



## Community Oncology Practice Impact Report

### *The Changing Landscape of Cancer Care*

Issued April 4, 2012

#### **Summary**

- This is an update to the last Community Oncology Alliance (COA) *Practice Impact Report*, which was issued on 3/31/11. 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 impacted practices by state and a map depicting the impact.
- As of the date of this update, 1,254 clinics/practices during the past 4½ years have been impacted as follows:
  - **241 Clinics Closed** — Denotes individual clinic sites that have closed.
  - **442 Practices Struggling Financially** — Denotes practices (possibly comprised of multiple clinic sites) that have financial difficulties.
  - **47 Practices Sending Patients Elsewhere** — Denotes practices (possibly comprised of multiple clinic sites) that are sending *all of their patients* elsewhere for treatment.
  - **392 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.
  - **132 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**

- There was a 20% increase in the number of community oncology physician-owned practices impacted from 12 months ago. Specific impacts over this period are as follows:
  - **21% Increase in Clinics Closed**
  - **20% Increase in Practices Struggling Financially**
  - **2% Decrease in Practices Sending Patients Elsewhere**
  - **24% Increase in Practices with a Hospital Agreement or Purchased**
  - **19% Increase in Practices Merged or Acquired**
- We continue to see consolidation in the cancer care landscape. This is the result of Medicare reimbursement, which is insufficient in covering the costs of cancer care. Medicare is the largest payer of cancer care, with close to 50% market share, and has substantial market clout in influencing private payers. Moreover, failure to fix the Sustainable Growth Rate (SGR) has created tremendous uncertainty that impedes business planning and threatens practice viability.
- A study by Avalere Health shows that Medicare covered only 57% of the costs of cancer treatment services in 2009. Additionally, an increasing number of cancer drugs are reimbursed by Medicare at less than cost because of factors such as the artificial reduction in Medicare drug reimbursement due to the prompt pay discount problem. Inclusion of manufacturer-to-distributor prompt payment discounts, not passed on to oncology clinics, artificially decrease drug payments.
- As documented by recent Milliman and Avalere studies, oncology consolidation will increase costs to cancer patients, Medicare and taxpayers, and private insurers. Additionally, treatment access problems will increase for cancer patients, especially in rural areas.

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Updated 4/4/12

State	Total Sites/Practices	Clinics Closed	Practices Struggling Financially	Practices Sending Patients Elsewhere	Hosp. Agreement/Purchase	Merged/Acquired by Another Entity
Alabama	12	4	4	0	0	4
Alaska	2	0	2	0	0	0
Arizona	8	5	1	0	1	1
Arkansas	15	3	11	0	1	0
California	85	16	43	4	8	14
Colorado	42	5	16	1	20	0
Connecticut	7	1	2	0	4	0
DC	2	0	2	0	0	0
Delaware	4	4	0	0	0	0
Florida	116	24	28	1	27	36
Georgia	39	10	16	0	13	0
Hawaii	0	0	0	0	0	0
Idaho	2	0	0	0	2	0
Illinois	67	6	31	11	6	13
Indiana	36	11	5	2	17	1
Iowa	11	1	0	2	8	0
Kansas	2	1	0	0	1	0
Kentucky	31	16	2	0	13	0
Louisiana	17	3	5	0	9	0
Maine	0	0	0	0	0	0
Maryland	15	1	6	2	6	0
Massachusetts	10	3	4	0	1	2
Michigan	92	29	49	6	7	1
Minnesota	24	0	1	2	21	0
Mississippi	12	0	5	0	6	1
Missouri	36	7	9	2	17	1
Montana	5	0	3	0	2	0
Nebraska	9	2	0	0	7	0
Nevada	24	2	20	2	0	0
New Hampshire	1	0	0	0	1	0
New Jersey	37	3	12	0	12	10
New Mexico	6	1	5	0	0	0
New York	61	8	42	0	7	4
North Carolina	26	6	4	4	10	2
North Dakota	0	0	0	0	0	0
Ohio	49	10	11	0	28	0
Oklahoma	21	0	18	0	3	0
Oregon	21	0	5	2	14	0
Pennsylvania	57	5	11	0	38	3
Rhode Island	4	0	3	0	1	0
South Carolina	16	1	4	0	7	4
South Dakota	2	0	0	0	2	0
Tennessee	61	13	34	0	12	2
Texas	59	23	8	0	4	24
Utah	8	2	5	0	1	0
Vermont	1	1	0	0	0	0
Virginia	35	7	6	2	15	5
Washington	16	0	4	0	11	1
West Virginia	9	4	2	2	1	0
Wisconsin	33	2	0	2	28	1
Wyoming	6	1	3	0	0	2
<b>Total</b>	<b>1,254</b>	<b>241</b>	<b>442</b>	<b>47</b>	<b>392</b>	<b>132</b>

*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 to the best knowledge.

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