Innovent: NSCLC

– Similarities:
  – Same regimens in most cases as primary option for good PS patients
    – Example:
      – Taxol/Carbo +/- Avastin for Good PS Stage IV First Line
      – No pathway beyond 3rd line

– Differences:
  – Via Oncology Pathways define treatment options at a much more granular level
    – Innovent defines only one state/stage of disease for Stage IIIA-B
    – Via Oncology Pathways defines 14 different states/stages of disease for Stage III including the following:
      – Superior Sublob Tumor
      – Inoperable, Operable, Potentially Resectable
      – PS 0-1.2
      – Little vs. Significant Comorbidity
      – Pleural Effusion
      – First vs. Second vs. Third Line
      – Avastin Eligible vs. Ineligible
      – EGFR Mutations
Sample Pathway Business Model Options (from Via Oncology)

Internal Practice Value of Pathways

- Stressing accrual to Clinical Trials
- Lower bad debt risk
  - Staying "on" Pathway reduces risk of Payer denials
- Practice efficiencies through uniformity of care and less variability
  - Staffing productivity
  - Physician productivity
  - Lower inventory holding costs
- Practice Marketing
  - Payers
  - Referring Physicians
  - Patients
- Assured compliance with practice P&T decisions
  - Kytril vs. Zofran

Models for Monetizing Pathways
Payer Contracting Opportunities with Pathways

- Payer Steerage to Practice
  - Network Status
- Benefit design to allow for lower copay/coinsurance
- Shifting dollars away from drugs (high vulnerability)
  - Replace dollars with Quality/Pathways Fees
- Improve ASP rates
  - Move generics to ASP+xxx%
- Guarantee current reimbursement rates
  - Extend contract with locked in rates

- Decrease Administrative Burden
  - Eliminate pre-certs / prior auth / Box 19 data
- Prevent Payer from pulling drugs out of practice
  - Specialty Pharmacy
  - Infusion Centers
- Negotiate a Pathway Fee
  - Based on Pathways Adherence and Savings YOY
- Gain Share on Savings

Models for Monetizing Pathways

Business Model #1

Turn Key Implementation of Pathways Portal
Clinical Content Development and Maintenance
Implementation Fees
Ongoing License Fees

Via Oncology

Oncology Practice

Payer

Normal Fee For Service (FFS) Contract
Business Model #2

S PMPM
Cancer Utilization / Disease Management

Via Oncology

Turn Key Implementation of Pathways Portal
Clinical Content Development and Maintenance
Performance Measurement and Incentives to MDs

Oncology Practice

Payer

Normal Fee For Service (FFS) Contract

Thoughts on Model #1

➢ Why it might make sense for the practice…
  • Straightforward contract for Implementation and ongoing Licenses (content & software)
  • Practice retains any/all monies or benefits from Payer negotiations for Pathways
  • Practice retains “control” over the monetization of Pathways
Thoughts on Model #2

- Why it might make sense for the practice…
  - Via Oncology provides payer contracting resources
  - Provider contracting “arm” of Payer has “RATE” as their tool
    - We are offering a “UTILIZATION” product
    - Provider contracting personnel don’t have clinical expertise
  - Medical Management “arm” of Payer has the budgeted funds for Disease Mgmt, Utilization Mgmt, etc.
    - This side of the house has the clinical expertise to understand a Pathways offering
    - However, they don’t historically contract with Providers
    - Pathways IS a form of Medical Management – only difference is it’s developed and enforced by the physicians themselves!!
  - Avoid opening existing FFS contract

Practice Pricing

- Model #1
  - Implementation Fees
    - $4,000/MD*
  - Licensing Fees
    - $500/MD*/month
  - UPMC Share of Payer Revenue from Pathways
    - $ - 0 -

- Model #2
  - Implementation Fees
    - $ - 0 -
  - Licensing Fees
    - $ - 0 -
  - UPMC Share of Payer Revenue from Pathways
    - 50%

* - Mid Level Providers priced at 50% of MD pricing
Payer Pricing and Projected ROI

- Estimated Total Cost of Cancer
  - $25.00 per member per month

- Projected Savings to Payer (5-10%)
  - $1.25 - $2.50 ppm

- Program Costs
  - $0.57 ppm
    - Assumes 90/10 blend Comm/MA at $0.30/$3.00

- Expected ROI Range
  - 2.2 to 1 up to 4.4 to 1

- Guaranteed ROI by Via Oncology
  - 2 to 1

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.

Next Steps

- Strategy
- Partner (Platform and hospital collaborators)
- Facilitator
- Internal Buy-In – Oncology Market Bar
- Outreach – Selected Payers
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.

Thank You, and Good Luck

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