Rising Costs of Cancer Care – Financial issues from a Provider & Managed Care perspective
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What are our principles related to financial matters in cancer care delivery?

- Delivery of appropriate, excellent clinical services and care to patients on a timely basis
- Sound financial practices impacting providers, payers and patients
- Financial policies & procedures that reflect current realities and challenges
Challenges impacting Providers & Payers

- Wide range of cost of pharmaceuticals related to all cancers & all stages of care.
- Changes in patient care regimens in response to changes in patient status.
- Innovation leading to new technologies - including targeted therapies available & ordered based on molecular diagnostic testing results.
Implications related to these challenges

- **Methodologies for reimbursement:**
  - Increasingly varied & complex for Pharmacy
  - Differ by payer & sometimes by line of business – Commercial, Medicare, Medicaid
  - Differ by site of service – inpatient, hospital outpatient, community practice
  - “Bundled pricing”, Case rates, Value-Based Reimbursement for select services – each of these has its’ own administrative requirements
Where we were & where we are....

- In previous years providers were able to negotiate reimbursement for outpatient chemotherapy as a percent of Average Wholesale Price (AWP) or as a percent of Average Sales Price (ASP), by drug defined with a “J code” plus a Chemo administration fee ... or as a percent (%) of billed charges.
- In some instances, providers were “green carded” which meant they weren’t subject to pre-authorization.
- There weren’t as many indications for costly therapies nor were there high cost molecular diagnostic (MDx) tests.
Where we were & where we are....

In recent times, payers want much more information in the prior authorization process...

- What do NCCN guidelines state?
- Is patient on a clinical research study (CRS)?
- Is patient on a clinical pathway?
- What is expected time to disease progression vs. improved overall survival?

“Green carding” has ended & negotiations for reimbursement include discussions of:

- “Bundled pricing” for an episode of care
- Risk sharing
Implications related to these challenges

Ability of provider organizations:

- To establish policies & procedures, as well as implement Information Technology (IT), that reflect & support the evolving changes in payer reimbursement methodologies.

Ability of entire “business support” team—including those who schedule, authorize & bill services to multiple payers:

- To ensure systems supporting these functions can lead to accurate billing, & estimate expected reimbursement whenever possible.

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Implications related to these challenges

In this complex environment we must

- Work as a team & communicate effectively
  - With colleagues from within our organization
  - With those with whom we share caregiving responsibilities for our patients
  - With payers who pay for clinical services

Why?

- To serve our patients & ensure reimbursement for appropriate care
Patient Care Plans involving pharmaceuticals now typically require pre- or prior authorization by a payer before there is assurance of reimbursement for molecular diagnostic testing, chemotherapy, other costly related services.

- Often providers have a sense of urgency to start treatment before authorization is received…
- The risk is payer denial for the care rendered!

If & when a Patient Care Plan changes, prior authorization for the new order is needed to ensure payment. If there is no updated authorization, payment is denied!
Examples of challenges we face

With the increasing number of payment denials providers are experiencing due to lack of prior authorization—which payers require when they want to ensure their member/patient is to receive care that meets the payer’s coverage policies

Increasing numbers of providers will not start treatment without prior authorization, unless the situation warrants special consideration, in which case an exception is made...
Examples of challenges we face

Without prior authorization, reimbursement from many payers is at risk.

Adopting the policy requiring prior authorization before treatment starts ensures reimbursement...

But this requires effective communication & commitment to teamwork!
Examples of challenges we face

And what about implications to our patients?
For the care plans we are developing as providers:

- What are the patient’s out-of-pocket costs?
- What type of insurance coverage does s/he have?
- What providers are in-network? Out-of-network?
- Are financial assistance programs from the pharmaceutical company or from the provider available?
In conclusion...

There are many factors impacting

- the rising costs of cancer care, especially related to treatments involving chemotherapy and molecular diagnostic testing.

- the complexity of reimbursement that typically includes prior authorization, as well as challenges when care plans change.

We must work as a team in facing these challenges if we are to sustain an acceptable financial result.

Thank you!