Oncology Case Rate

Overview

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Why was OCR created?

- Oncology is an expensive specialty
  - Expansive drug pipeline
  - Extensive treatment options
  - Regular confrontations over AWP/ASP discount rate

Goal:

- Develop a program whose key performance metrics include
  - Quality measures
  - Patient and physician satisfaction measures
  - Motivate physicians to adhere to regimens accepted by their professional organizations(ASCO, NCCN) while minimizing use of prior authorizations

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Quality Program Essentials

- QOPI measures developed by ASCO
  - 22-25 of the 75 available measures are used
  - Used most of their core measures that are included in their ASCO's QOPI Certification Program
- Patient Satisfaction
  - Source: AHQR
- Referring Physician Satisfaction

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Overview of Case Rate Development

- Based on actual 3 year experience of Hill's patient cohort who started chemo in 2005
- Nine separate cohorts, divided by cancer types
  - 4 different case rates within each, based on intensity over time
- Model adjusts total dollars to new expenses
- $$ set aside for stop loss
- $$ set aside for performance bonus

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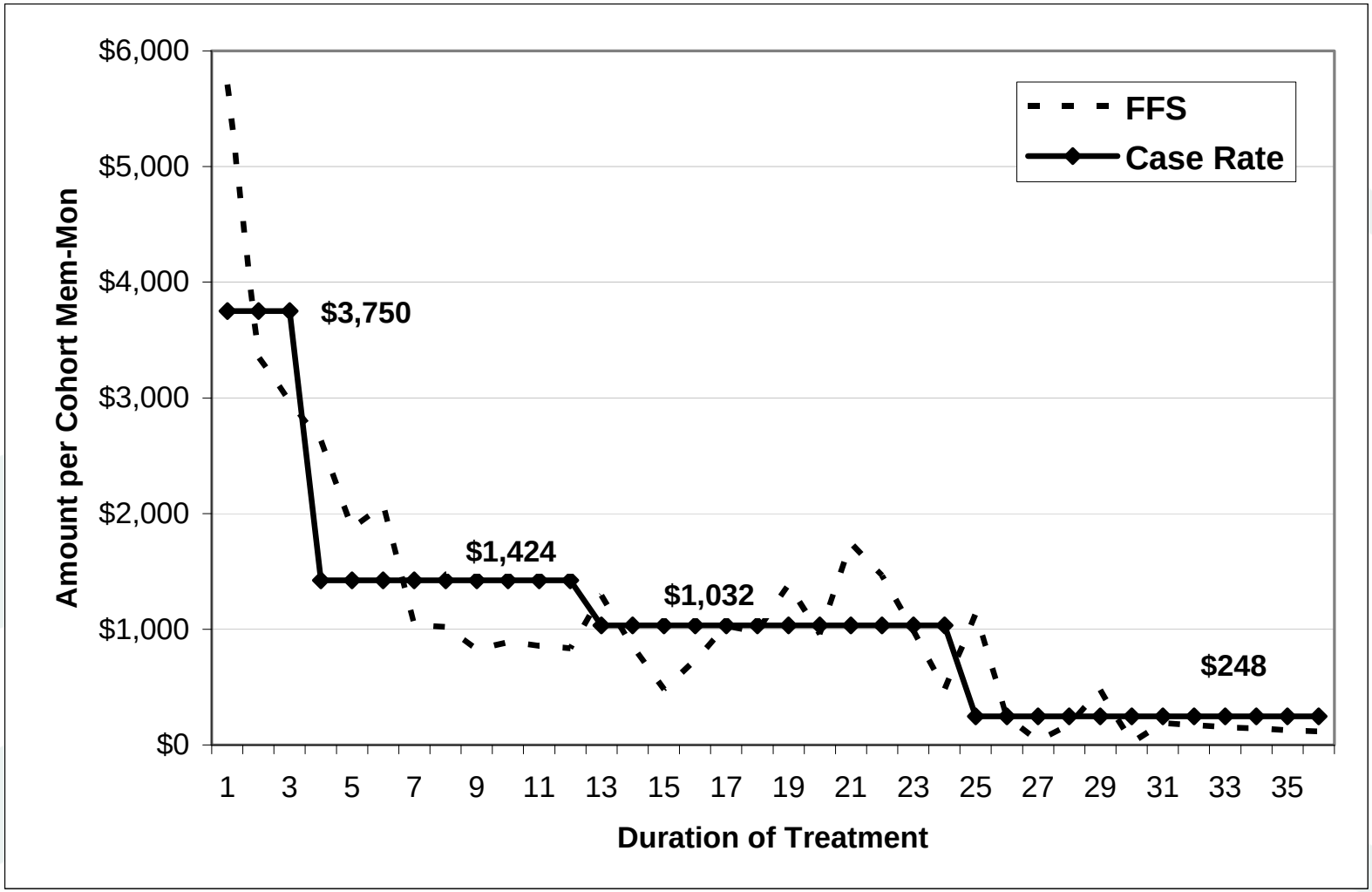
Sample: Lung Cancer Case Rate



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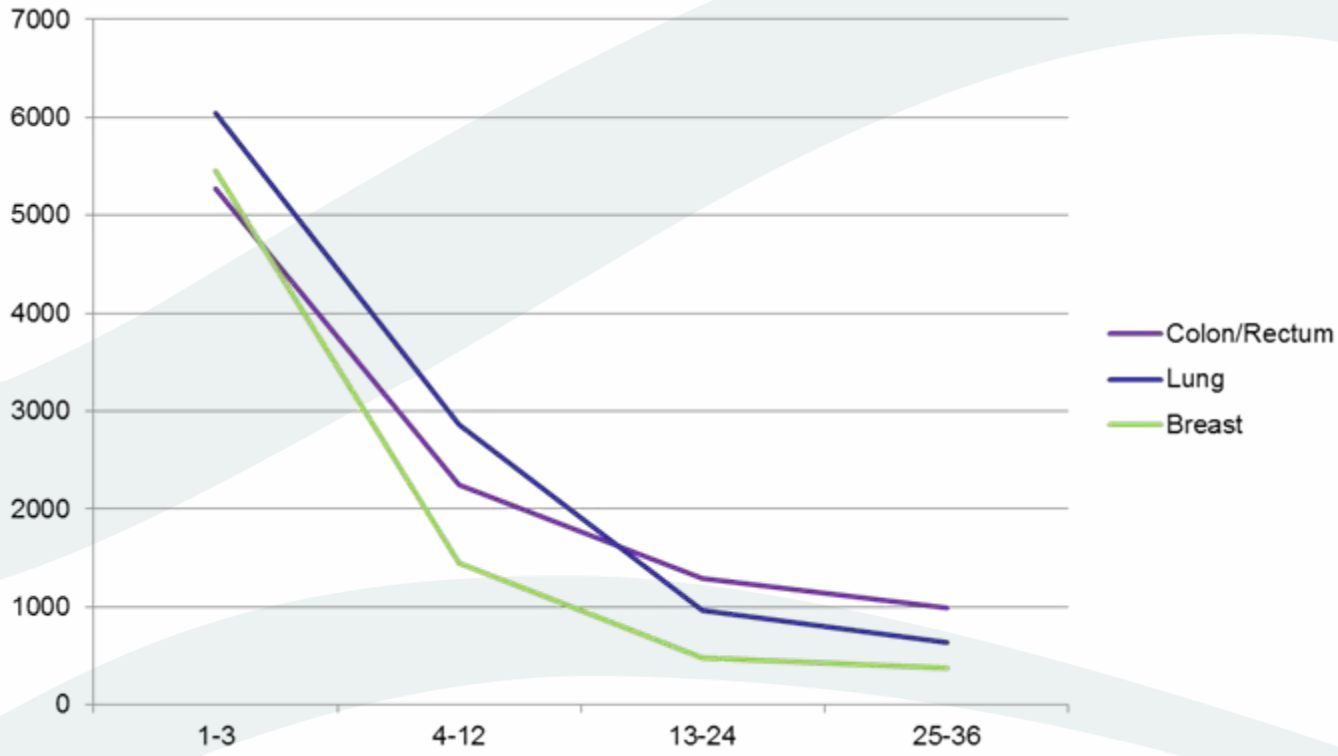
Case Rates for Key Cohorts



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Practice Management

http://sql-55/ReportsTest/Pages/Report.aspx?ItemPath=%2fCAPC_TEST%2fOCR+Reports%2fAONCL_OCR_Diagnosis_Groups_Monitoring&ViewMode=Detail

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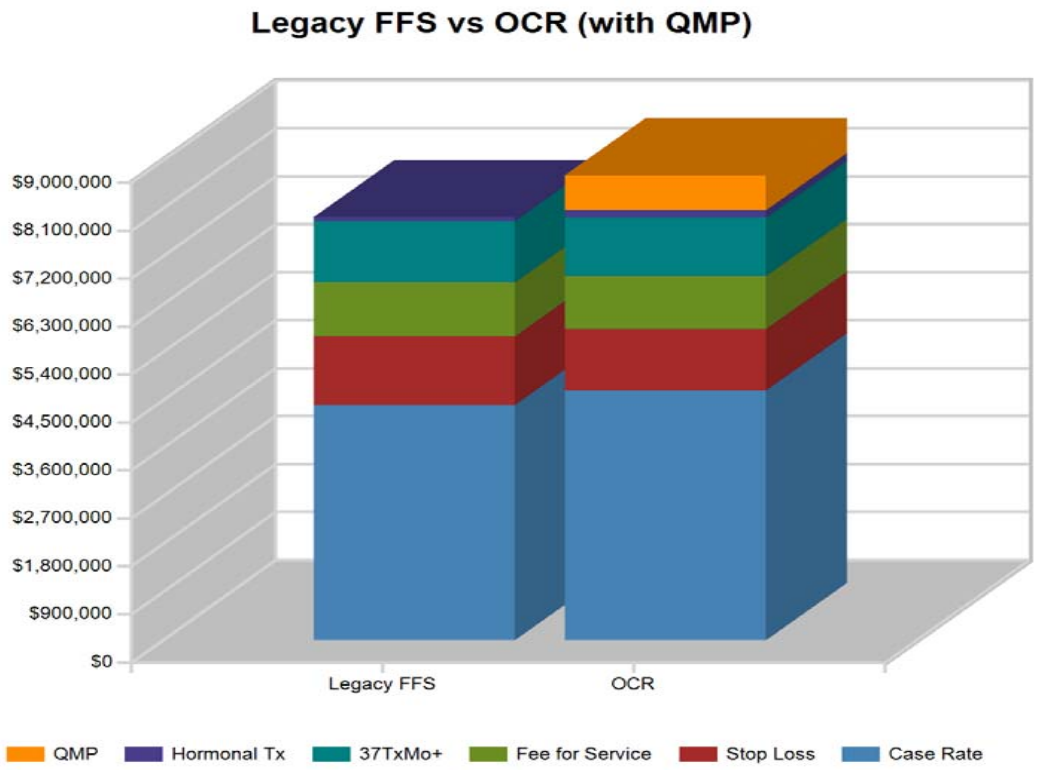
2011 Results

- Quality Program
  - CQPI measures
  - Patient Satisfaction
  - Referring Physician Satisfaction
- Utilization
  - Removed authorization requirements for most oncology drugs for participating practice
- Network growth
  - Added new practice to cover 50% of all chemo

Practice Management

- OCR practices yield 10% over Legacy FFS in 2011



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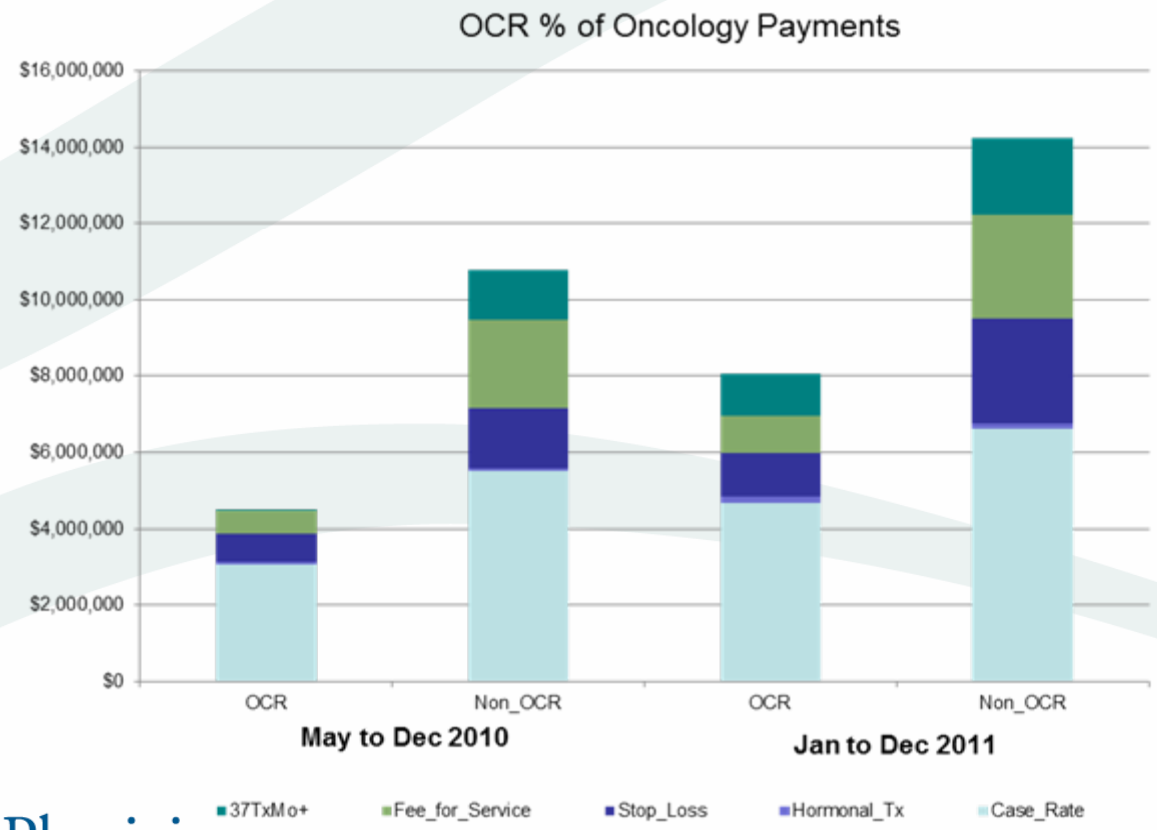
Practice Management

- OCR weight has grown from 29% to 36% of oncology expense



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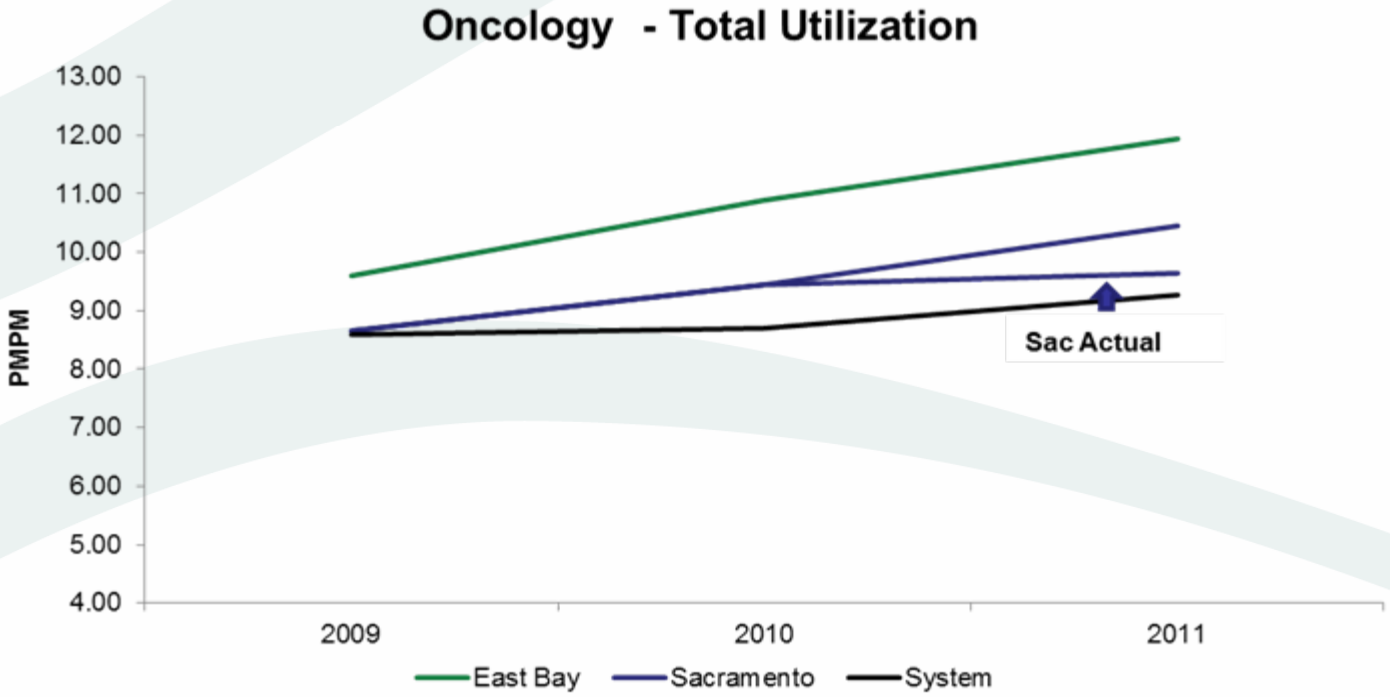
Utilization Impact

- Changed physician behavior
- Bent the utilization curve
- Potential health system savings of $2 million in 2011



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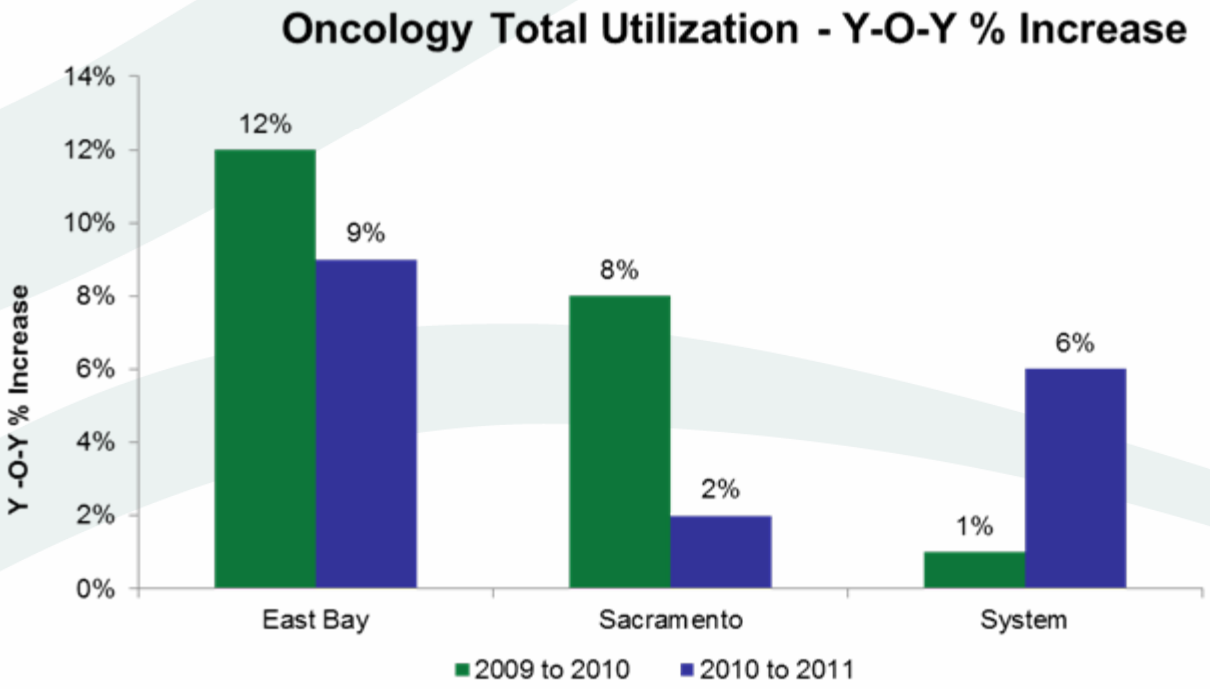
Utilization Impact

- 3 year growth trends
  - East Bay = 20%
  - Sacramento = 10%
- 2011 growth rates are 9% for East Bay and 2% for Sacramento



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Satisfaction Results

- Provider data
  - Referring physicians are generally satisfied with Oncology services
  - However, we can improve the care coordination between them.
    - 65% of PCPs received a consult note back within 30 days of the consult
- Patient data
  - Patients are satisfied with their care
  - Used a validated instrument from AHRQ.
  - Groups received 85% of the possible points in this domain

Operational Commitment

- Large footprint
  - 3 Clinical Support FTEs
  - 2 IT FTEs
  - 2 Accounting/Auditing FTEs
  - 1 Clinical Analysis FTE
- Manual adjudication process between claims payment system and OCR analytic engine
- Management views this as an investment in the delivery system

Interesting Findings

- 36 month case rate cycle may not be appropriate for all cohorts/practices
  - This model allowed us to identify practice pattern variations for 3year + members. Further evaluation being done
- Oral chemos present challenge to current model
  - Oncology pipeline is full of new oral targeted drug therapies.
  - We need to build those 1st line regimens into the model

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Next Steps

- More closely link physician payments to actual expenditures
  - Starting with Case Rate payments
  - Looking to add other revenue streams
- Add Radiation Oncology to system
  - See next slide for impact
- Integrate 37+ months and Oral fixes into current structure
- Continue adding practices

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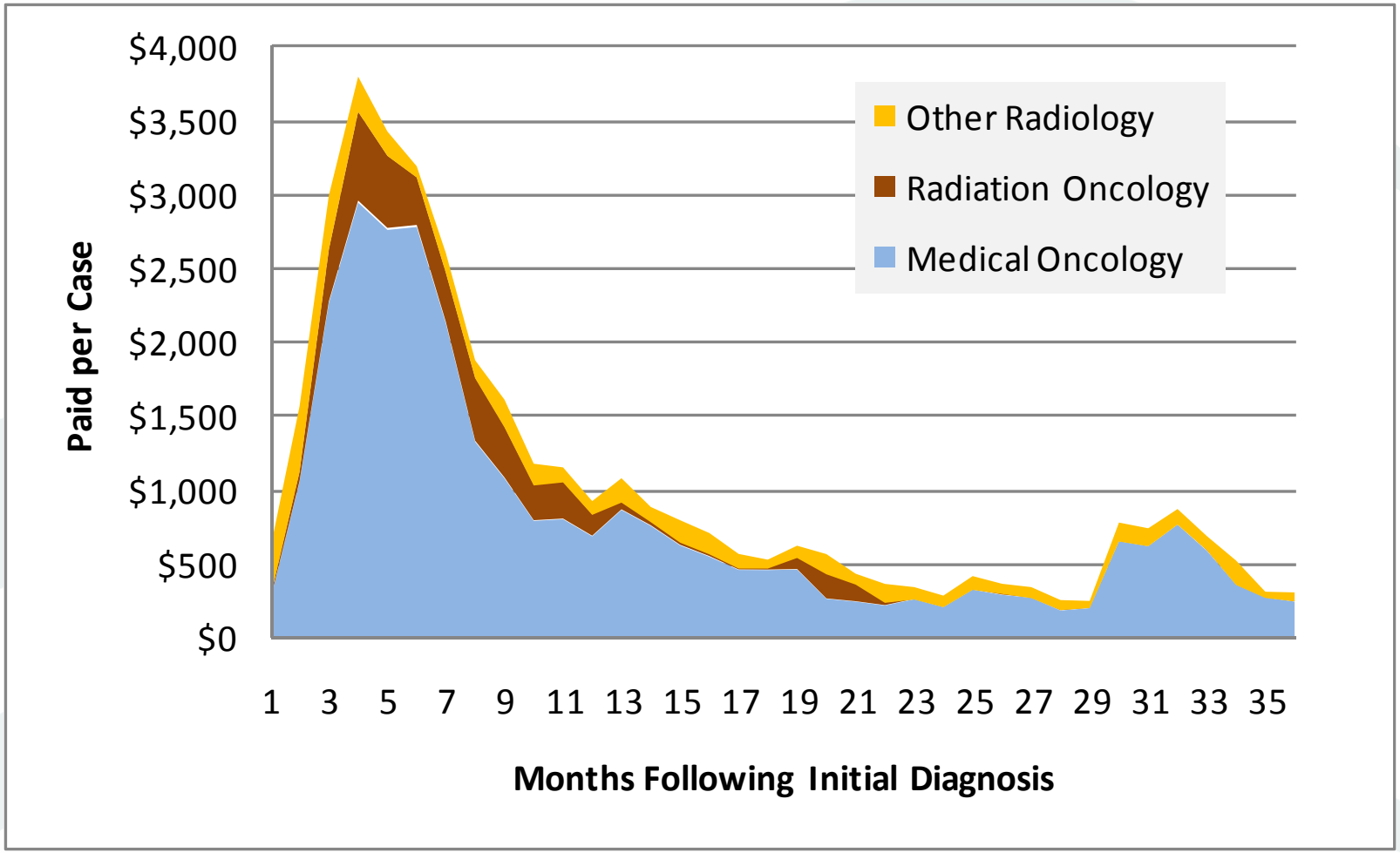
Chronological Cost Pattern for Breast Cancer



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Questions?

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