ICLIO National Conference

Academic Perspective of Financials Associated With Pathways

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Objectives/Overview

- Describe the Financial Outlook for Cancer Treatment
- Describe the Reimbursement Changes/Challenges for Cancer Treatment
- Describe various patient assistance programs available
- Describe how the EHR/EMR impacts the use of these medications

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Changes In Cancer Care

Trends

Knowledge Doubling (Peter Densen, 2011)

- 1950 – 50 yrs
- 1980 – 7 yrs
- 2010 – 3.5 yrs
- 2020 – 73 days
- Bio-markers/Genomics/Technology/RX

Societal Changes

- Survival rising, mortality decreasing, aging population (ASCO – "Progress Against Cancer")
- Expectations of healthcare stakeholders
- Lifestyle and Work force issues

Business

- Consolidations (Hospital, Pharma, Insurers)
- Transition from Acute Care to Integreted Care
- Market Share -> Leverage -> Rate
- FFS/Buy-Bill/Volume ->Value

	2004	2010	2020
Cancer Care Costs	$72 billion	$125 billion	$173 billion
Survivors	10 million	14 million	18 million
New Diagnosis	1.3 million	1.6 million	2.1 million

Cancer Treatment Outlook

- 511 companies with a late phase pipeline

- 586 Molecules in the late phase pipeline

- Patent to approval
  - 10.25yrs (2013) – 9.5yrs (2015)

- FDA Cancer Drug Approvals
  - $100,000 (2012) to $150,000 (2014)

Cancer Treatment Finances
(According to IMS)

- US Spend
  - $15.9B (2010) to $37.8B (2015) for cancer drugs (137% increase)
  - $34B (2010) to $48.5B (2015) for all cancer and supportive drugs (43% increase)
  - Estimated to be $79.1B by 2020 for all cancer and supportive drugs (63% increase)
- Global Spend
  - $84B (2010) to $107B (2015) for all cancer and supportive drugs (27% increase)
  - Estimated to be $148-178B by 2020 for all cancer and supportive drugs (38-66% increase)
- Primary Cause of the Increase is due to new molecules with new MOAs.
  - Immunotherapies
  - Targeted agents

Inpatient Revenue Streams

- Inpatient **_Prospective_** Payment System (DRG)
- Per Diem, Per Stay, Case Rate
- Percent of Billed Charges
- Inpatient Revenue
  - Limited by bed number
  - Certificate of Need (CoN) utilized to restrain facility costs

Outpatient Revenue Streams

- FFS - Fee for Service
- Capitation
- Mixture of IP payment services
- Revenue on Margin
- Retail Pharmacy Services/Specialty Pharmacy Services
- Patient Visits
- Infusion Chairs

Cancer Treatment Reimbursement

- FFS – Fee For Service
- PPO – Preferred Provider Organization
- Concierge – Boutique – Cash Only
- MCO – Manage Care Organization
- HMO – Health Maintenance Organization
- CMS – Medicare
    - Medicare Part A – hospital related expenditures
    - Medicare Part B – outpatient related expenditures
    - Medicare Part D – Medicare Modernization Act created prescription drug coverage (Bush 2)
- PPACA – Patient Protection and Affordable Health Care Act (Obama): expanded Medicaid and Medicare through taxation
- CMMI – Centers for Medicare and Medicaid Innovation
- ACO – Accountability Care Organizations
- IDN – Integrated Delivery Networks
- OCM – Oncology Care Model

Payment Control Methodologies

- DRG

- APC

- SSP – Shared Savings Plans

- Capitation

- PA/Predetermination

- BV

- BPCI – Bundled Payment for Care Improvement (cardiac and orthopedic procedures with a hospital component)

Prior Authorization

- Method of aligning indication with patient use
- Ensure the formulary preferred medication is the first choice
- Guides information collection
- Inpatient –vs- outpatient
- Facility administered –vs- self administered

Academic –vs– Community

- Off label use
  - Approval
  - Coverage
- Challenges to coverage
  - Within indication
  - Within guidelines/pathway
  - Outside indication/pathway (Off label)
- Inventory management
  - Cost
  - Monitoring
  - Insurance
  - Computer Systems
- Patient access
  - Community
  - Academic

Types of Funding/PAP available

- Foundations
- Copay Assistance
- Coupons
- Enrollment
  - Community
  - Academic

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EHR/EMR

- Meaningful Use
- Compatibilities
- Interfaces
- Integration with pathways
- Updated with all current/relevant information
- Multiple providers/sites of care

Questions?