

CommunityOncologyAlliance

Dedicated to high quality, affordable, and accessible cancer care

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December 18, 2009

Nancy H. Nielsen, MD, PhD
President
American Medical Association
515 N. State Street
Chicago, IL 60610

Dear Dr. Nielsen:

On behalf of the Board of Directors of the Community Oncology Alliance (COA), I am writing to you to express our serious concerns regarding the multi-specialty survey of physician practice being conducted by the American Medical Association (AMA). The survey does not accurately capture oncology practice expense. COA represents community oncology, where nearly 6 out of 7 cancer patients receive treatment. The COA Board — comprised of medical oncologists, mid-level providers, nurses, and practice administrators — met to review and discuss the AMA survey. Additionally, the survey has been reviewed in detail by our team of practice administrators, which also includes an oncology coding expert and a certified public accountant.

We appreciate the AMA's efforts in undertaking to quantify the practice expense component of delivering medical care across all areas of medical practice. However, there are very specific reasons why the AMA survey is not appropriate for oncology and will not capture the real current costs of delivering cancer care. These include the following:

- The survey requests selected physicians (in our case, oncologists) to provide very specific expenses associated with the operations of their practices; however, they are not requested to associate these costs with the specific services that they, clinical staff, and ancillary clinical and operations staff deliver. Without this data, it is impossible to properly allocate expenses in order to calculate the true cost of services rendered.
- The survey requests data not clearly identified in typical practice financial statements. This requires non-accounting individuals to break out data from financial statements, which is difficult under the best of circumstances. Moreover, there are no checks and balances to assure that physician survey responders, or their practice administrators, are correctly tying expense data to the corresponding data in the practice annual income statement or tax return. As a result, it is unlikely that the information provided will accurately reflect the true practice expense associated with currently reimbursed as well as non-reimbursed services.
- Given the nature of community oncology practice, which involves facilities and staff support beyond that of most other areas of medical practice, the *AMA physician-level* survey is problematic in that it is extremely difficult, at best, to capture all true practice expense associated with support staff (clinical and operational) and facilities. This is why all past data gathering efforts at the *physician* level — rather than at the *practice* level — have significantly underestimated the true costs of delivering cancer care.

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- The survey requests 2006 data, which is not representative of the current financial situation facing the practice of oncology. Since 2006, reimbursement revenue has decreased as a result of RVU-based coding methodology changes, which cut Medicare oncology-related services payments, and termination of the Medicare oncology demonstration project, which had provided an additional \$150 million in supplemental Medicare funding for oncology during 2006. Additionally, expenses of practices have increased since 2006, especially relating to the burdens on practices to deal with prior authorizations, patient counseling, and other tasks associated with escalating reimbursement complexity and bureaucracy.
- Although it is unclear in general how the AMA survey data will be used, which is problematic in of itself, it as been communicated to us that the Centers for Medicare & Medicaid Services (CMS) will be provided with data. Although the survey requests data on physician compensation, it does not distinguish compensation associated with Medicare and other government insurers versus private payers. Data collected by COA shows that private payers now typically subsidize Medicare and other government insurers. Without differentiating between government and non-government revenue, it will be impossible for CMS to obtain an accurate assessment of the adequacy of payment of services provided to Medicare and other government insurance beneficiaries receiving cancer care.

These are the most significant reasons why the survey is inappropriate for oncology practice, which is very unique in terms of operations and structure. This is why I personally would not fill out the survey. In addition to the problems with the survey design, it is unclear how the data will be used, who the data will be provided to, and exactly what data will be provided.

Past attempts to capture true practice expense in oncology have failed because they have had some or all of the same problems associated with the current AMA survey. That is why COA has commissioned Avalere Health to undertake a project designed to identify and quantify the clinical and operational components of delivering cancer care. Avalere is a highly respected Washington, DC based research and policy firm with significant expertise in practice expense measurement, oncology-specific analysis, and reimbursement structure analysis, relating to both Medicare and private payers. COA has convened a special committee representing the fields of medical oncology, mid-level care, oncology nursing, pharmacy, and accounting to serve as consultants to Avalere. Currently, Avalere has developed a thorough list of the clinical and operational components of care required in delivering cancer care. A data capture tool is now being developed, which will be field-tested with community oncology practices in early January. This is the most comprehensive study ever undertaken to identify and measure the components of delivering cancer care and we intend to openly share the results with policy makers and others.

Unfortunately, we believe that there is a glaring lack of understanding of the complexity of treating cancer and of the associated, expanding operational requirements. The reimbursement system is antiquated and all prior attempts to quantify practice expense have been designed to measure that flawed system rather than the real resources expended in delivering quality cancer care.

Although the AMA survey may capture appropriate practice expense associated with other areas of medicine, for the reasons stated we do not believe that it will capture the true overall and specific costs of delivering cancer care.

Unfortunately, we have prior experience during the development of the *Medicare Modernization Act of 2003* when the CMS Administrator used the argument of “the oncologists’ own data” (a 2002 Lewin study) to justify CMS-proposed minor increases to Medicare services reimbursement. COA had to collect and provide data to the Congress to dispute this claim in order to increase reimbursement in the MMA.

I welcome the opportunity of arranging for COA representatives to discuss in detail our concerns with AMA staff, as well as to provide more information on the COA *Components of Care* study. I can be reached at (334) 273-7000 or hmb@montgomerycancercenter.com.

Sincerely,

A handwritten signature in black ink that reads "Harry M. Barnes, MD". The signature is written in a cursive style with a small flourish at the end.

Harry M. Barnes, MD
President