



Community Oncology Practice Impact Report

The Changing Landscape of Cancer Care

Issued June 25, 2013

Summary

- This is an update to the last Community Oncology Alliance (COA) *Practice Impact Report*, which was issued on 4/4/12. This report is derived from a tracking database on the changing oncology treatment landscape. The database is compiled from private and public sources. Included in this report are a table of numbers of impacted practices by state and a map depicting the impact.
- With this update, 1,338 clinics/practices during the past 6 years have been impacted as follows:
 - **288 Clinics Closed** — Denotes individual clinic sites that have closed.
 - **407 Practices Struggling Financially** — Denotes practices (possibly comprised of multiple clinic sites) that have financial difficulties.
 - **43 Practices Sending Patients Elsewhere** — Denotes practices (possibly comprised of multiple clinic sites) that are sending *all of their patients* elsewhere for treatment.
 - **469 Practices with a Hospital Agreement or Purchased** — Denotes practices (possibly comprised of multiple clinic sites) that have entered into contractual relationship with a hospital, such as a professional services agreement, or have been acquired by a hospital.
 - **131 Practices Merged or Acquired** — Denotes practices (possibly comprised of multiple clinic sites) that have merged together or been acquired by a corporate entity, other than a hospital.

Points to Note

- Relative to the last report issued 15 months ago, the data documents the following:
 - **20% Increase in Clinics Closed**
 - **8% Decrease in Practices Struggling Financially**
 - **9% Decrease in Practices Sending Patients Elsewhere**
 - **20% Increase in Practices with a Hospital Agreement or Purchased**
 - **1% Decrease in Practices Merged or Acquired**The decreases represent practices that have closed or have been acquired by hospitals.
- We continue to see consolidation in the cancer care delivery landscape, especially in terms of clinics being closed and practices being acquired by, or affiliating with, hospitals. A recent analysis by The Moran Group¹ confirmed this consolidation by reporting that physician-owned community oncology clinics administered 87% of the chemotherapy in 2005 (analyzing Medicare fee-for-service data). By the end of 2011, chemotherapy administration by community oncology clinics fell to 67%.
- The reasons for this consolidation are due to insufficient Medicare reimbursement to community oncology clinics and higher reimbursements and margins to hospital outpatient facilities, especially those eligible for 340B discounts. Studies by Avalere² and Milliman³ have documented the higher cost of cancer care in the hospital outpatient setting. Medicare pays \$6,500 more per patient (annualized) for chemotherapy administered in the hospital outpatient setting, and cancer patients on Medicare pay \$650 more.
- This report does not reflect the adverse impact of the sequester cut to cancer drugs, which based on recent survey results⁴, is expected to accelerate hospital acquisitions of community oncology clinics.

¹ *Results of Analyses for Chemotherapy Administration Utilization and Chemotherapy Drug Utilization, 2005-2011 for Medicare Fee-for-Service Beneficiaries*, The Moran Group, May, 2013.

² *Total Cost of Cancer Care by Site of Service: Physician Office vs. Outpatient Hospital*. Avalere Health, May, 2012.

³ *Site of Service Cost Differences for Medicare Patients Receiving Chemotherapy*. Milliman, October, 2011.

⁴ *National Medicare Sequestration Survey: Post: Follow-up*; Community Oncology Alliance, March 2013.

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Updated 6/20/13

State	Total Sites/Practices	Clinics Closed	Practices Struggling Financially	Practices Sending Patients Elsewhere	Hosp. Agreement/Purchase	Merged/Acquired by Another Entity
Alabama	15	4	4	0	7	0
Alaska	2	0	2	0	0	0
Arizona	11	6	0	0	3	2
Arkansas	18	4	11	0	3	0
California	86	20	38	4	10	14
Colorado	42	7	15	1	19	0
Connecticut	10	1	0	0	9	0
DC	2	0	2	0	0	0
Delaware	4	4	0	0	0	0
Florida	122	32	26	0	27	37
Georgia	40	10	16	0	14	0
Hawaii	0	0	0	0	0	0
Idaho	2	0	0	0	2	0
Illinois	74	11	28	11	11	13
Indiana	37	10	5	2	19	1
Iowa	11	2	0	1	8	0
Kansas	4	3	0	0	1	0
Kentucky	34	15	2	0	17	0
Louisiana	18	3	4	0	11	0
Maine	12	3	4	0	3	2
Maryland	15	1	6	2	6	0
Massachusetts	0	0	0	0	0	0
Michigan	91	30	46	6	8	1
Minnesota	25	1	1	2	21	0
Mississippi	12	0	5	0	6	1
Missouri	39	8	9	2	19	1
Montana	7	0	3	0	4	0
Nebraska	9	2	0	0	7	0
Nevada	25	3	20	2	0	0
New Hampshire	1	0	0	0	1	0
New Jersey	39	4	12	0	13	10
New Mexico	7	1	4	0	2	0
New York	65	9	41	0	12	3
North Carolina	30	6	4	4	14	2
North Dakota	1	0	0	0	1	0
Ohio	51	11	9	0	29	2
Oklahoma	21	0	18	0	3	0
Oregon	19	1	3	1	14	0
Pennsylvania	62	6	9	0	44	3
Rhode Island	5	0	3	0	2	0
South Carolina	27	10	4	0	9	4
South Dakota	3	0	0	0	3	0
Tennessee	61	13	31	0	15	2
Texas	66	28	7	0	7	24
Utah	8	2	5	0	1	0
Vermont	1	1	0	0	0	0
Virginia	36	8	5	2	16	5
Washington	19	1	2	0	15	1
West Virginia	10	4	1	1	4	0
Wisconsin	33	2	0	2	28	1
Wyoming	6	1	2	0	1	2
Total	1,338	288	407	43	469	131

Clinics Closed denotes individual sites that have closed.

Practices Struggling Financially denotes practices (possibly comprised of multiple clinic sites) that have financial difficulties.

Practices Sending Patients Elsewhere denotes practices (possibly comprised of multiple clinic sites) that are sending all patients elsewhere for treatment.

Hosp. Agreement/Purchase denotes practices (possibly comprised of multiple clinic sites) that have a formal agreement/arrangement with a hospital or have been purchased by a hospital.

Merged/Acquired by Another Entity denotes practices (possibly comprised of multiple clinic sites) that have merged with other practices or have been acquired by a corporate entity, other than a hospital.

Source: Community Oncology Alliance practice impact database compiled and updated from data obtained from public and private sources.

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