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Optimizing Employer Oncology Benefits Through Collaboration

Pacific Business Group on Health

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Proprietary and confidential

Why Should Employers Care About Oncology Benefits?

- Cancer is highly-emotional for your employees and their families
- Cancer represents ~12% of your healthcare spend¹
- A cancer diagnosis for self or family dramatically impacts an employee's productivity
- Challenging for employer and employee when benefits don't work when they are most needed

Business as usual won't suffice in the future, and employers are innovating to address the current state of oncology

¹ Source: New England Business Group on Health, http://nebgh.org/wp-content/uploads/2015/10/CancerWorkplace_FINAL.pdf

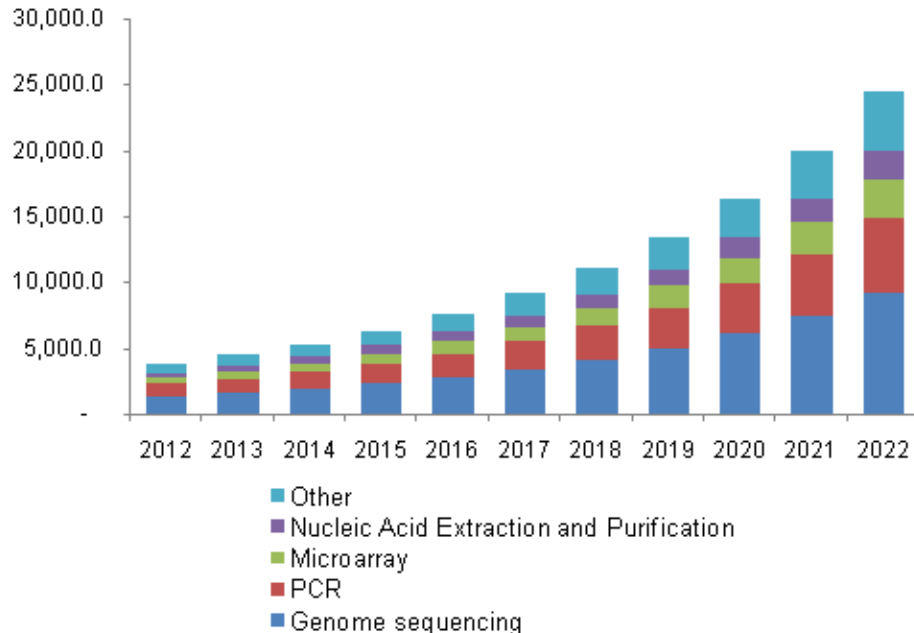
Embracing That Cancer is Different is First Step in Reshaping the Delivery System for the Patient

- **Genomics:** Cancer is multiple conditions defined by both site and genetic profile
- **Precision medicine** (utilizing genomic diagnostic technologies and high-performance computing) drives changes in cancer treatment at an unprecedented pace
 - *Medical oncologists are unsure how to order and interpret precision medicine results¹*
 - *Pace of change unprecedented; drives over-, under- and misuse*
- **Best practices gap:** Current utilization management practices are based on accepted guidelines (e.g., National Comprehensive Cancer Network) and Randomized Controlled Trials that often lag behind or limit access to cutting edge therapies
- **Actuarial science:** Disproportionately high cost/relatively low frequency of cancer defies the concept of risk transfer to delivery systems managing fewer than 500,000 individuals
- **Best chance of cure is first chance of cure:** Cancer survival uniquely relies on the accuracy of initial diagnosis, first choice of therapy, and access to appropriate clinical trials

*For these reasons, employers are seeking trusted partners
and innovative solutions to re-invent oncology benefits and care*

Many Employers Are Starting To Become Concerned, But Have Only Seen The Tip of the “Cost Iceberg”

The Global Cancer Genomics Market Size is Expected to Grow Significantly By 2022



- New drugs
 - Average cost of new cancer therapy in 2016 = \$171k¹
 - CAR T-cell therapy has potential for total per-patient cost of ~\$1.5M²
- Expanded indications
- Gene sequencing/ Genetic testing
- Information gaps leading to inappropriate wasteful treatment
 - *Medical oncologists are unsure how to order and interpret molecular genetic test results³*

Sources:

¹ Center for Health Policy and Outcomes at Memorial Sloan Kettering Cancer Center

² Kaiser Health News, <https://endpts.com/cascade-of-costs-could-push-new-gene-therapy-above-1-million-per-patient/>

³ Medscape, <https://www.Medscape.com/slideshow/genomics-and-oncology-report-6008655>

Current payment strategy and reform

- Affordable Care Act (ACA) established Accountable Care Organizations (ACO) and shared savings and risk pools
- Oncology Care Model (OCM) established payments for Patient-Centered Medical Home (PCMH) like activities and a bonus payment for >4% reduction in expected costs
 - Introduced two-sided risk model
- Payers are moving towards tighter utilization management (UM), bundled payments, case rates, transferring risk to delivery systems
- Medical groups are sub-capitating oncology networks
- Medicare Access and CHIP Reauthorization Act (MACRA) through Merit-based Incentive Payment System (MIPS) is modifying payments to doctors based upon four tracks
 - Encouraging practices to move to Advanced Alternative Payment Model (AAPM) and assume \$ risk

The tactics listed above are directed at controlling costs and reducing waste, but none appropriately incentivize innovative care approaches

Cost containment strategies--unintended consequences?

- **Cancer is too low frequency and high cost to transfer risk to small groups**
 - Risk not amortized over enough patients
 - Treatment costs can vary by over \$500k for same condition
- **Risk bearing groups can avoid adverse selection of complex patients by having LESS expertise**
- **Economic pressures on integrated medical groups lead to avoidance of “leakage” limiting access to expertise and research**
- **Misalignment to patient priorities—cost vs. SURVIVAL**

Approaches that work for population health and less complex conditions lead to untoward outcomes in oncology

Traditional Cost Containment Also Has Consequences

Standard utilization management (UM) and access to best-in-class treatments for certain cancers

- **Traditional UM and Medical Technology Assessment Committees under-resourced to keep up with rapid change in oncology**
- **Randomized Controlled Study—no longer the only gold standard**
- **Best practices determined by experience and expertise supported by high performance computing**
- **Emerging therapies/trials are often the optimal choice**

Narrow Networks in era of precision medicine

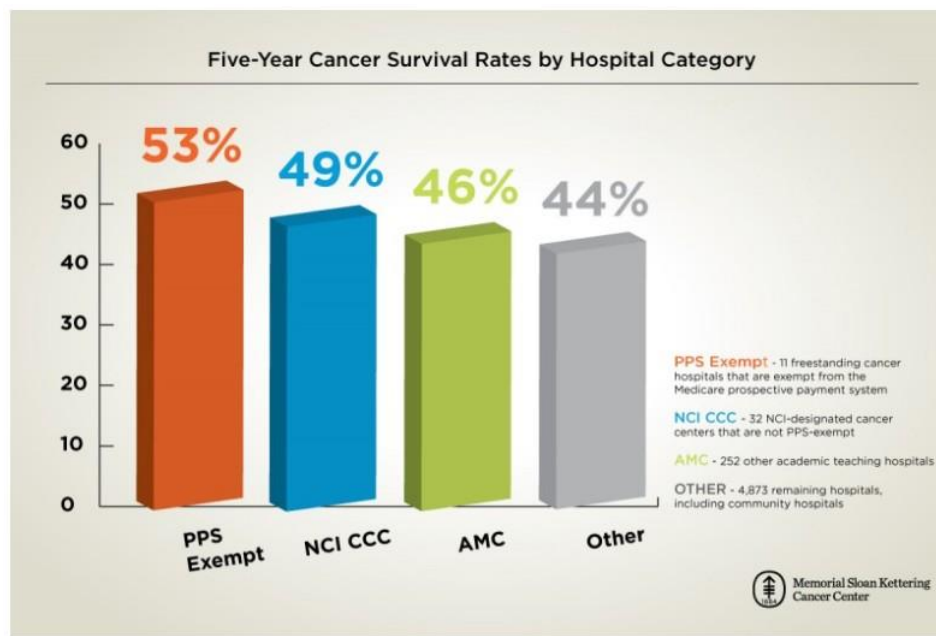
- **Often lack the expertise given all the variants of cancer**

A more dynamic system needed to ensure access and coverage for appropriate care with experienced oncologists

Why Access to Expertise Matters - It's All About The Outcomes

Questions to ponder:

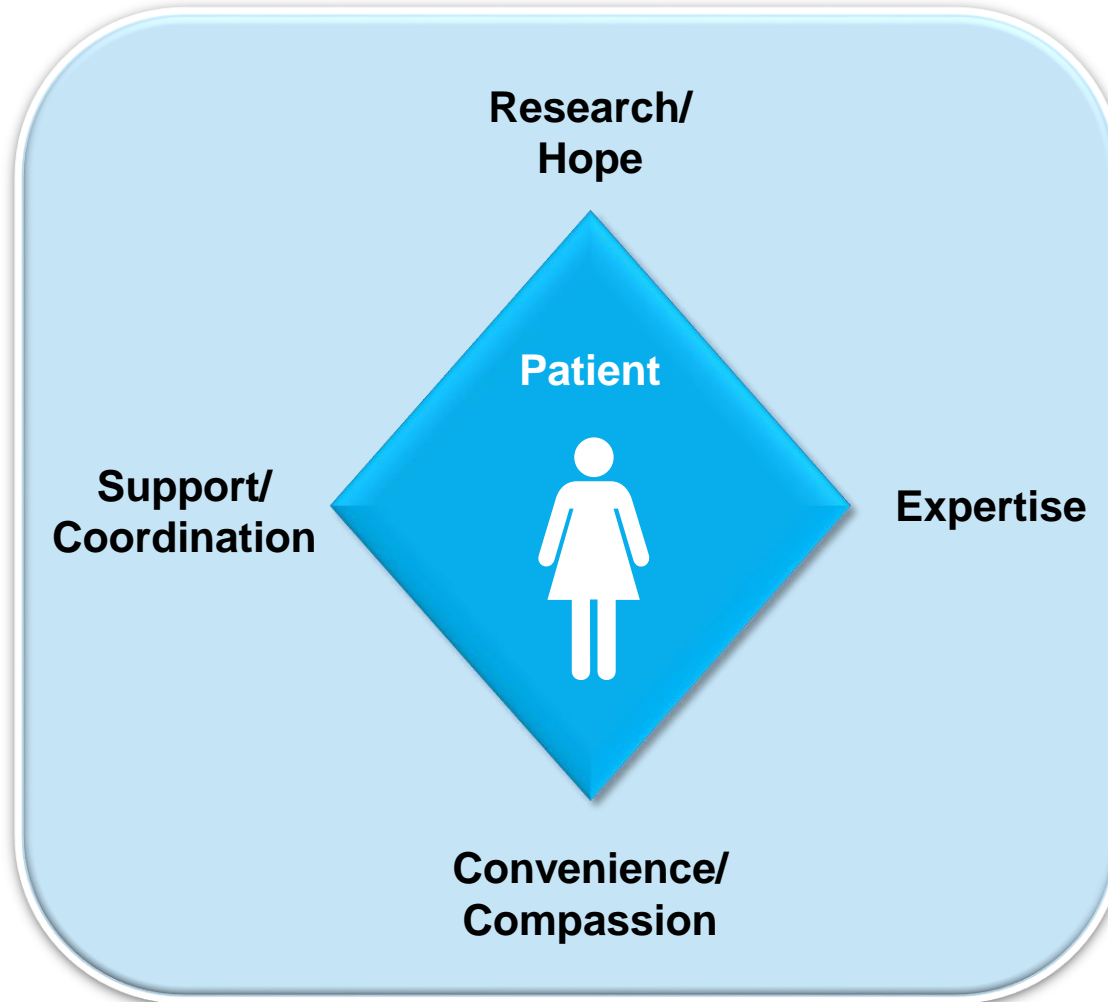
1. Are value-based payments truly value-based if outcomes are not considered?
2. Even if survival outcomes cannot be incorporated into benefit design, can we avoid incentives that may compromise outcomes?
3. Why would value-based payments be made to a provider with outcomes in the bottom half?



A study by MSK researchers suggests that hospitals' long-term survival outcomes for cancer patients can be assessed without data on tumor stage. Patients treated at PPS-exempt hospitals — which are highly specialized in cancer care — had higher survival rates over five years compared with other hospitals, particularly community hospitals.

Source: JAMA
<https://jamanetwork.com/journals/jamaoncology/fullarticle/2451426>

Beyond Advances in Diagnosis and Treatment Cancer Care Remains a Deeply Human Experience



What Patients Value

- Accurate initial diagnosis
- Psychosocial and distress screening
- Optimal comprehensive care plan
 - Survivorship care plan/ follow-up post-treatment care plan

Today's Systems Create Challenges to Achieving Best Outcomes

- Escalating **cost and waste** driven by information gaps--Discoveries and change in **best practices** occurring so fast that Oncologists cannot keep up
- Health plan **narrow networks** are **less effective** for Oncology than for primary and secondary conditions
- Traditional health plan coverage determinations create barriers for employees to access the best **effective treatment** plans/options for a cure

No One Group Can Solve The Value Equation Alone

- Partnership and collaboration among employers, health plans, and oncology experts (leveraging Precision Medicine and high-performance computing) are vital to drive necessary process disruption and innovation
 - *Example of an opportunity for collaboration: How to modify narrow networks that may lack the expertise and leave patients with unaffordable or inconvenient options to achieve best outcome*

The stakes: If we do nothing, Cancer patients will continue to receive low value care or may die from sub-optimal care or while awaiting clinical trials – wasting time, money and lives.

Key Takeaways:

- ✓ Cancer is different
- ✓ Current management programs do not address the complexity and diversity of a cancer diagnosis
- ✓ Pace of change and dramatic cost-impact potential demands a disruptive, just-in-time approach
- ✓ Everyone will benefit from implementation of a patient centered program that embraces the complexity of cancer and the limitations of the current system

Employer Call to Action

- Align with like-minded colleagues/employers
- Align with trustworthy expertise
- Seek disruptive solutions that are designed for the employer to better support the employee
- Reimagine Center-of-Excellence (COE)--more engaged partnership with experts in value-based complex cancer care
 - Bill of rights for the cancer patient
 - *Expert second opinion*
 - *Appropriately expedited treatment*



Employers can share in the accountability to bridge the chasm between affordability and survival for their beneficiaries