

Bundled Payments: Future of Oncology Reimbursement?

2018 Association of Cancer Executives Annual Meeting
January 30, 2018

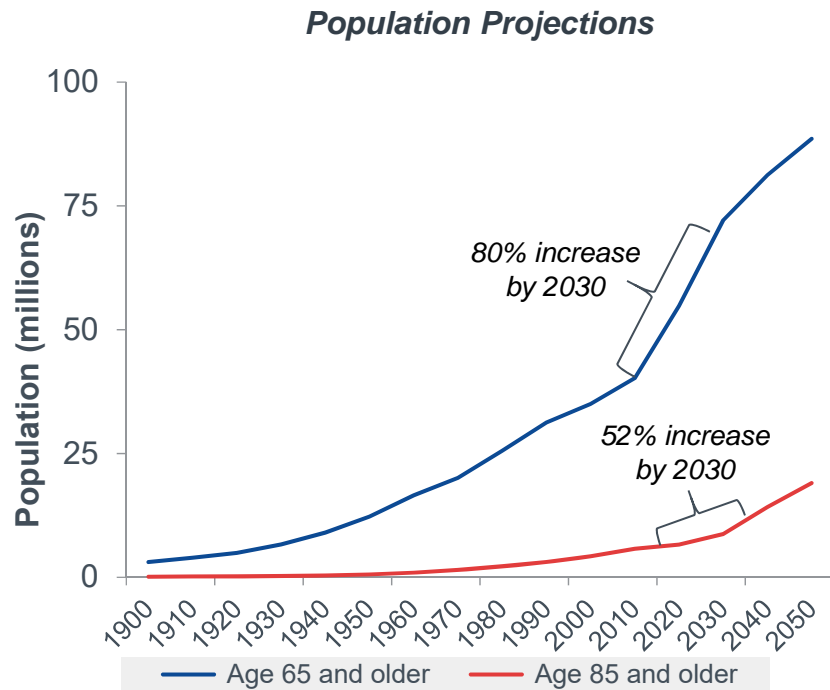


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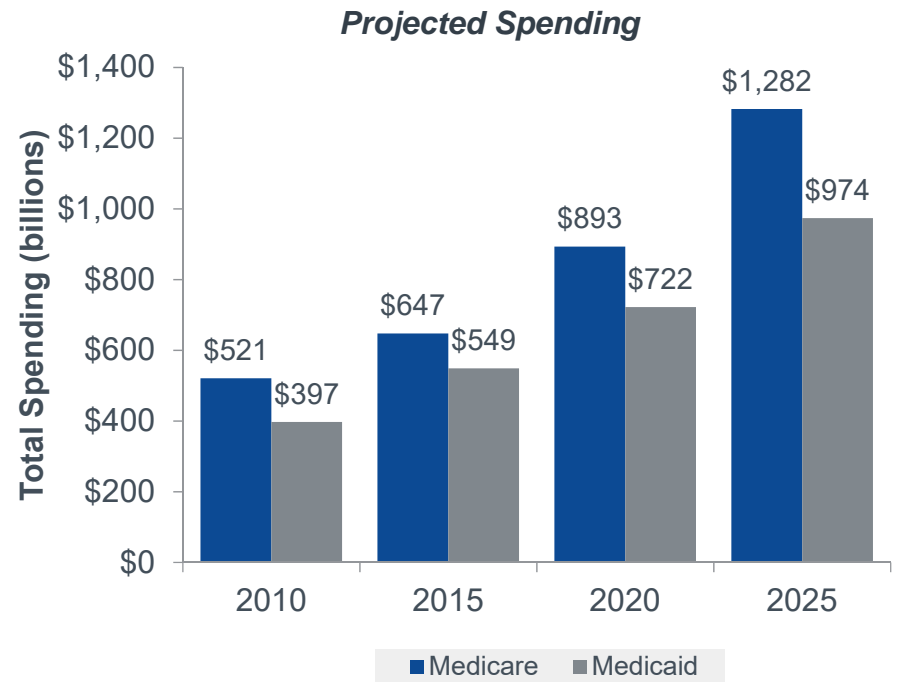


National Landscape

Medicare and Medicaid Growth



Source: US Department of Health & Human Services, Administration on Aging.

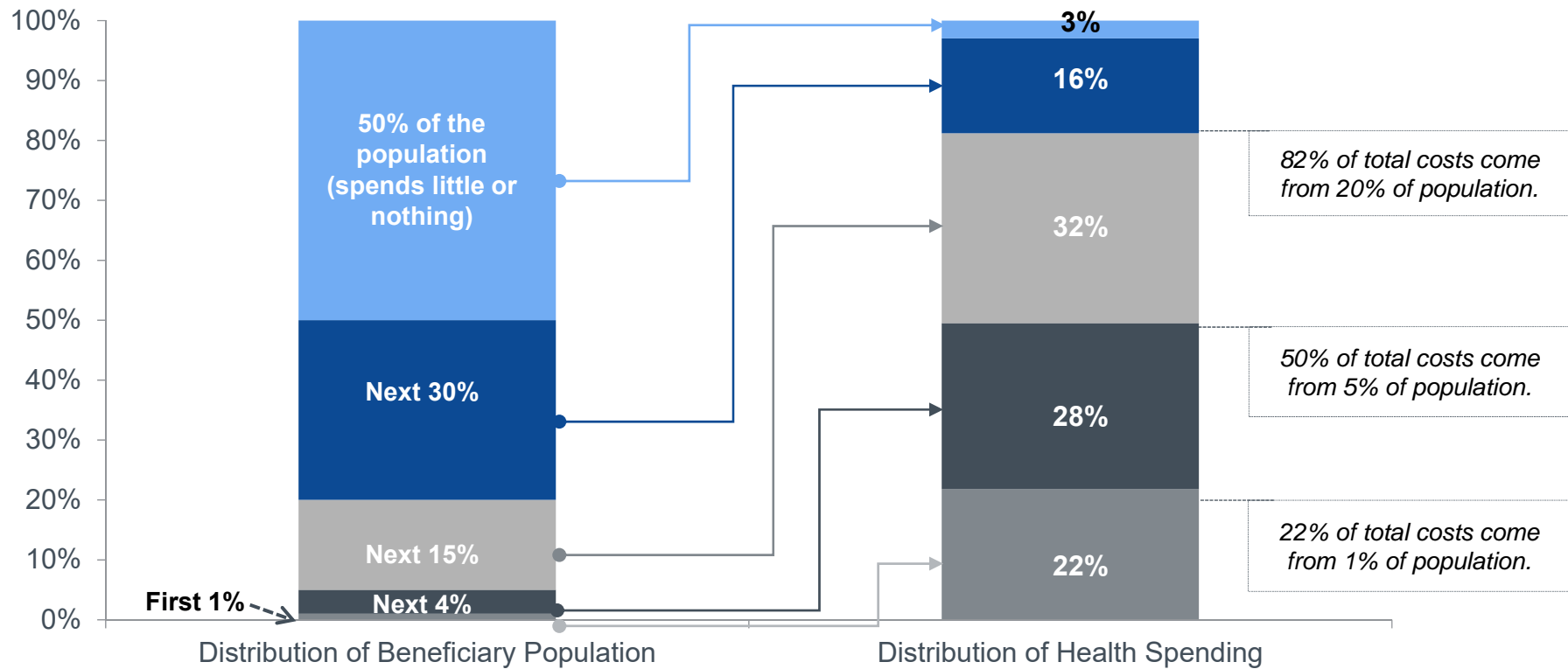


Source: Centers for Medicare & Medicaid Services (CMS), National Health Expenditure Data.

Commercial spending is showing similar trends.

National Landscape

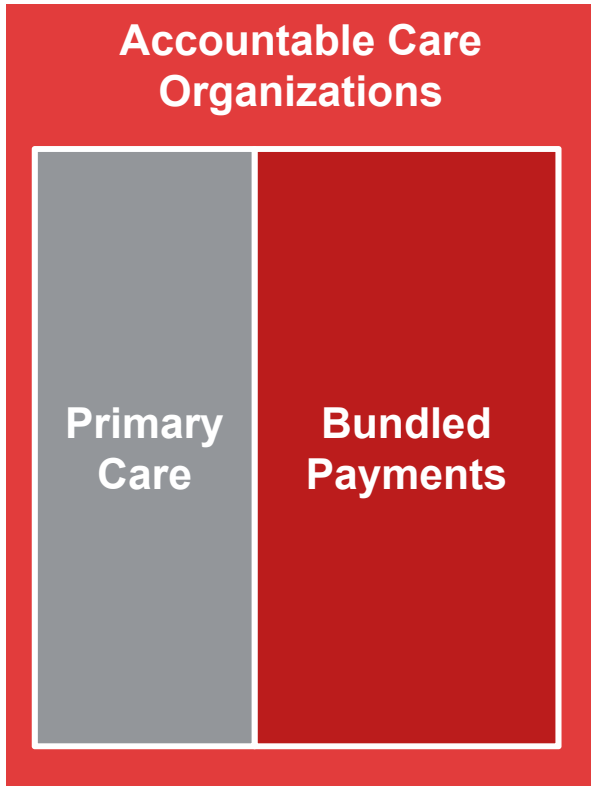
5% of patients are responsible for 50% of costs.



Note: Figures may not be exact due to rounding.

Replacing Fee-for-Service: An Integrated Approach

MACRA



MACRA

- ✓ Large incentive for clinicians to adopt downside risk models.
- ✓ Creates two separate payment tracks: APM¹ and MIPS.²

ACOs

- ✓ Participating providers are accountable for total cost and outcomes across the care continuum.
- ✓ Medicare Shared Savings Program Tracks 1+, 2, and 3 and Next Generation ACOs qualify as Advanced APMs.

Bundled Payments

- ✓ Participating providers are accountable for all episode-related services under a fixed bundle price.
- ✓ Comprehensive Care for Joint Replacement (Track 1), Bundled Payments for Care Improvement Advanced, and Oncology Care Model (two-sided risk) will qualify as Advanced APMs.

Comprehensive Primary Care

- ✓ Participating providers are accountable for all primary care services.
- ✓ Comprehensive Primary Care+ will qualify as an Advanced APM.

¹ To qualify as an advanced Alternative Payment Model (APM), participants must meet additional criteria: a) use certified health record technology (CEHRT), b) provide payment for covered services based on quality measures comparable to those used in the quality performance category of MIPS, c) bear more than a nominal amount of risk for monetary losses. Qualifying APM participants are eligible to receive an additional 5% annual bonus payment from 2019–2024.

² Merit-based Incentive Payment System.

Advanced Alternative Payment Models

To qualify as an Advanced Alternative Payment Model, the payment model must:

- Require the use of certified EHR technology.
- Involve more than nominal risk (which CMS has interpreted to mean downside risk).
- Include quality incentives similar to those found in MIPS.

Comprehensive End-Stage Renal Disease (ESRD) Care: Two-Sided Risk

Comprehensive Primary Care Plus (CPC+)

Next Generation Accountable Care Organization (ACO) Model

The Medicare Shared Savings Program (Shared Savings Program): Tracks 2 and 3

The Oncology Care Model (OCM): Two-Sided Risk

Comprehensive Care for Joint Replacement (CJR) Model (Track 1: CEHRT)



CMS estimates clinicians participating under the 2015 Medicare Access and CHIP Reauthorization Act (MACRA) APM pathway would **double between 2017 and 2018**, or from an estimated 70,000–120,000 to 180,000–245,000.

Sources: CMS, *Quality Payment Program APM Overview*, October 2017. HealthAffairs, *The Many Problems With Medicare's MIPS Exclusion Thresholds*, August 2017.

Bundled Payments History

2000s

- CMS Cardiovascular and Orthopedic Centers of Excellence
- Geisinger Health System
- PROMETHEUS Payment Method

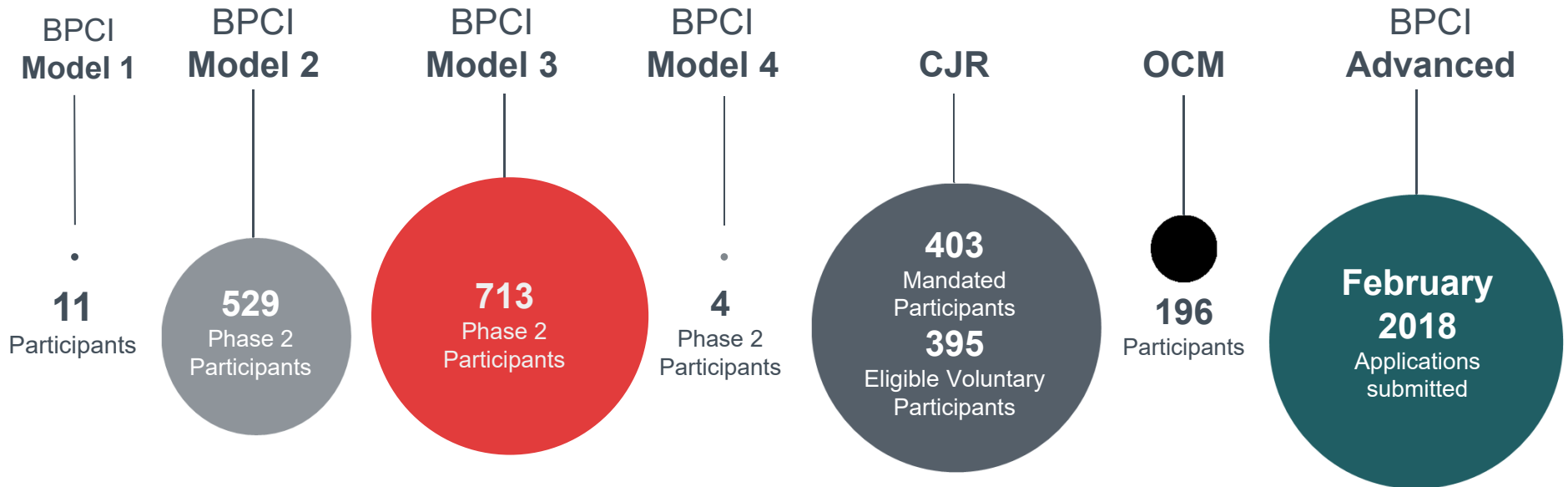
1990s

- CMS Heart Bypass
- CMS Cataract Surgery Alternate Payment
- CMS Centers of Excellence

2010s

- CMS Acute Care Episode (ACE) Demonstration
- UnitedHealthcare Oncology Pilot
- IHA California Commercial Bundles
- Horizon Blue Cross Blue Shield of New Jersey Orthopedic Bundles
- CMS Bundled Payments for Care Improvement Initiative (BPCI)
- CMS Comprehensive Care for Joint Replacement Model (CJR)
- CMS Oncology Care Model (OCM)
- CMS BPCI Advanced

Medicare Model Comparison



Transplants and end-stage renal disease are already paid through a bundled payment.

Source: CMS, August 2017.

Notes: BPCI (Bundled Payments for Care Improvement).

CJR (Comprehensive Care for Joint Replacement); currently 798 hospitals are participating in CJR. Beginning January 1, 2018, only 403 of those hospitals will be mandated to continue CJR participation.

OCM (Oncology Care Model).

Current CMS Bundled Payment Models

| Program | Initiator(s) | Episode(s) | Model | Participants | Payment | Length |
|--|--|--|---------------------|--------------|---|---|
| Bundled Payments for Care Improvement (BPCI) <i>October 1, 2013–September 30, 2018</i> | Acute care hospital, post-acute care provider, or a physician group practice | 48 episodes in orthopedic, cardiovascular and spinal surgery; non-surgical cardiovascular, neurovascular and medical | BPCI Model 2 | 529 | Retrospective; Medicare FFS | Acute and post-acute care (30, 60, or 90 days) |
| | | | BPCI Model 3 | 713 | Retrospective; Medicare FFS | Post-acute care (30, 60, or 90 days) |
| | | | BPCI Model 4 | 2 | Prospective; Medicare FFS | Acute care including readmissions within 30 days of discharge |
| Care for Joint Replacement Model (CJR) <i>April 1, 2016–December 31, 2020</i> | Acute care hospital | Joint replacement | Mandatory (34 MSAs) | 403 | Retrospective; Medicare FFS | Acute and 90 days of post-acute care |
| | | | Voluntary (33 MSAs) | 395 | | |
| Oncology Care Model (OCM) <i>July 1, 2016–June 30, 2021</i> | Physician group practice | Most cancers | | 196 | Prospective; Medicare FFS/ Commercial Retrospective; Medicare FFS | Six-months |

CMS Oncology Care Model

OCM was designed to improve care coordination, access, and appropriateness while lowering the total cost for Medicare beneficiaries receiving cancer treatment.



Payment Methodology

- Continue to bill standard Medicare FFS payments
- Incorporates two additional payment mechanisms:
 - PMPM
 - Retroactive performance-based payments



Episode Definition

- Triggered by the first Part B/D chemotherapy claim
- Includes all Part A/B services for the next six months



Performance-Based Payments

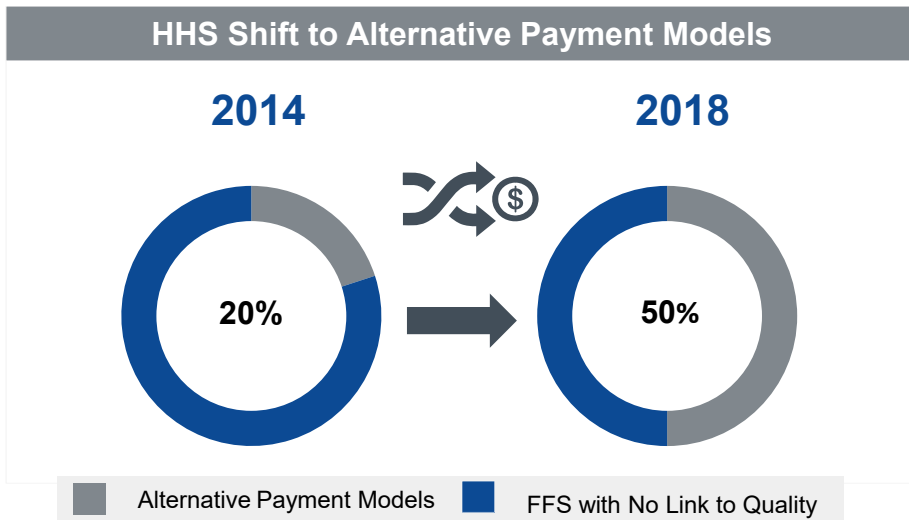
- Episode costs are compared to target costs
- Performance multiplier is applied, based on quality score

Commercial Strategy

Changing Reimbursement Models

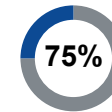


HHS announced **concrete targets for Medicare reimbursement** delivered through **alternative payment models**.



Marquee Payors Are Placing Bets

Humana.



of Medicare Advantage membership in value-based models by 2017

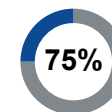
UnitedHealthcare



\$65 billion

in payments tied to value-based models by 2018

aetna
HCSC
Health Care Service Corporation

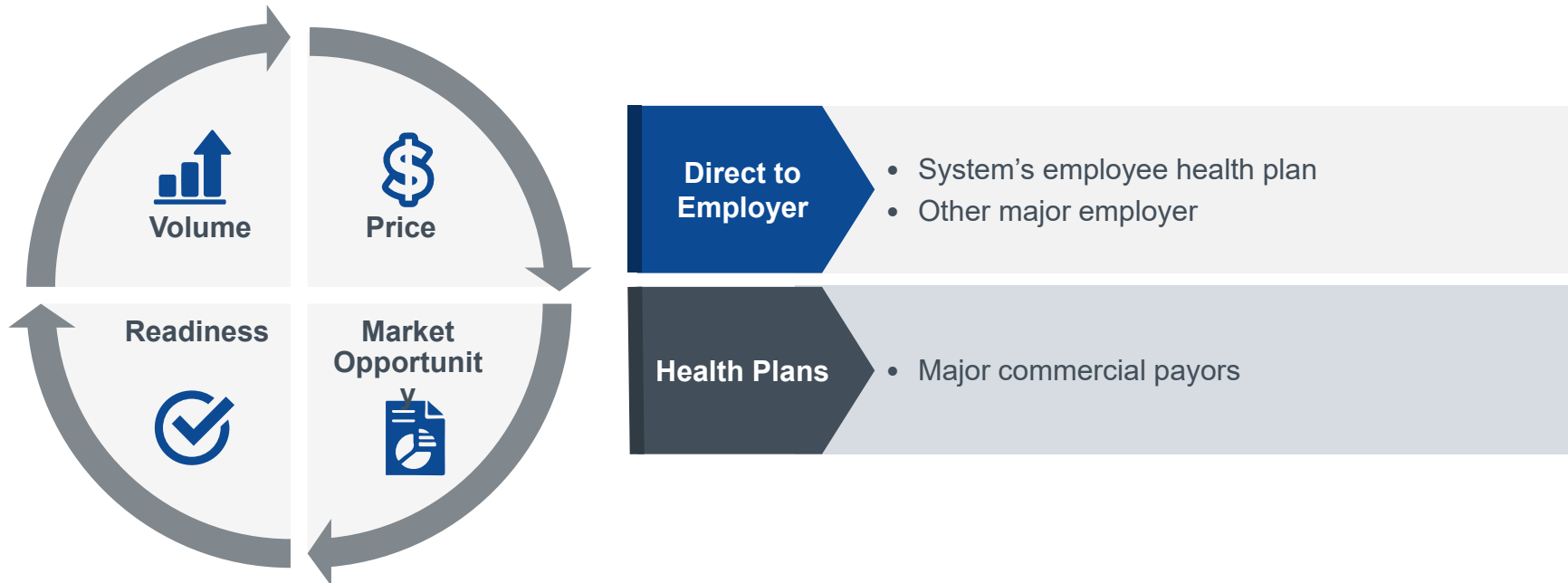


of payments tied to membership in value-based models by 2020

With the continued push toward value-based care, opportunities exist to expand relationships with self-insured and commercial payors.











Commercial Strategy Market Dynamics

For a targeted bundle strategy, health systems consider their level of readiness, along with their market position and the future direction of employers and payors.



Commercial Strategy Example Implementation Schedule

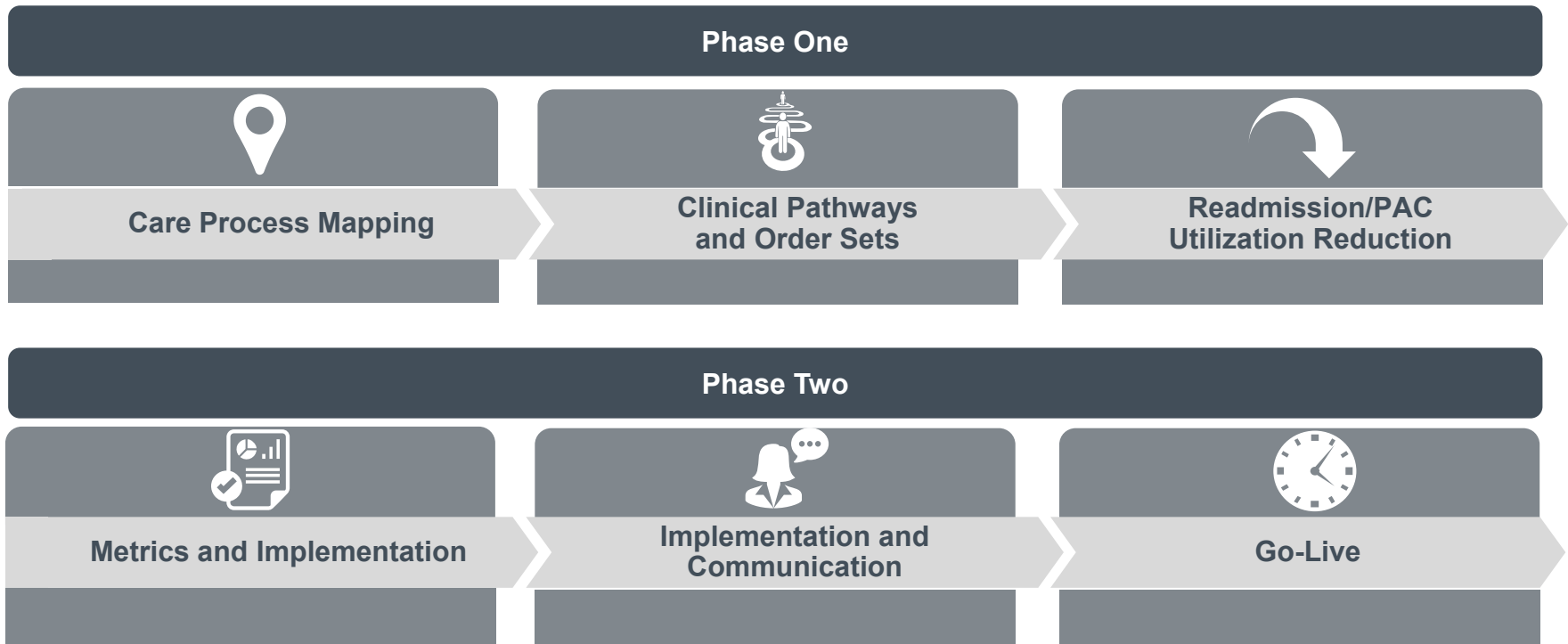
The implementation activities are outlined below.

| Task | Beginning | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 |
|--|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|  Provider and administrative interviews | █ | | | | | | | | | |
|  Programmatic data collection | █ | | | | | | | | | |
|  Care process mapping | █ | | | | | | | | | |
|  Code and billing pathway | | █ | █ | | | | | | | |
|  Claims data collection | | | | █ | █ | | | | | |
|  Pricing model development | | | | | | █ | █ | | | |
|  Physician compensation model development | | | | | | | █ | █ | | |
|  Payor pitch deck | | | | | | | █ | █ | | |
|  Payor negotiation | | | | | | | | █ | █ | |
|  Bundle implementation | | | | | | | | | | █ |

Commercial Strategy

Example Implementation Schedule *(continued)*

This phased model will support commercial bundles for oncology.



Strategies for Success Value-Based Cancer Programs

To position themselves for success in the continuously changing healthcare environment, cancer programs need engaged physicians and staff.



Strategies for Success Care Team Roles and Responsibilities

Care team member roles and responsibilities should reflect everyone working at the top of their license and serving the patient efficiently and effectively.



Strategies for Success

Guiding Principles behind a Team Care Model

Guiding Principles



Processes, roles, and expectations are standardized across work areas.



Resource allocation assigns team members to top-of-license activities.



Nonvalue-added operations are eliminated.



Team members work relatively independently and come together at critical decision points.

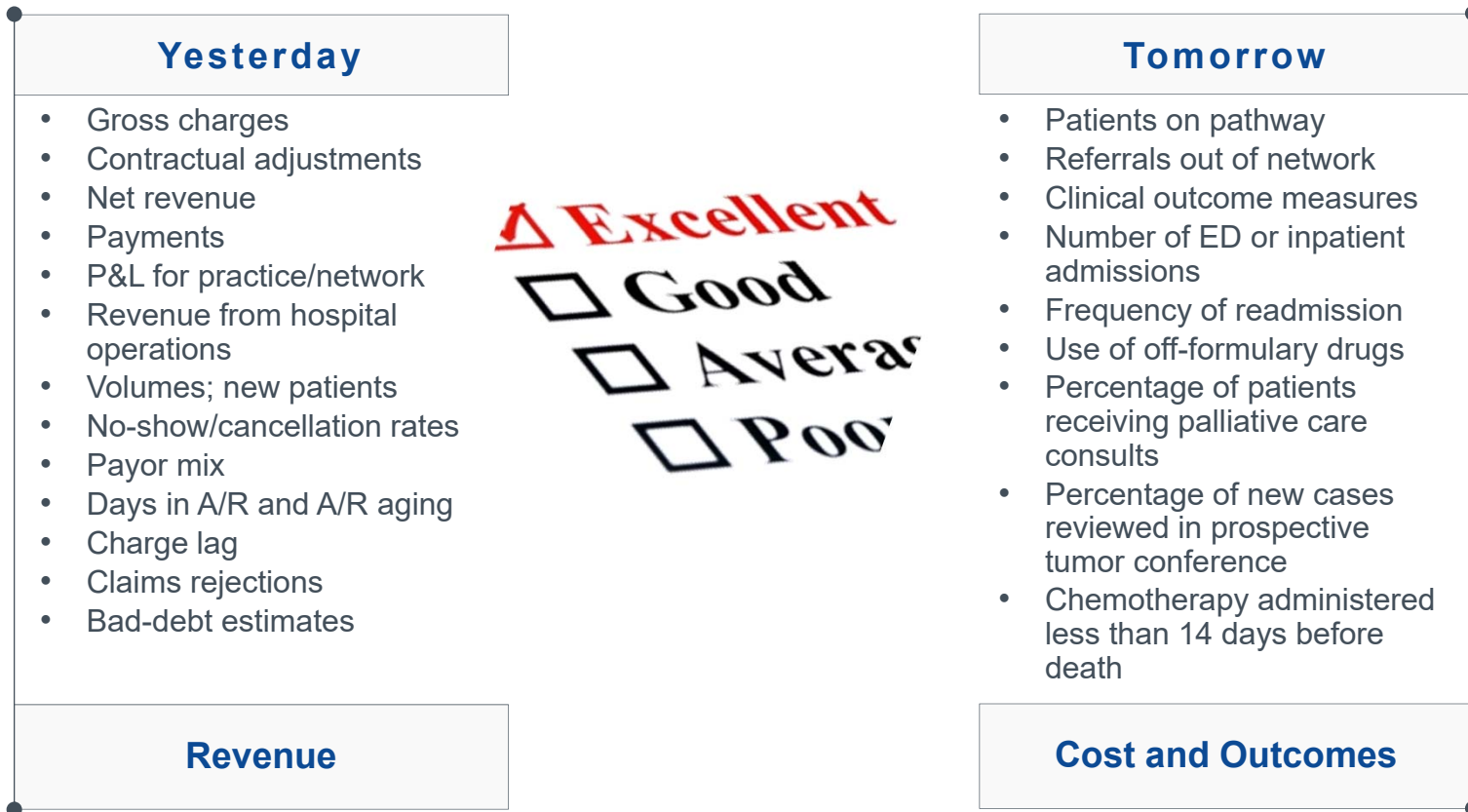


Team huddles are an integral component.



Care is based on the physical, psychosocial, spiritual, and coordinative needs of the patient and family.

Strategies for Success Performance Reporting



Commercial Oncology Bundle Success



Oncology Episode Pilot Program *(2009–2012)*



Results

The total cost of medical care for patients in the study was **\$64.76 million**, a **34% reduction** in medical costs for a savings of **\$33.36 million**.

Radiation Oncology Bundled Payments *(2012–current)*



Results

98% compliance with recommended types of resources and prescriptions.

Case Study: MD Anderson



Motivation

Voluntary experimentation with alternative payment models.



Program

Three-year pilot (2013-2016) of a **one-year prospective bundled payment** for head and neck cancer.



Methodology

Four prospective, risk-adjusted, treatment-based bundles that **begin with treatment**, and payments are made at treatment start.



Results

One-year prospective bundled payment could be implemented, but **existing claims systems lacked flexibility** to automate bundled billings and payment.

Source: Development and Feasibility of Bundled Payments for the Multidisciplinary Treatment of Head and Neck Cancer: A Pilot Program, *JOncPract*, Spinks, et al., December 2017.

Case Study: MD Anderson (continued)



Feasibility

MD Anderson sees 2% of all US head and neck cancers; **well-understood** patient population with **predictable treatment pathways**.

MD Anderson Resources

Dedicated project teams:

- bundle design
- contract negotiation
- pilot implementation

Representing:

- clinical operations
- finance
- legal
- clinical support
- compliance
- Institute of Cancer Care Innovation

UnitedHealthcare Resources

Dedicated project teams:

- contracting
- customer service
- claims processing
- claim configuration
- Oncology line of service representatives

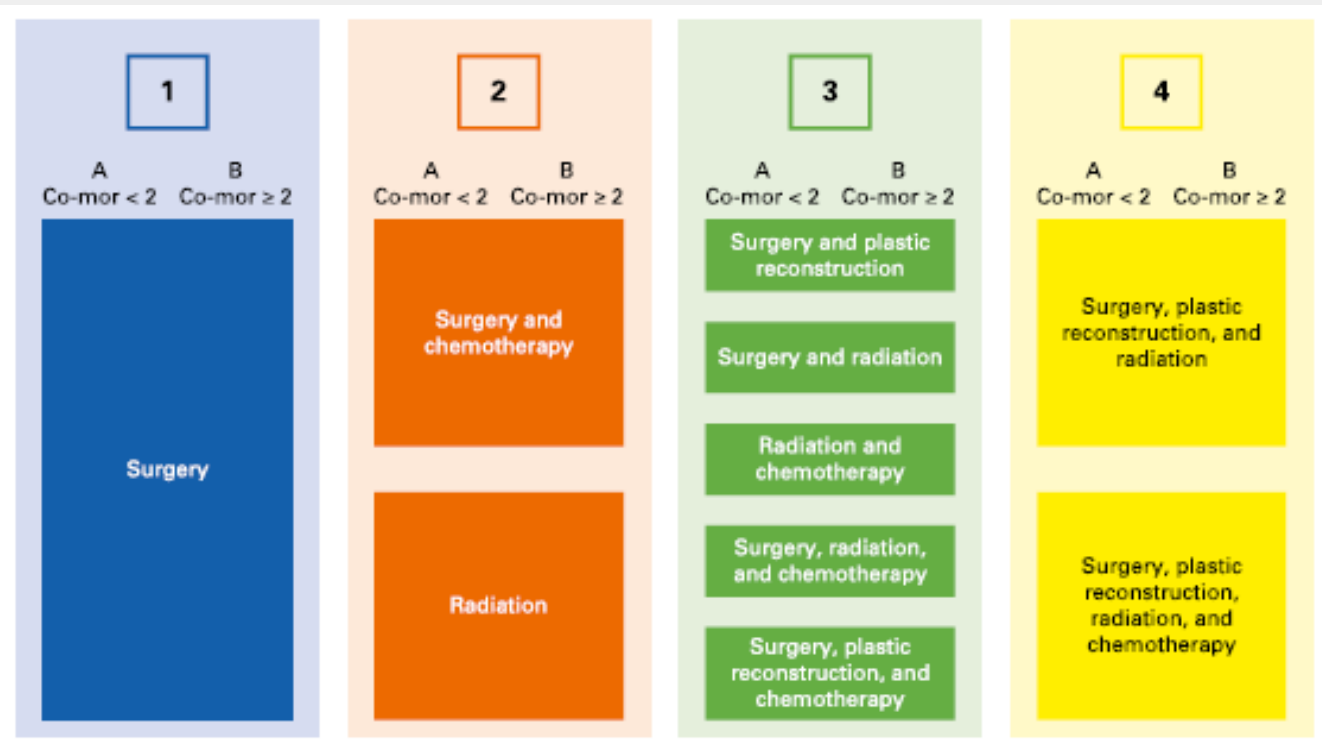
Source: Development and Feasibility of Bundled Payments for the Multidisciplinary Treatment of Head and Neck Cancer: A Pilot Program, *JOncPract*, Spinks, et al., December 2017.

Case Study: MD Anderson (continued)

Bundle Design

Primary cancer treatment (surgery, radiation therapy, chemotherapy) and **1 year of care**, including

- inpatient care
- surgical reconstruction
- emergency visits
- diagnostic imaging
- internal medicine
- preventative care



Note: Head and neck bundled payment pilot: four risk-adjusted bundles. The risk-adjusted payment bundles for head and neck cancer are shown with treatment plans included in each bundle. Co-mar, comorbidity (per the Charlson comorbidity index).

Source: Development and Feasibility of Bundled Payments for the Multidisciplinary Treatment of Head and Neck Cancer: A Pilot Program, JOncPract, Spinks, et al., December 2017.

 Discussion



QUESTIONS & ANSWERS

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