



US Oncology Pulse Survey Results

Oncologists Report Declining Reimbursement Most Significant Challenge for Future Practice Viability

Introduction

The challenges of community cancer care today are vast, multi-faceted and complex. US Oncology is committed to bringing you and others in our industry a regular examination of those challenges through a series of national surveys with oncology thought leaders.

This particular survey focuses on reimbursement and the operational functions that community oncologists are using to improve their practice efficiency and access for their patients. It polled oncology and hematology practice leaders and administrators about a variety of current reimbursement and management issues, including specific questions about support systems, claim denials, payer contracts and patient assistance—all critical elements to practice viability. Conducted by KJT Group, the survey posed closed and open-ended questions to a cross section of individuals who are responsible for making the day-to-day decisions that guide community cancer care throughout the United States.

Key Implications

Declining reimbursement is a significant problem for Oncology practices and is perceived as the most significant challenge they face in terms of the future viability of the practice.

- Over three-quarters of their practice/the practice they work for has seen a *small* or *significant* decrease in reimbursement over the past two years.
- Only 10% of both groups report seeing an *increase* over the past two years.
- Oncologists whose practice has seen a *significant decrease* in reimbursement reported a 24.2% decrease while Practice Administrators and Executive Directors (PA/EDs) reported a 22.3% decrease in the past two years.
- Oncologists who report a *small decrease* on average report a 9.5% reduction in reimbursement, while PA/EDs report a 9.0% reduction.

The most significant factor contributing to reimbursement challenges is inadequate payer reimbursement.

- Fifty-eight percent of Oncologists and 40% of PA/EDs rank this as the top challenge.
- Other top challenges include: regulatory requirements that impact billing for Oncology practices and high drug costs.
- Oncology practices are also facing difficulty retaining employees with the skills required for efficient oncology practice reimbursement.

The majority of Oncologists (64%) and PA/EDs (71%) agreed (top-2 box) that declining reimbursement is the most significant challenge that their practice will face over the next two years. Inadequate payer reimbursement and high drug costs are also perceived to be significant challenges.

While they view these factors as significant challenges, they do not believe there are adequate administrative tools and support available in the oncology market (only 9% of Oncologists and 18% of PA/EDs agree that there are adequate resources available). They also believe that patient assistance in the oncology field is inadequate. This lack of awareness presents an opportunity for US Oncology to educate oncology practices about the services and tools they have developed to help practices combat these challenges.

Overview

The purpose of this research is to keep US Oncology (USON) abreast of key constituent opinions on emerging issues in Oncology. It will allow USON to understand critical business questions from a geographically representative sample of Oncologists and Practice Administrators/Executive Directors in a very timely manner.

This report includes the results from a study regarding Oncology practice reimbursement among Oncologists and Practice Administrators/Executive Directors.

Research Objectives

Based on direction from USON, the key objectives and business needs for this research include:

- Validation of current and future hypothetical strategic direction.
- Providing key “voice of the customer” insights.
- Quick assessment of the impact of issues in the Oncology marketplace.
- Providing USON several quantitative evaluations and analyses of Oncologists and Oncology practice key decision makers.

Methodology

A cross-sectional online quantitative survey was administered to a nationally representative sample of Medical Oncologists, Radiation Oncologists, other Oncologists, Practice Administrators, and Executive Directors (PA/ED). Respondents received a \$50 incentive if they qualified and completed the 10 minute survey. Oncologists and PA/EDs were asked a series of questions based on current reimbursement trends, support systems, claim denials, payer contracts, and patient assistance within their practice.

A total of 315 respondents (n=215 oncologists and 100 PA/EDs) completed the survey. Breakdowns by specialty and position title are below:

Specialty	Total Oncologists
n=	215
Medical Oncologist	65%
Radiation Oncologist	29%
Surgical Oncologist	3%
Gynecologic Oncologist	2%
Hematology	1%

Position Title	PA/ED
n=	100
Executive Director	8%
Practice Manager/ Practice Administrator/ Practice Director	64%
Office Manager/ Billing Manager	21%
Controller	1%
Other	6%

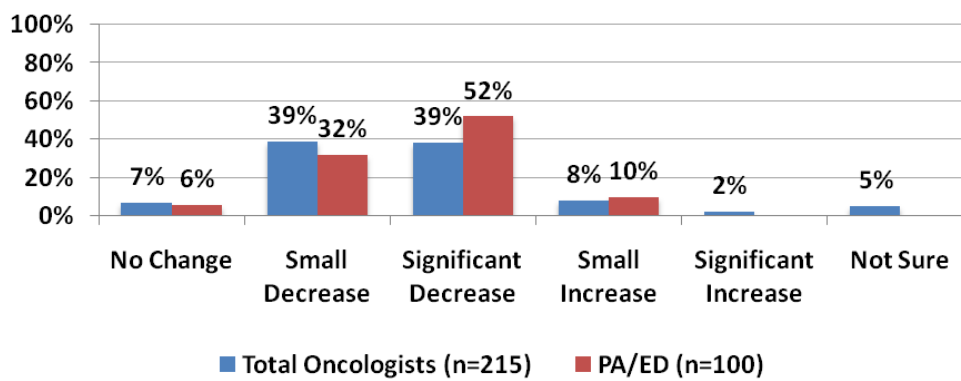
On average, Oncologists have been in practice 12.5 years beyond residency and fellowship; treat 188 patients per month, and the majority (89%) share decision making in their practice with a team. PA/EDs reported that the practice they work for treats an average of 493 patients per month and 86% share the decision making in their practice with a team.

Results

REIMBURSEMENT

Thirty-nine percent of Oncologists and 52% of PA/EDs indicated their practice has seen a significant decrease in reimbursement over the past two years. Alternatively, another one-third of both groups, report a small decrease in reimbursement over the past two years. Only 10% of both groups report seeing an increase over the past two years. Oncologists whose practice has seen a significant decrease in reimbursement reported a 24.2% decrease while PA/EDs reported a 22.3% decrease. Oncologists who report a small decrease, on average report a 9.5% reduction in reimbursement, while PA/EDs report a 9% reduction.

REIMBURSEMENT OVER THE PAST TWO YEARS



The most significant factor contributing to reimbursement challenges is inadequate payer reimbursement. Fifty-eight percent of Oncologists and 40% of PA/EDs rank this as the top challenge. Other top challenges include: regulatory requirements that impact billing for Oncology practices, and high drug costs.

Several reimbursement methods are monitored and trended by Oncologists and PA/EDs; however, none are monitored by the majority. The most frequently monitored metrics by Oncologists and PA/EDs were: billed vs. collected (17% and 9%, respectively), Medicare (16% and 15%), and drug cost vs. reimbursement (15% and 26%).

SUPPORT SYSTEMS

Approximately one-third of Oncologists (34%) and PA/EDs (31%) reported their practice is experiencing difficulties in retaining employees with the skills required for efficient oncology practice reimbursement. Although there are difficulties, less than one-third (29%) of Oncologists and one-fifth (19%) of PA/EDs indicated they use an outside billing service.

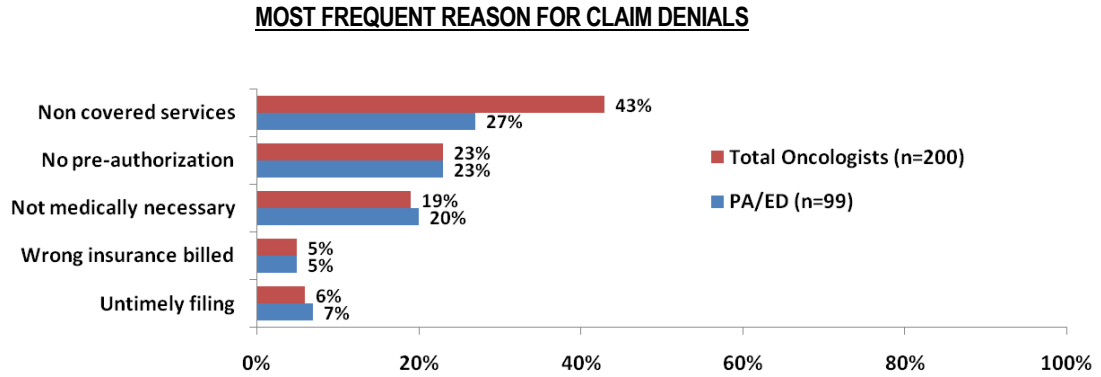
The administrative tools and/or services used most frequently by Oncologists and PA/EDs include: electronic remittance (47% and 56%, respectively), integrated EMR (47% and 37%), document imaging (37% and 45%), and payer contract software (21% and 26%). Although multiple services are used, electronic remittance and integrated EMR are reported to be the most critical to efficient practice administration.

Most Critical Administrative/Service Tools	Specialty	
	Total Oncologists	PA/ED
n=	169	80
Integrated EMR	41%	21%
Electronic remittance	28%	39%
Payer contract software	5%	9%
Document imaging	4%	5%
Auto-eligibility software	4%	1%
Claims scrubber	3%	15%
Automatic denial management	2%	1%
None of these	12%	9%

Thirty-eight percent of Oncologists and 54% of PA/EDs have a system in place to ensure a comprehensive charge capture for drugs. In addition, 41% of Oncologists and 47% of PA/EDs reported using a third party collections service to collect on aged Accounts Receivable (AR). The majority of these respondents stated their practice/the practice they work for sends AR to a collections service between 120 days (4 months) and 239 days (8 months).

CLAIM DENIALS

Oncologists and PA/EDs most frequently mentioned the following reasons for claim denials:



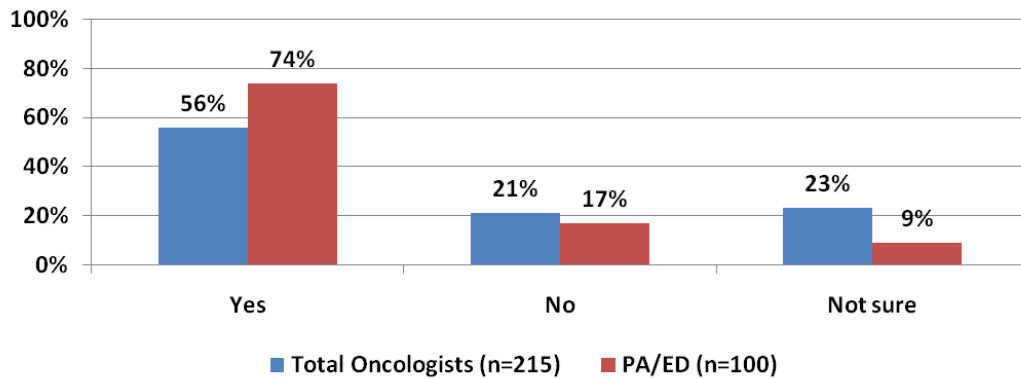
Thirty-seven percent of Oncologists and 31% of PA/EDs describe their denial tracking and trending as “manual recording keeping with regular analysis”. Roughly another third describe the process as “automated with monthly analysis.” The majority of Oncologists (59%) and PA/EDs (83%) report their practice has a formal method in place for tracking claim denials.

Denial Tracking and Trending	Specialty	
	Total Oncologists	PA/ED
n=	215	100
Manual recordkeeping with regular analysis	37%	31%
Automated recordkeeping with monthly analysis	33%	43%
Manual recordkeeping with no analysis	7%	7%
Automated recordkeeping with just in time analysis	7%	9%
Other	1%	2%
Not sure	16%	8%

PAYER CONTRACTS

A majority of Oncologists (56%) and PA/EDs (74%) report their practice has the ability to track multiple payer fee schedules.

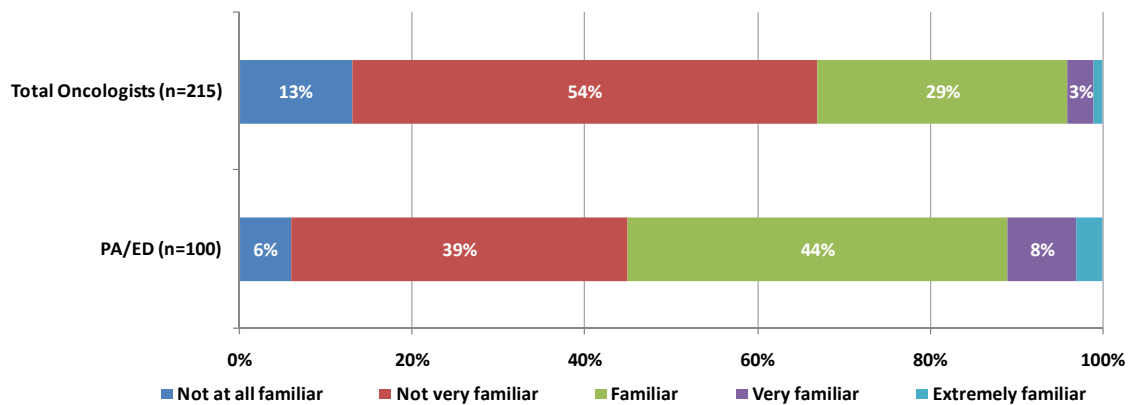
PRACTICE ABILITY TO TRACK MULTIPLE PAYER FEE SCHEDULES



Thirty-nine percent of Oncologists and 61% of PA/EDs reported their practice/the practice they work for routinely conducts Explanation of Benefit (EOB) audits. However, approximately one-third of Oncologists (30%) and PA/EDs (32%) report that their practice/the practice they work for *does not* conduct routine audits. Audits are most likely to be conducted quarterly (51% Oncologists and 44% PA/EDs), but nearly one-third also conduct audits monthly (30% and 31%).

Few Oncologists (4%) and PA/EDs (11%) reported they are 'very' or 'extremely' familiar with renegotiation of terms for managed care plans. A greater proportion of Oncologists (67%) compared to PA/EDs (45%) indicated they are 'not at all' or 'not very' familiar with renegotiation terms.

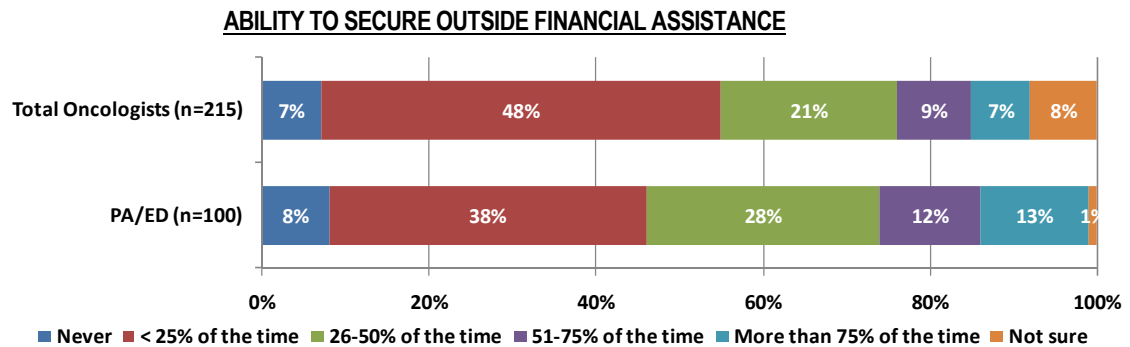
FAMILIARITY WITH RENEGOTIATION TERMS FOR MANAGED CARE PLANS



PATIENT ASSISTANCE

Most Oncologists (63%) and PA/EDs (71%) reported their practice/the practice they work for has an employee dedicated to financial counseling for patients. Patient financial hardships are most often managed with payment plans (34% Oncologists vs. 41% PA/EDs). Other methods used by Oncologists and PA/EDs include: referring patient to the hospital for treatment (24% and 19%, respectively), free care based on hardship policies (21% and 14%), and discounts (15% and 16%).

Patients are most often informed of their financial responsibility for care by face-to-face meeting, followed by written documentation. Only 9% of Oncologists and 15% of PA/EDs report that their practice communicates co-pay responsibilities *after* the start of treatment. Three-quarters of Oncologists and PA/EDs report that they are able to secure outside financial assistance for their patients *less than* 50% of the time.



The vast majority of Oncologists and PA/EDs reported their practice/the practice they work for currently gives patient assistance via claims scrubber (84% and 90%, respectively) and electronic remittance (58% and 70%) methods.

Oncologists and PA/EDs were asked to rate their agreement on a series of attitudinal statements. The majority of Oncologists (64%) and PA/EDs (71%) agreed (top-2 box) that declining reimbursement is the most significant challenge that their practice will face over the next two years. Inadequate payer reimbursement and high drug costs are also perceived to be significant challenges. There is a perceived need in the oncology market for administrative tools and support, as only 9% of Oncologists and 18% of PA/EDs agree that there are adequate resources available. They also believe that patient assistance in the oncology field is inadequate.

Agreement: Top-2 Box	Specialty	
	Total Oncologists	PA/ED
n=	215	100
Declining reimbursement is the most significant challenge my practice faces in the next two years.	64%	71%
Inadequate payer reimbursement is the primary driver of decreasing practice reimbursement.	58%	64%
High drug costs are a significant challenge to increasing practice reimbursement.	48%	65%
Regulatory requirements that impact billing for oncology services are the most significant challenge my practice faces in the next two years.	41%	53%
Recruiting and retaining employees with the skills required for efficient oncology reimbursement is extremely difficult.	29%	25%
Our practice does not have sufficient processes in place for denial tracking and trending.	20%	15%
There are adequate administrative tools and support services in the oncology market.	9%	18%
Patient assistance in the oncology field is adequate.	8%	10%