Will Cancer Care Be Affordable?

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Our Agenda

• The Consumer Changes Everything
• What UnitedHealthcare is Doing
  – Episode Payments
  – Bundled Payments
  – Prior Authorization
  – Comparative Effectiveness
  – Value Based Networks and Benefits
• What Could You Do? Or Not Do?
Why We Have to Do Something

Individuals Are Shouldering More of the Cost Burden

Average plan deductible versus legal definition of “high deductible”

Year
2006 2007 2008 2009 2010 2011 2012 2013 2014

Average plan deductible
$584 $690 $750 $890 $1,000 $1,100 $1,217 $1,300

Legal definition of high deductible
$1,050 $1,100 $1,150 $1,200 $1,250 $1,300 $1,350 $1,400

Courtesy: Sam Glick, Oliver Wyman
This paper examines households’ financial fragility by looking at their capacity to come up with $2,000 in 30 days. Using data from the 2009 TNS Global Economic Crisis survey, we document widespread financial weakness in the United States:

Approximately one quarter of Americans report that they would certainly not be able to come up with such funds, and an additional 19% would do so by relying at least in part on pawning or selling possessions or taking payday loans.

If we consider the respondents who report being certain or probably not able to cope with an ordinary financial shock of this size, we find that nearly half of Americans are financially fragile.

The world is changing

By 2018, 1 in 3 Americans will be buying a different insurance product than they do today, through a channel that didn’t exist three years ago, receiving 30% of their care outside of a traditional health system.
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.
Episodes Program: Gain Sharing

• **Selection** of preferred chemotherapy regimen for 19 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
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

Clinic

National

$0 $10,000 $20,000 $30,000 $40,000 $50,000 $60,000 $70,000

Cost

# of episodes represented on bars

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

Chemotherapy Drugs (ASP)
Inpatient Hospital
Chemotherapy Drug Margin
All Other*
Overall Survival from Date of Condition Enrollment
Non-Small Cell Lung Stages M1a, M1b, Non-Squamous (PC 18)

Survival Functions
PAYCONDITION NUMBER = 18

Number of Episodes
EOC Clinics - 76.4
National - 841.7
Episodes Program: Gain Sharing

Results:

- 34% reduction of total medical costs
- 179% increase in chemotherapy drug costs

Expansion to six additional medical groups this year
Quadruples eligible patients
Program is not available to hospital owned facilities
Lessons Learned

• Collaboration is essential
• Financial incentive focused attention on total cost of care
• Data focused priorities for improvement
• Comparison group must be contemporary and case mix adjusted
• Survival and other relevant quality measures provide counterbalance to under-treatment
Single payment rewards quality because provider profits increase with:

- Fewer complications
- Elimination of unnecessary tests or procedures
- Improved coordination between specialists
Bundled Payments

Outcomes are measured
- Survival
- Patient reported outcomes
- Complication rates

Single price – no guesswork about cost
Fully integrated team dedicated to only head and neck cancer
- Experience counts!
Why MD Anderson Cancer Center?

• Already recognized as a world class cancer center
• Affiliation with Michael Porter, Harvard Business School
  – Value mapping of all processes
  – Established measures of quality in place
  – Understanding of costs
What’s the process?

• Complete evaluation by multi-disciplinary team
• Discussion of all available options
  – Often more than one approach
  – Allows patient preferences
• Payment based on package of therapies
  – No incentive to “push” patients into a specific therapy
Prior Authorization Objectives

• Proactively ensure compliance with UHC drug coverage policy using the NCCN Compendium
  – Correct combinations of drugs
  – Correct sequencing of drugs
  – Correct clinical data for approvals

• Provide oncologists with timely pre-service approvals for chemotherapy coverage
  – 60% are immediate approvals
  – Average time for others is 3.9 hours
Prior Authorization

- Offers immediate alternatives if the original request is non-compliant
- Object is to eliminate denials

Long term goal is comparative effectiveness information
Different platforms yield different results

“True” + (All 3 hit) SNP 66.4% INDEL 18.1%

“False” + (Only 1) SNP 20.5% INDEL 61.6%

Government Payers Squeezing Providers

Signs from Washington Reagan Airport
Site of Service: What Value?

UnitedHealthcare average costs for chemotherapy

Physician office: CMS + 22%
Hospital owned facilities: CMS + 146%
**Consumers want convenience**

Q: Would you consider receiving these health and wellness services in the following locations or manners?

<table>
<thead>
<tr>
<th>Location or Manner</th>
<th>Physical</th>
<th>Routine</th>
<th>Minor Episodes</th>
<th>Chronic Mgmt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interested in receiving care in at least one alternative location</td>
<td>44%</td>
<td>64%</td>
<td>79%</td>
<td>50%</td>
</tr>
<tr>
<td>A health and wellness clinic in a discount retail store (such as Walmart, Target)</td>
<td>11%</td>
<td>20%</td>
<td>24%</td>
<td>13%</td>
</tr>
<tr>
<td>A health and wellness clinic in a drug store (such as Walgreen's, CVS, RiteAid)</td>
<td>15%</td>
<td>30%</td>
<td>36%</td>
<td>19%</td>
</tr>
<tr>
<td>A walk-in clinic or urgent care center</td>
<td>35%</td>
<td>46%</td>
<td>61%</td>
<td>33%</td>
</tr>
<tr>
<td>Remotely via phone, voice chat, or video chat</td>
<td>4%</td>
<td>11%</td>
<td>13%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Percent Willing to Consider:

- **<10%**
- **10-25%**
- **25-49%**
- **50%+**
Is The Value Proportionate?

5 Year Survival Rates
Patients diagnosed in 2003 through 2005

<table>
<thead>
<tr>
<th>Cancer Type</th>
<th>5 Year Survival Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brain</td>
<td>22%</td>
</tr>
<tr>
<td>Breast</td>
<td>85%</td>
</tr>
<tr>
<td>Colon</td>
<td>55%</td>
</tr>
<tr>
<td>Liver</td>
<td>16%</td>
</tr>
<tr>
<td>Lung</td>
<td>17%</td>
</tr>
<tr>
<td>Myeloma</td>
<td>35%</td>
</tr>
<tr>
<td>Pancreas</td>
<td>5%</td>
</tr>
<tr>
<td>Prostate</td>
<td>88%</td>
</tr>
</tbody>
</table>
Is The Value Proportionate?

Average Cost per Active Treatment Month

- Clinic A
- State
- National

Cost per Month

$0

$5,000

$10,000

$15,000

$20,000

$25,000
What Should I Write Down?

- Costs must come down
- Risk will shift to providers in limited forms
- Results will determine value
- Quality is almost always improved with lower costs
- Collaboration is essential to effectiveness