

# ICLIO National Conference

## Alternative Payment Models and Methods Potential Impact of I-O Therapies

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# Alternative Payment for Medicare Part B / Medical Benefit Drugs



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# Landscape of Alternative Payment

MACRA implementation vs. delays

Ability of CMS to define MIPS & APMs

Uptake of and lessons from OCM

Commercial payer pilot programs

Ability of delivery system to manage change

Intersection of APMs, Value Frameworks,  
and Quality Measures



# Part B Payment: Where have we come from?

## Medicare Policy Environment

Medicare Modernization Act

Budget Control Act of 2011 introduces concept of “sequestration”

Sequestration order signed March 1, 2013

OCM and proposal for Part B reform

*ongoing private payer pilots / demos*

2003

2011

2012

2013

2015 - 2016

95% of AWP or Actual Charge (*whichever is lower*)

Institution of ASP methodology and reimbursement for Part B set at ASP + 6%

Automatic cut of 2% changes Part B reimbursement rate to approx. ASP + 4.3%

Move to “Pay for Value” and removal of the “6%” (which is now 4%) add-on

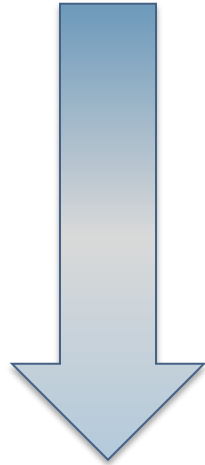
## Reimbursement Context

# Key Payer Reforms Driving APMs: MACRA

MACRA	Medicare Access & CHIP Reauthorization Act of 2015	Legislation that creates a framework for participation in Alternative Payment Models (APMs) and MIPS, planned January 2017 implementation
MIPS	Merit Based Incentive Payment System	Combines aspects of VBM, Electronic Health Record incentives, and Physician Quality Reporting System (PQRS) into a single incentive program

- **MACRA was signed into law in April of 2015**
- **Signing of this law repealed the 1997 Sustainable Growth Rate Physician Fee Schedule (PFS) Update**
- **July 13, 2016: CMS Acting Administrator Andy Slavitt indicates delays**
- **More recently: Option for partial reporting and participation for 2017**

**Similar  
to  
Current  
Model**



**Most  
Change**

Model Descriptions	Examples in the real world?
Buy and Bill with incentives for products "on pathway"	Anthem pathway bonus model?
Buy and Bill "Plus" Shared Savings and Value-based Elements	CMS OCM Value Based Modifier (will soon be rolled into MIPS)
"Flat Rate" B&B Minimal or no add-on to Buy & Bill	March 2016 Part B reform proposal?
Third-party (Distributor or SP) Buy & Bill with Administration Fee	CMS's Competitive Acquisition Program (CAP)
Episodic/Bundled Payment: Drugs Only	United HealthCare's bundled drug model?
Episodic/Bundled Payment: Total Cost of Care or Capitated Payment / Global Budget	Outside of US: UK NHS In USA: <i>Is Kaiser an example?</i>

## Providers' Concerns

- Sustainability of practice
- Data collection and management
- Science vs cost as driver
- Paying for overhead

## Payers' Concerns

- Getting value for money
- Operational bandwidth
- Will one model win?

## Patients' Concerns

- Unintended consequences
- Patient centricity
- Equity, access, out of patient cost, safety, quality

## Manufacturer Concerns

- "Site of care shift"
- Quality of care
- Evidence needed to succeed
- Operational hurdles

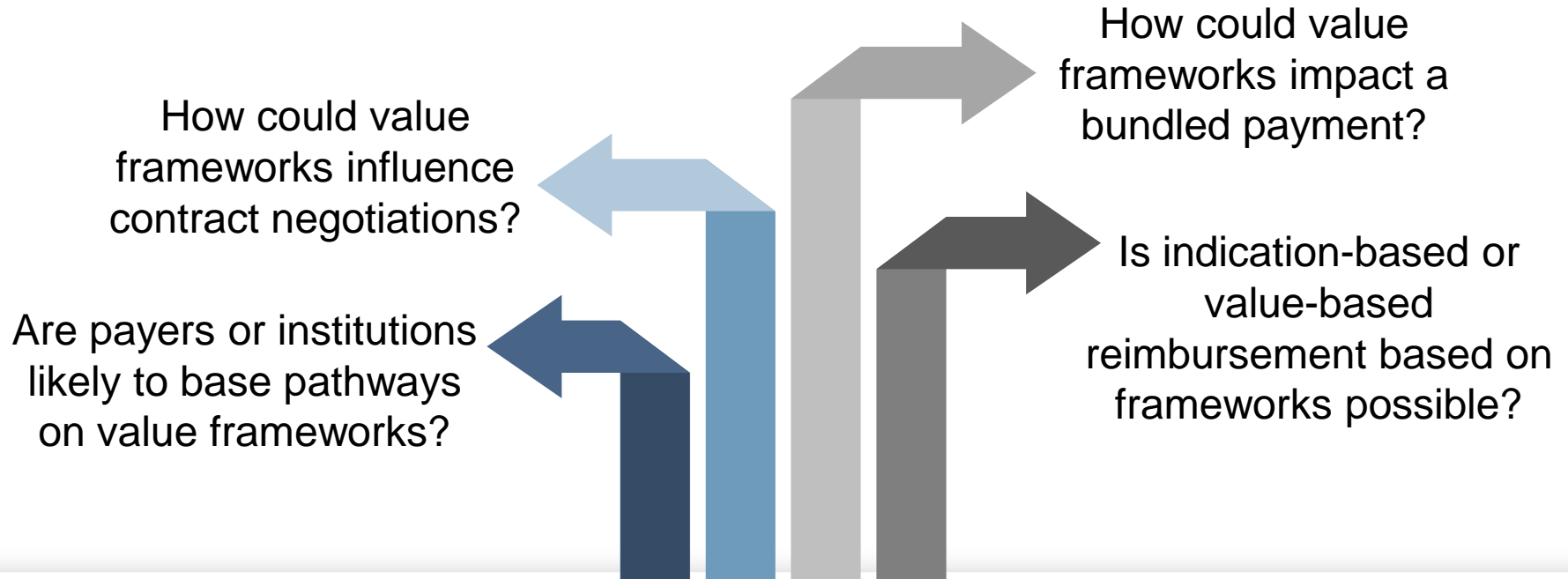
# The Intersection of “Value” and Reimbursement Changes



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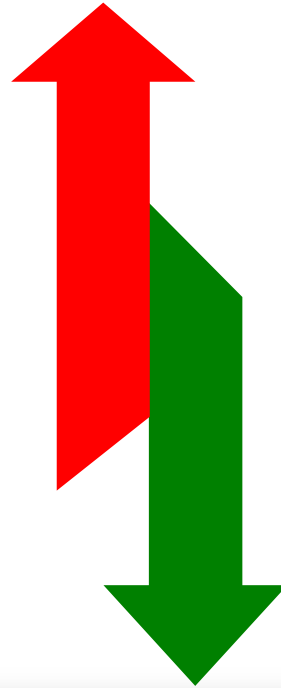
# Value Frameworks and Alternative Payment Models will **Intersect**



# Drivers of change: What are the risks?

## ***Drivers of Accelerated System Change***

- 2016 Part B reform proposal could gain significant traction, 2016 implementation, and a Phase 2 based specifically on ICER
- Potential for specific presidential candidate policy proposals targeting pricing or reimbursement model



## ***Drivers of Decelerated System Change***

- 2016 Part B reform proposal could be overhauled/delayed
- ICER could lose credibility and traction
- Additional legal challenges could be brought to decisions based on value frameworks (e.g. Washington State)

# Community Oncology: How will you respond?

- Participating (or not) in Oncology Care Model
- Preparing for MACRA
- Data collection, measurement, understanding, and clinical relevance
- Practice financial sustainability
- Meeting changing practice needs in the midst of many changes
  - Policy/reimbursement changes from Medicare
  - Commercial payers want pilot program participation
  - All of this happening in midst of rapid clinical advancements, new products, new educational needs, etc.