

A photograph of the Roswell Park Cancer Institute building, a large multi-story structure with a prominent curved section on the left. The building is illuminated by the warm, golden light of a sunset or sunrise, with the sun visible in the sky behind the building. The sky is a mix of orange, yellow, and blue. The building's facade is a mix of brick and lighter-colored panels. The name "ROSWELL PARK" is visible on the upper part of the building.

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.

# 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**

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# Examples of challenges we face

**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!**

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# 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?

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# 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!

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