

Community Oncology 101: WHY DOES SITE OF SERVICE MATTER?

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THE COA 2017 COMMUNITY ONCOLOGY CONFERENCE
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THE 2017
COMMUNITY
ONCOLOGY
CONFERENCE
FUELING THE
CANCER MOONSHOT





THE 2017 COMMUNITY ONCOLOGY CONFERENCE **FUELING THE CANCER MOOD**

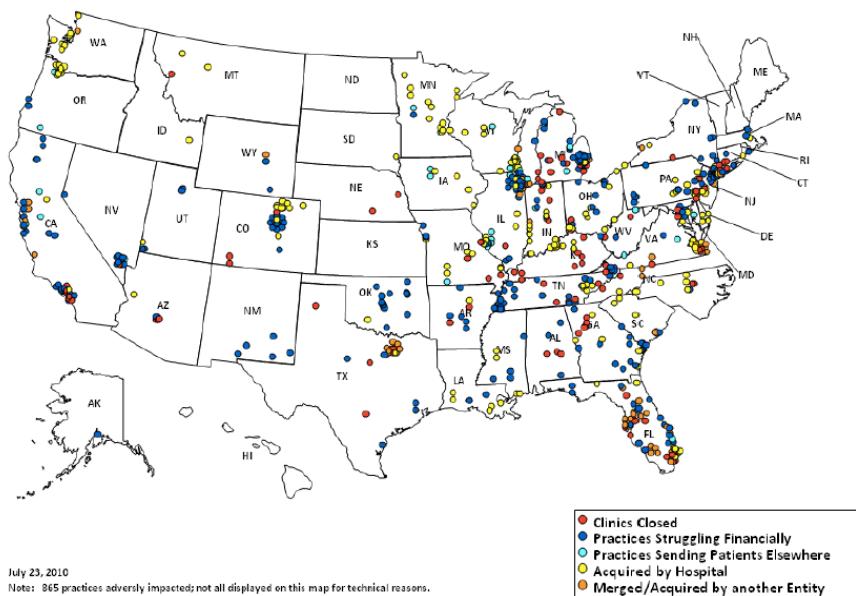


Let's Frame the Issues

- Costs of Individual Care and WHY WE SHOULD CARE
- Costs to Society as a whole and to the American Healthcare Cost Dilemma
- Access to Care and patient choice for site of care
- Patient experience and copayments for care
- What's happening that is shifting sites of care

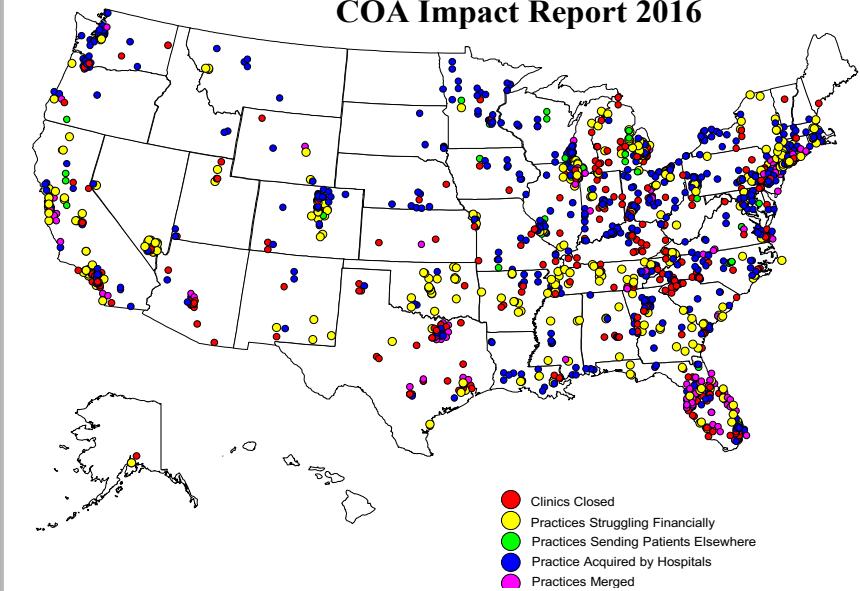
A Picture Says It All

Community Oncology Cancer Care Impact Map



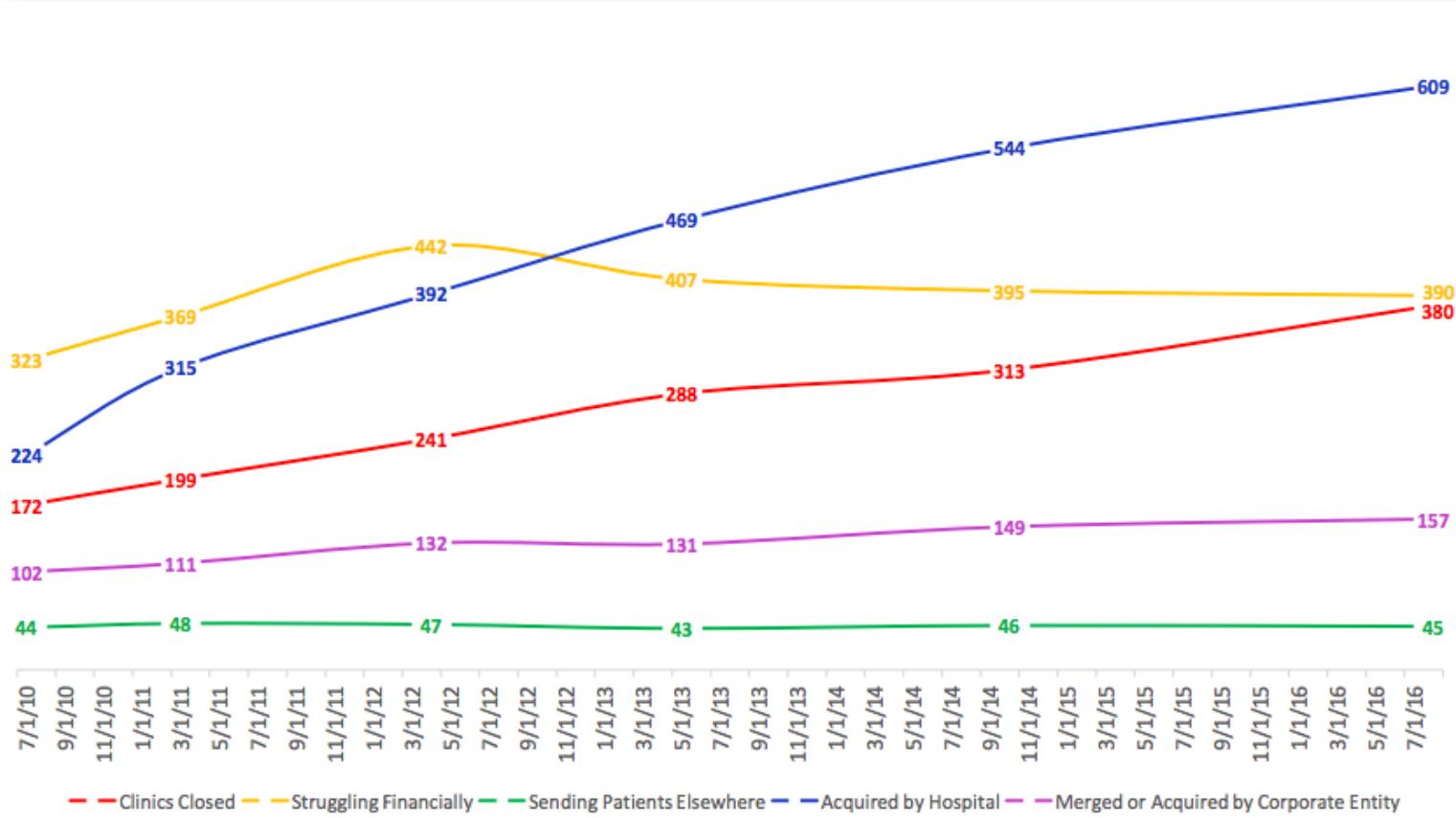
2010

COA Impact Report 2016



2016

Consolidation of Cancer Care

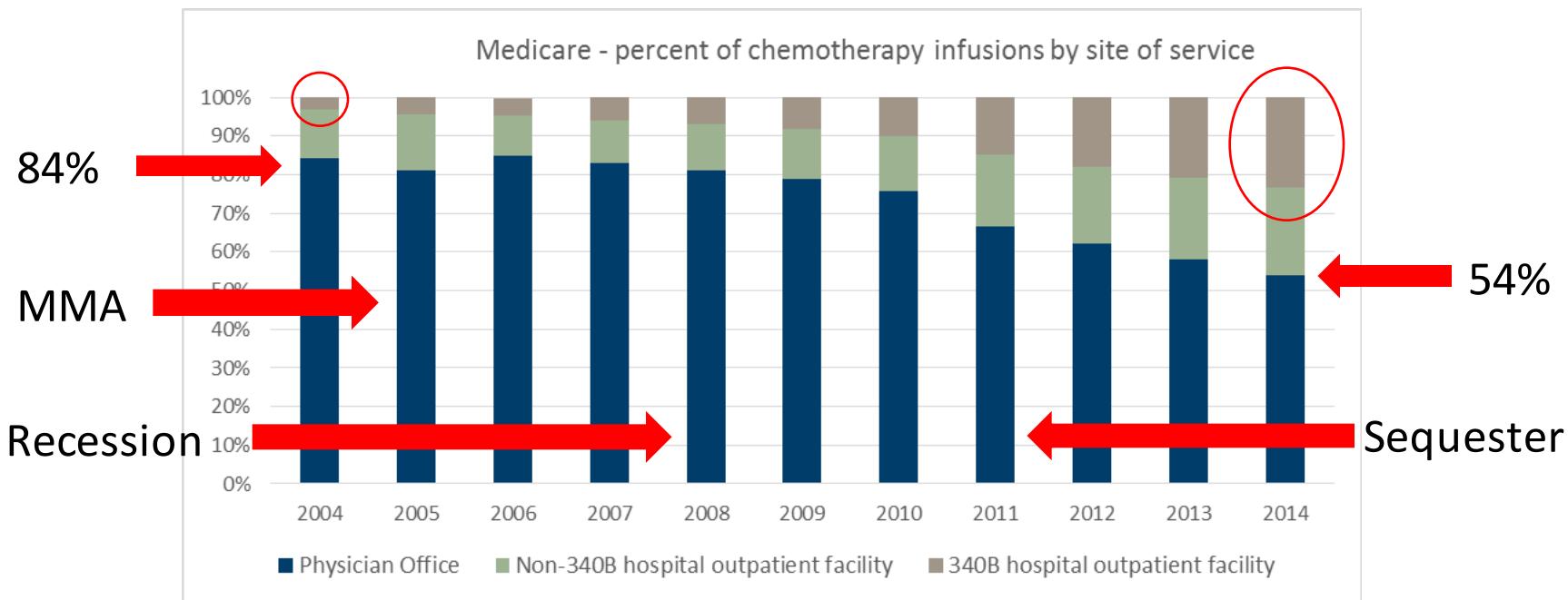


Source: Community Oncology Alliance 2016 Practice Impact Report

Why are Community Cancer Centers Closing OR Merging?

- Hospitals have an appetite for oncology practices
- 340B Program
- Sequester
- Financial Stress as reimbursement environment changes
- Rising healthcare costs

Substantial Shift in the Site of Care



- Percent of chemotherapy administered in community oncology practices decreased from 84.2% to 54.1%
- Percent of chemotherapy administered in 340B hospitals increased from 3.0% to 23.1% (670% increase)
 - 340B hospitals account for 50.3% of all hospital outpatient chemotherapy administrations

Source: *Cost Drivers of Cancer Care: A Retrospective Analysis of Medicare and Commercially Insured Population Claim Data 2004-2014*, Milliman, April 2016

“Push” and “Pull” Causing Consolidation

Push

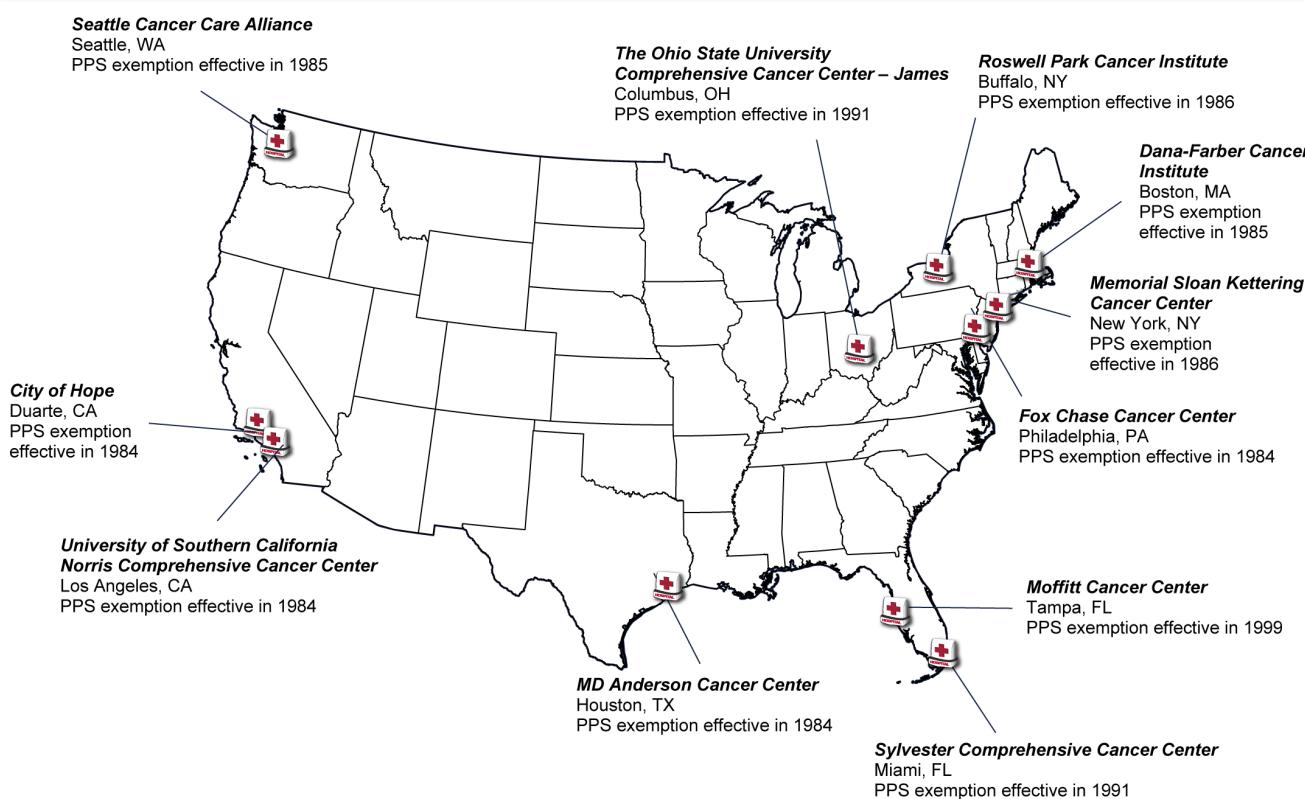
- Declining Payment for Cancer Care
- Administrative Burdens: Physicians forced to do more paperwork than treat patients
- Obstacles to Patient Care: Medicare and insurance company requirements



Pull

- Hospitals cutting off cancer referrals to oncologists
- Hospitals get higher payments for identical services, such as administering chemotherapy
- 340B Drug Discounts

Hospitals with Special Medicare Exemption- Cost the System \$2 Billion more in 2014 alone



Source: Centers for Medicare & Medicaid Services; Map Resources (map). | GAO-15-199

PCH Hospitals Cost More

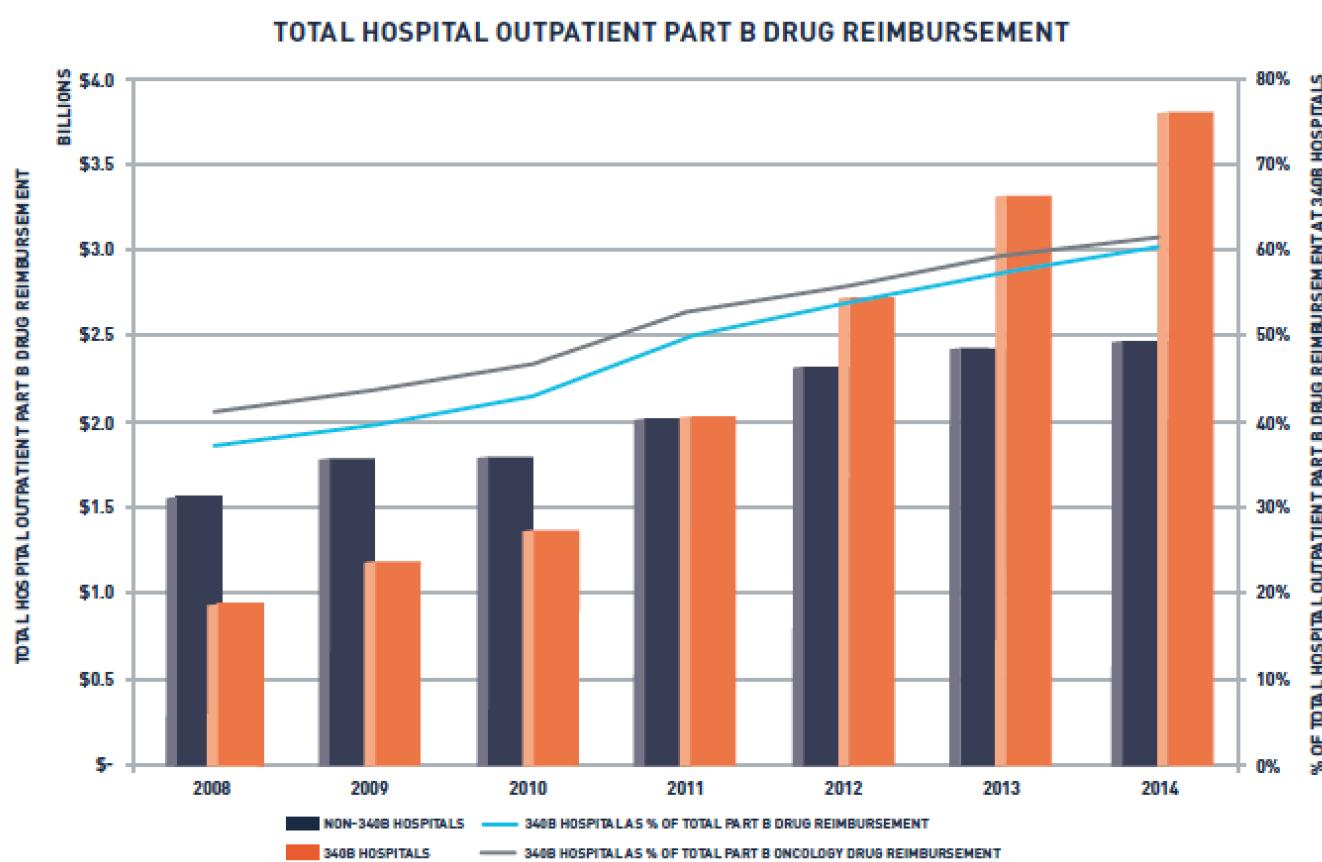
In 2012, CMS paid PCHs 42.3 percent more per discharge, on average, than it would have typically paid PPS teaching hospitals in the same geographic area to treat cancer beneficiaries with the same level of clinical complexity.

This appears contrary to the commonly held understanding that the Medicare program should be an efficient purchaser of health care services.

340B Program

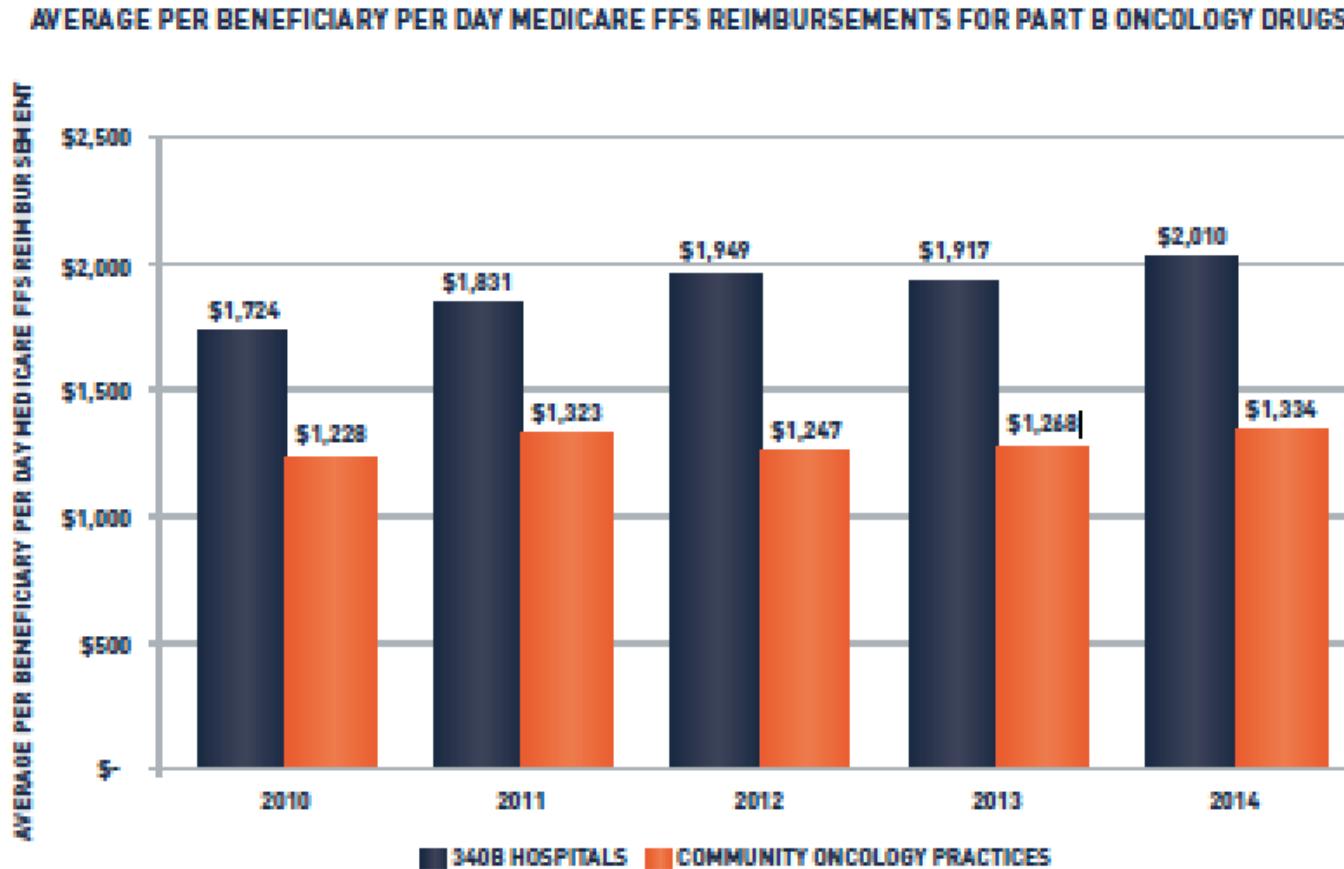
- ***340B is a CRITICAL safety net program, including for cancer patients who are underinsured or not insured***
- **Program has grown tremendously in the hospital sector**
 - 62% of all oncology drugs in the hospital outpatient setting are discounted by 340B
 - Close to 25% of all Medicare Part B is now discounted by 340B
 - Close to 30% of all Part B oncology drugs are discounted by 340B
- **340B profits (upwards of 100% margins on cancer drugs) are fueling consolidation of cancer care into the hospital setting**
- **Problem with consolidation is that hospital outpatient cancer care costs patients, Medicare, and taxpayers more**
 - 340B hospitals cost Medicare 51% more for cancer care than community cancer clinics

62% of Oncology Drugs in 340B Hospitals



Source: 340B Growth and the Impact on the Oncology Marketplace: Update, Berkeley Research Group, December 2015.

340B Hospitals Cost Medicare 51% More



Source: *340B Growth and the Impact on the Oncology Marketplace: Update*, Berkeley Research Group, December 2015.

So What Does This Mean for Patients?

- Higher costs of treatment and higher individual copayments
- In 2011 average increase in patient out of pocket costs for Medicare patients was \$650 higher and over \$6000 more expensive to Medicare in HOP department.
- With higher deductibles, the out of pocket costs are rising
- Medicare Advantage plans with high Part B copayment percentages
- Patient choices are increasingly being limited as consolidation occurs

Discussion and Questions

- Let's hear from an advocate
- Let's hear from a Hospital based physician
- Let's hear from a Community based physician
- Let's hear from all of you!



Thanks.

Enjoy the rest of your day!