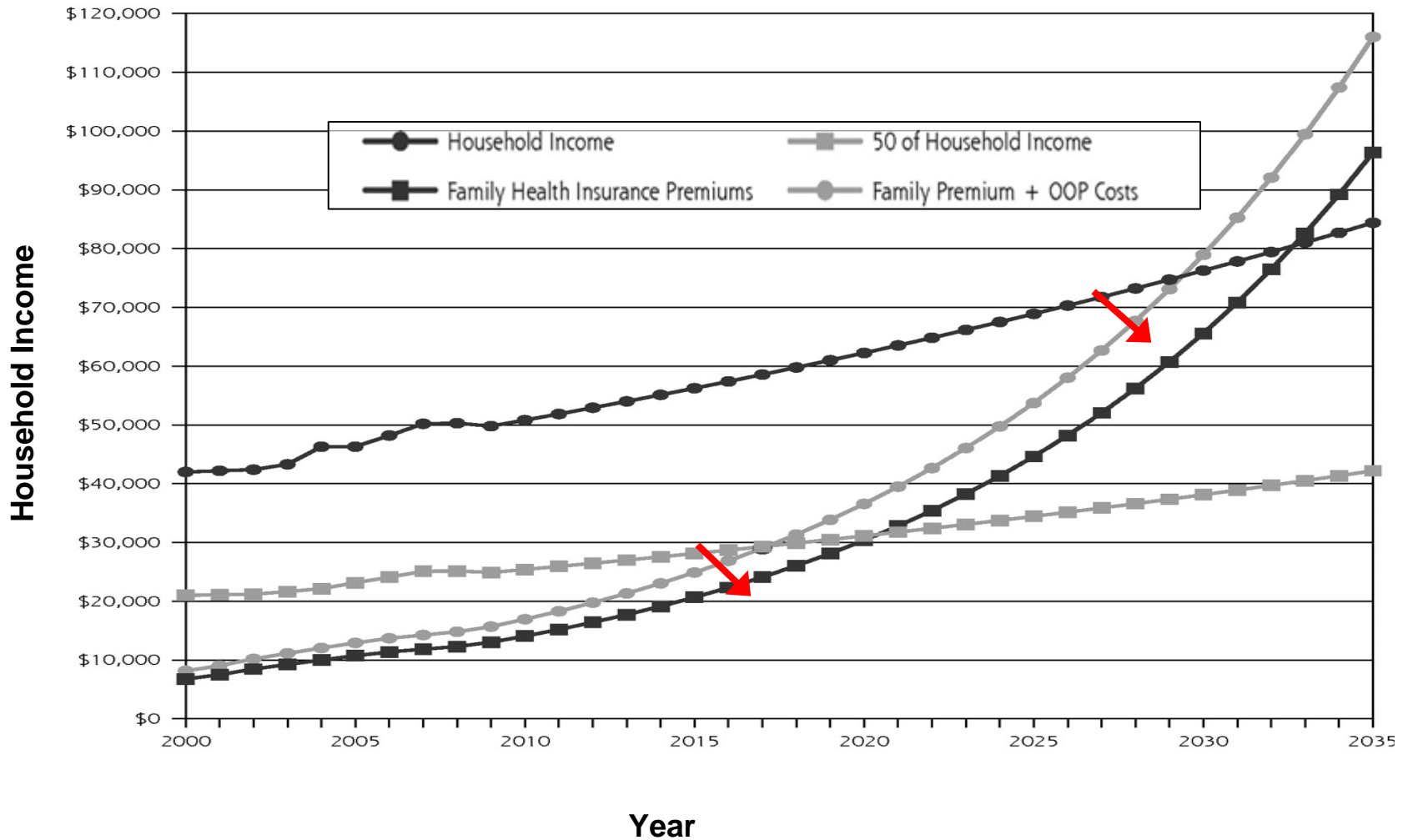


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# Rewarding Value in Oncology

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# Why We Are Doing Something New



Source: *Annals of Family Medicine: March/April 2012, vol. 10 no. 2, 156-162*

## Payment Models for Value

- Episodes or cost sharing
- Bundles (MD Anderson pilot)

## Cancer Therapy Episode Payment Program Strategy

**UnitedHealthcare launched an episode payment pilot in 2009 focused on oncology services**

**Rewards physicians for improved quality and reduction in total cost of cancer**

**Separates oncologist's income from drug sales**

**Builds a learning system to identify best practices for cost control and quality**



## The Methods

**Selection** of preferred chemotherapy regimen for 21 episodes in breast, colon and lung cancer

**Calculation** of drug profits from those margins

**Draw a line in the sand**

**Payment** fee for service.

- Drugs paid at average sales price.
- Episode payments unchanged with drug changes.

**Measure** performance annually.

Episode payment **changes** only with lower total cost or improved outcomes

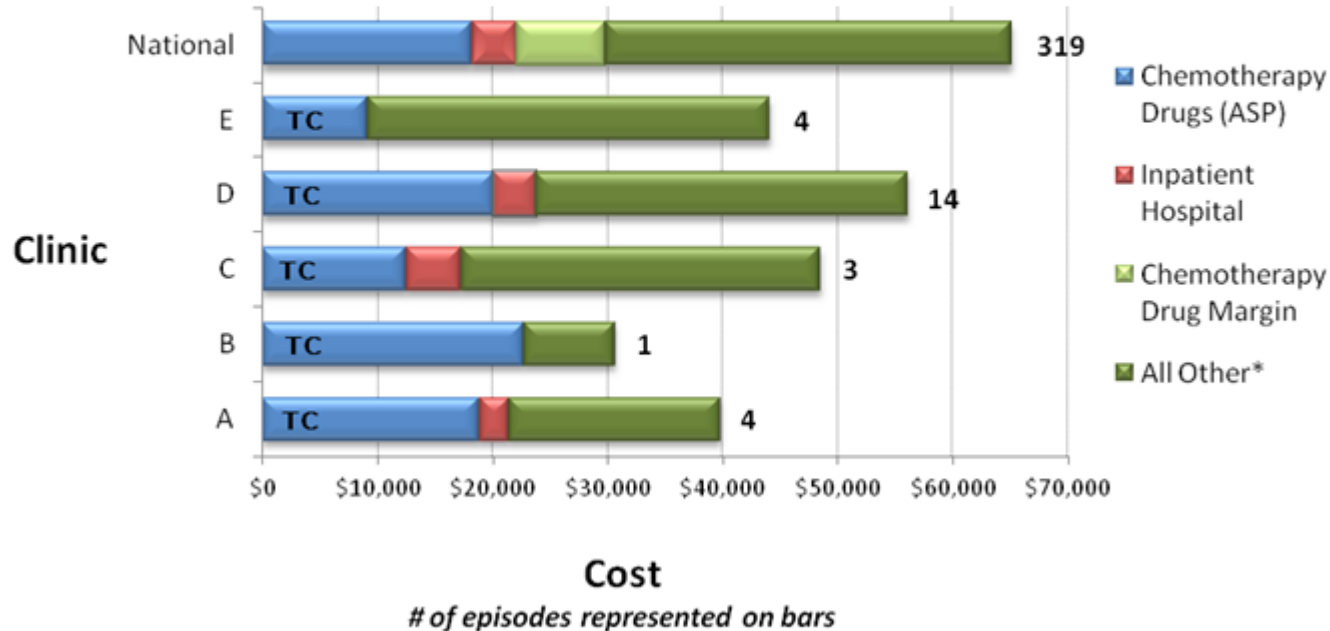
**34% reduction of total medical costs  
\$33M**

**179% increase in chemotherapy  
drug costs**

# Average Total Cost of Care per Episode Breast Stage I,II HER2-, ER+/PR+ (PC 5)



## Average Total Cost per Episode Breast Stage I, II HER2-, ER+/PR+ Payment Condition 5



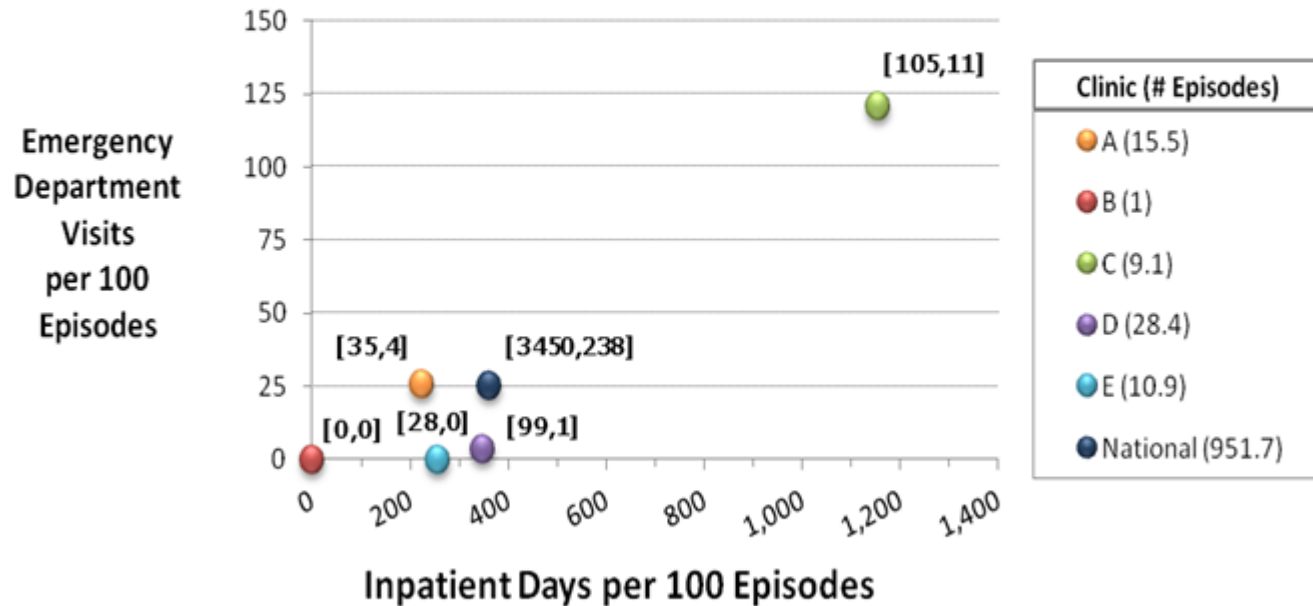
\*Includes ER visits without admission, outpatient hospital, all physician and ancillary

# Complications: Emergency Dept. / Hospitalization\*

## *Lung Adjuvant and Metastatic*

### *Payment Condition 15-19*

**Complications: Emergency Dept. / Hospitalization\***  
*Lung Adjuvant and Metastatic*  
*Payment Condition 15-19*



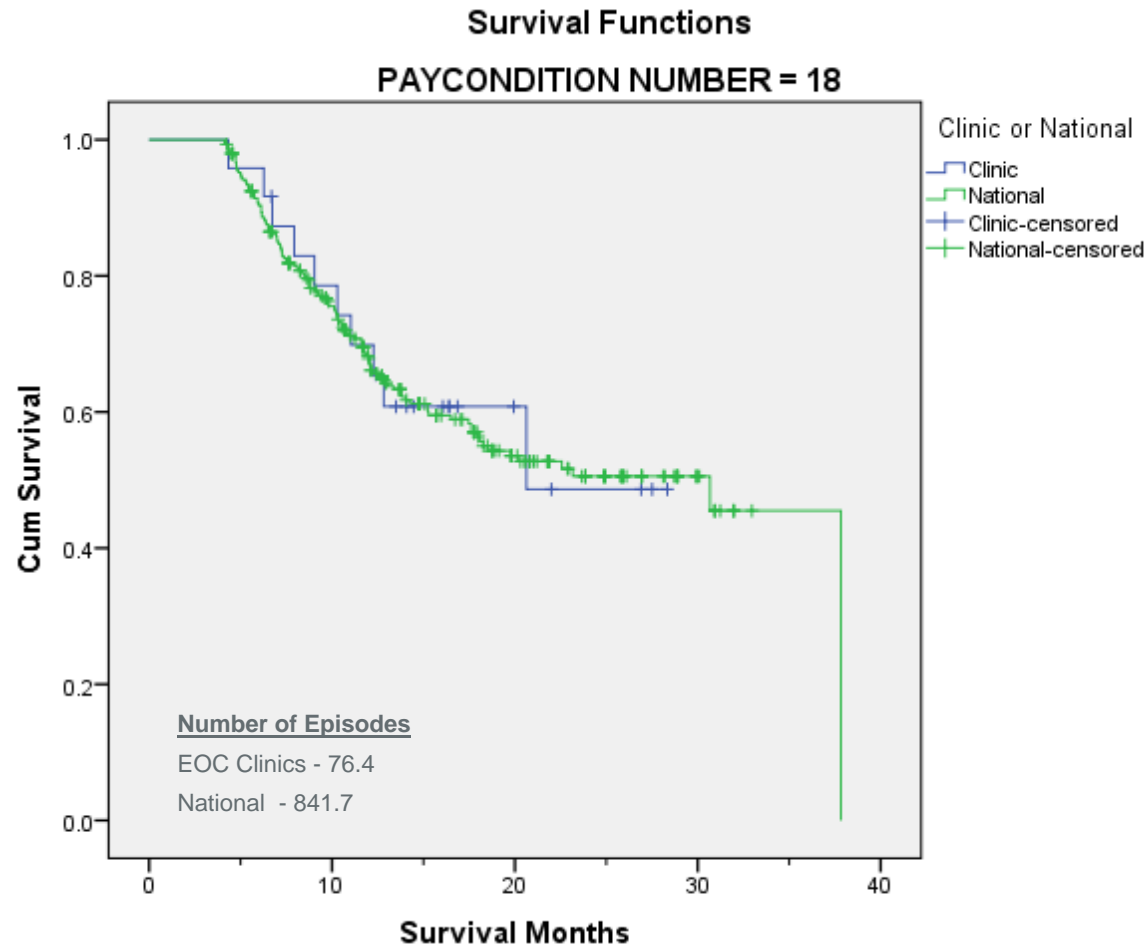
\*Raw Inpatient Days and ER Visits are represented in brackets, [Inpatient Days, ER Visits].



# Overall Survival from Date of Condition Enrollment

UnitedHealthcare®

## Non-Small Cell Lung Stages M1a, M1b, Non-Squamous (PC 18)



## Participating Pilot Practices

The West Clinic - Memphis, Tennessee

Northwest Georgia Oncology Centers, P.C.- Marietta, Georgia

Center for Cancer and Blood Disorders - Fort Worth, Texas

Advanced Medical Specialties – Miami, Florida

Dayton Physicians LLC - Dayton, Ohio

## Episodes or Shared Savings

- It's possible to create win/win scenarios in cancer!
- Collaboration was essential element of success
- Payment for outcomes only
- Requires a comparison group
- Large group practices only

## Bundled Payments

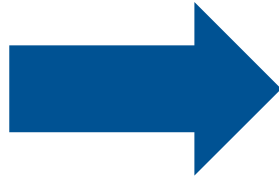
- Similar to DRGs for inpatient care
- Fixed price, all inclusive
- MD Anderson experience
- Radiation therapy is next
  - Correct coding
  - Proportional use of therapies
  - New relative values

## The Elephants in the Room

- Facility pricing
  - CMS + 22 versus CMS + 146
- Genetic sequencing directed therapy
  - Cisplatin, cetuximab, everolimus, afatinib for bladder cancer ?

# Proof of concept trial

**Relapse**



**Standard of care**

**Gene directed**

## What Should You Remember?

- Collaboration is superior to adversity
- It's possible to reduce total costs and improve quality
- Revenues will decrease, but margins can remain
- Risk will shift to providers, but it will be limited
- Use evidence -- not hope