HEALTHCARE POLICY FOR TODAY'S ONCOLOGIST

Stephen Schleicher, MD, MBA

Tennessee Oncology

April 19, 2024

Endorsed by

IASLC International Association for the Study of Lung Cancer
Conquering Thoracic Cancers Worldwide

Accredited by

PIM Postgraduate Institute for Medicine
Professional Excellence in Medical Education

Presented by

IDEOlogy Health
Creating Aha! Moments In Healthcare

Disclaimer: I am not a thoracic oncology expert and most of you are probably thinking, “who is this guy”?

Since finishing fellowship and joining practice, I have become very passionate about policy issues that directly impact our patients and/or our ability to care for them.

Testimony in 2022 before TN House Insurance Committee about PBM steerage legislation

Testimony in 2024 before US House Committee on Ways and Means about chemotherapy drug shortages

Endorsed by

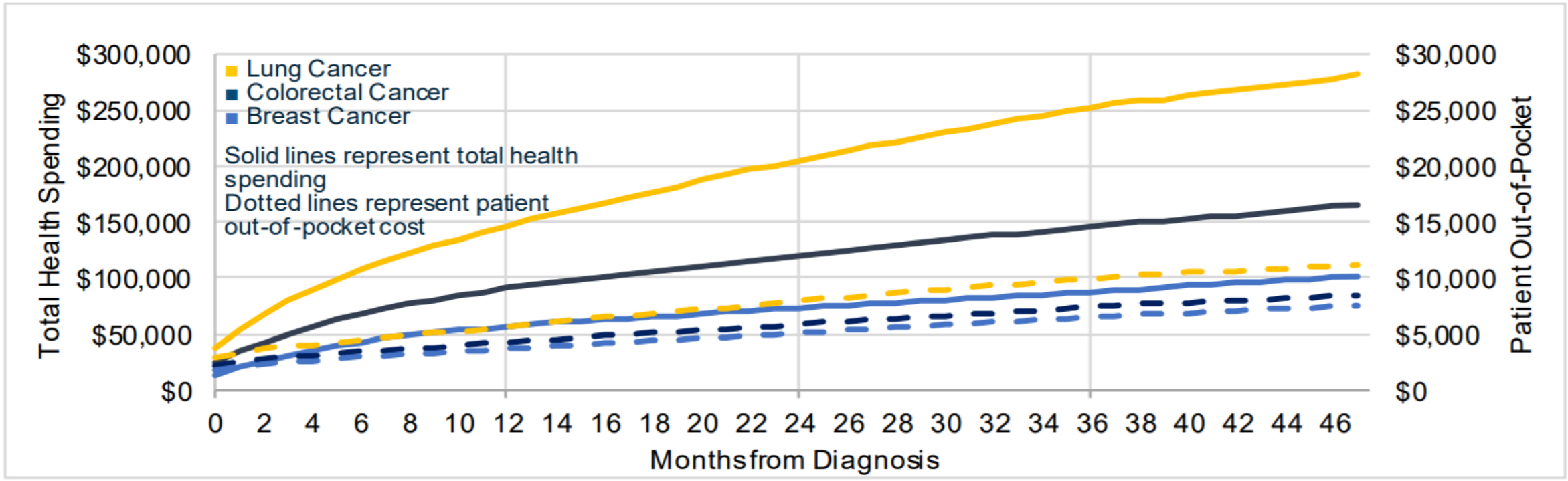
IASLC INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
Conquering Thoracic Cancers Worldwide

Key healthcare trends and consequences

Endorsed by

IASLC INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
Conquering Thoracic Cancers Worldwide

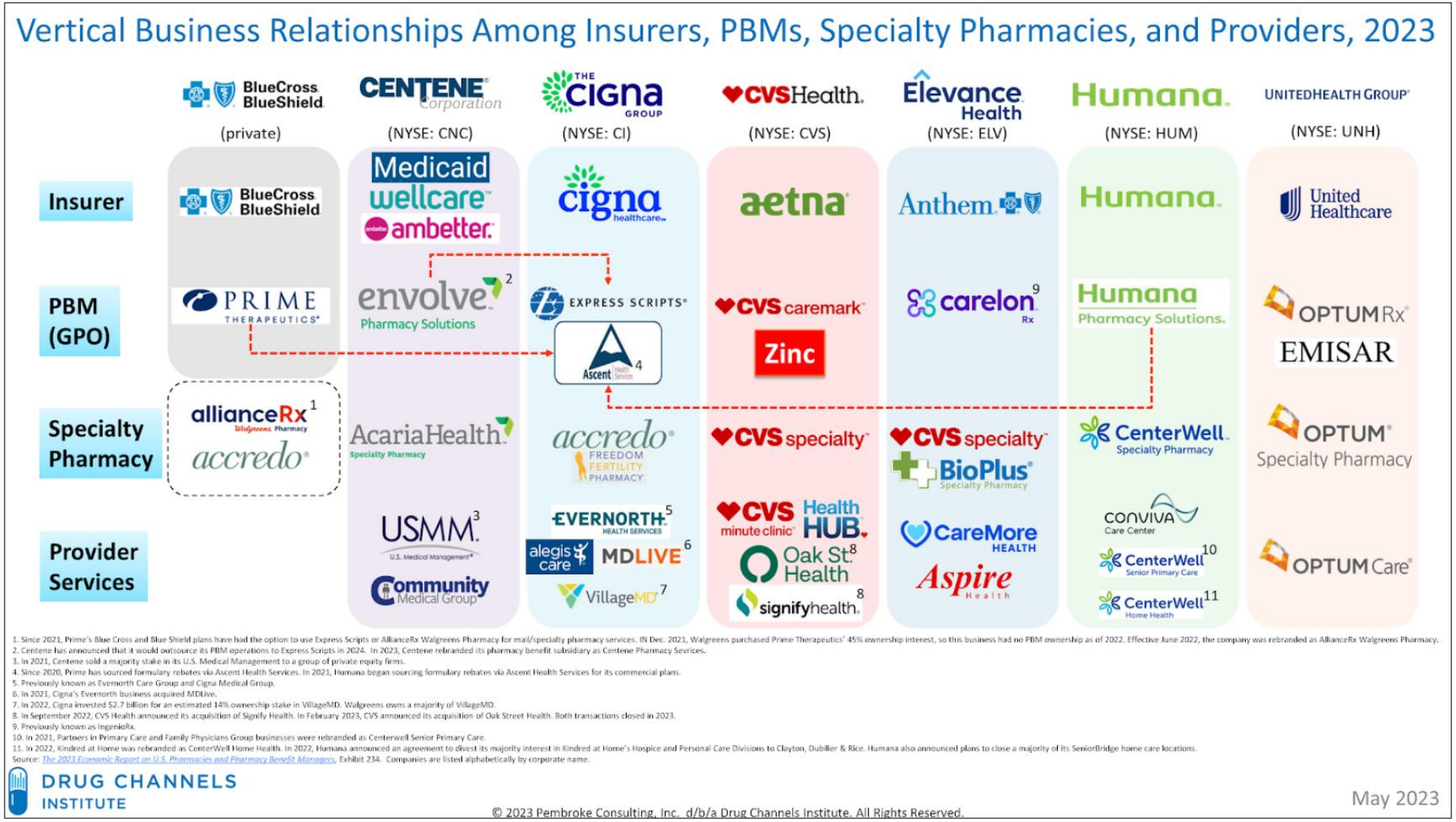
1. Annual cost of cancer care is particularly high and expected to approach $246B by 2030



Consequences:

1. Emphasis on drug pricing → hence the Inflation Reduction Act.
2. Emphasis on utilization management and prior authorizations
3. Emphasis on site of care since price transparency data has revealed that it costs way more expensive to receive chemo at a hospital owned clinic than independent clinic.
4. Shift (albeit slow) towards value-based care.

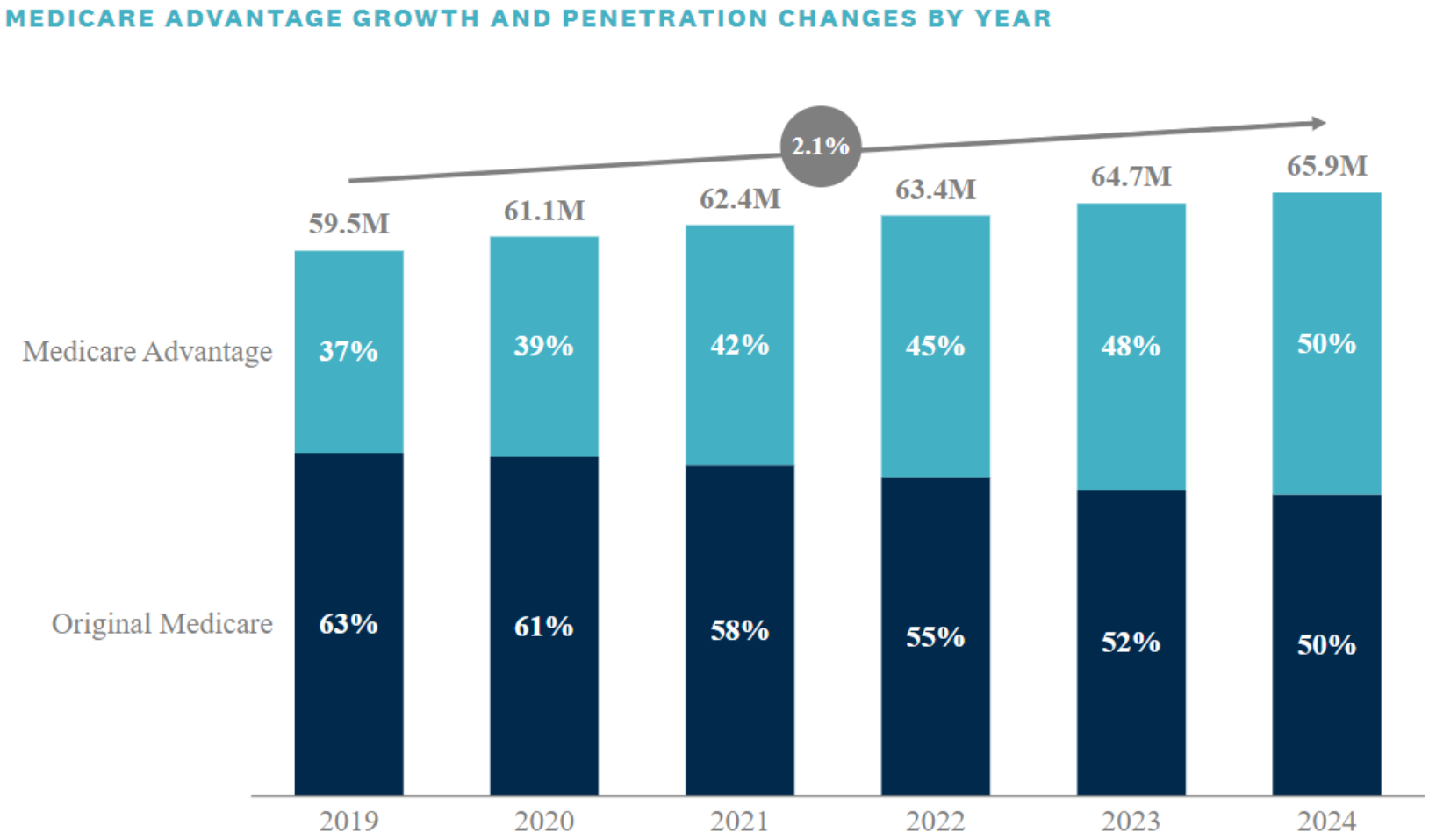
2. Vertical integration across payer → PBM → pharmacy (→ and even provider) is adding many behind the scenes incentives outside of the patient-doctor relationship



Consequences:

1. PBMs have more control than ever.
2. "Rebates" between PBMs, payers, and manufacturers often drive-up costs for patients and the system.
3. PBMs incentivized to force patients to use their own specialty pharmacy for oral oncolytics, causing delays and dis-integration of care.
4. DIR fees cut margins by up 50%.

3. Growth in Medicare Advantage > Original Medicare



Consequences:

1. Increased focus on total cost of care.
2. Increased utilization management, prior authorizations, and step edits!

Cartis, May 2024

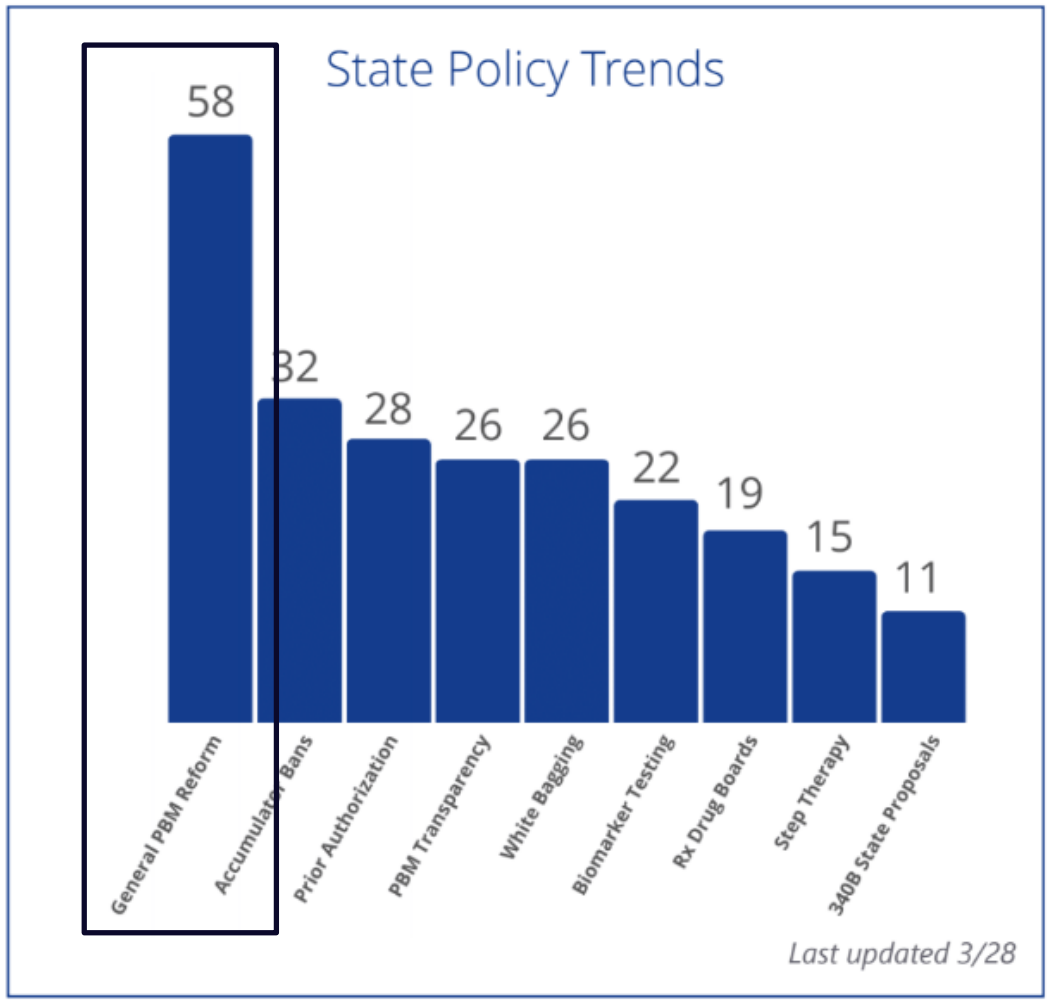
Current healthcare policy trends

Endorsed by

IASLC INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
Conquering Thoracic Cancers Worldwide

1. Increasing policy emphasis on role of PBMs at both state (L) and federal (R) level

2024 **state** legislation attempts



Taken from Community Oncology Alliance, 2024

PBM Reforms in Congress - Background

- After IRA passage, Congress shifted its focus to PBMs as a way to lower drug costs
- Over 30 distinct bills aimed at PBMs introduced in the 118th Congress thus far
- Six congressional committees in both the House and the Senate have passed PBM packages, with more expected this fall

Congressional Activity

PBMs have been a key element in Congressional hearings on how consolidation and anti-competitive practices drive high healthcare costs

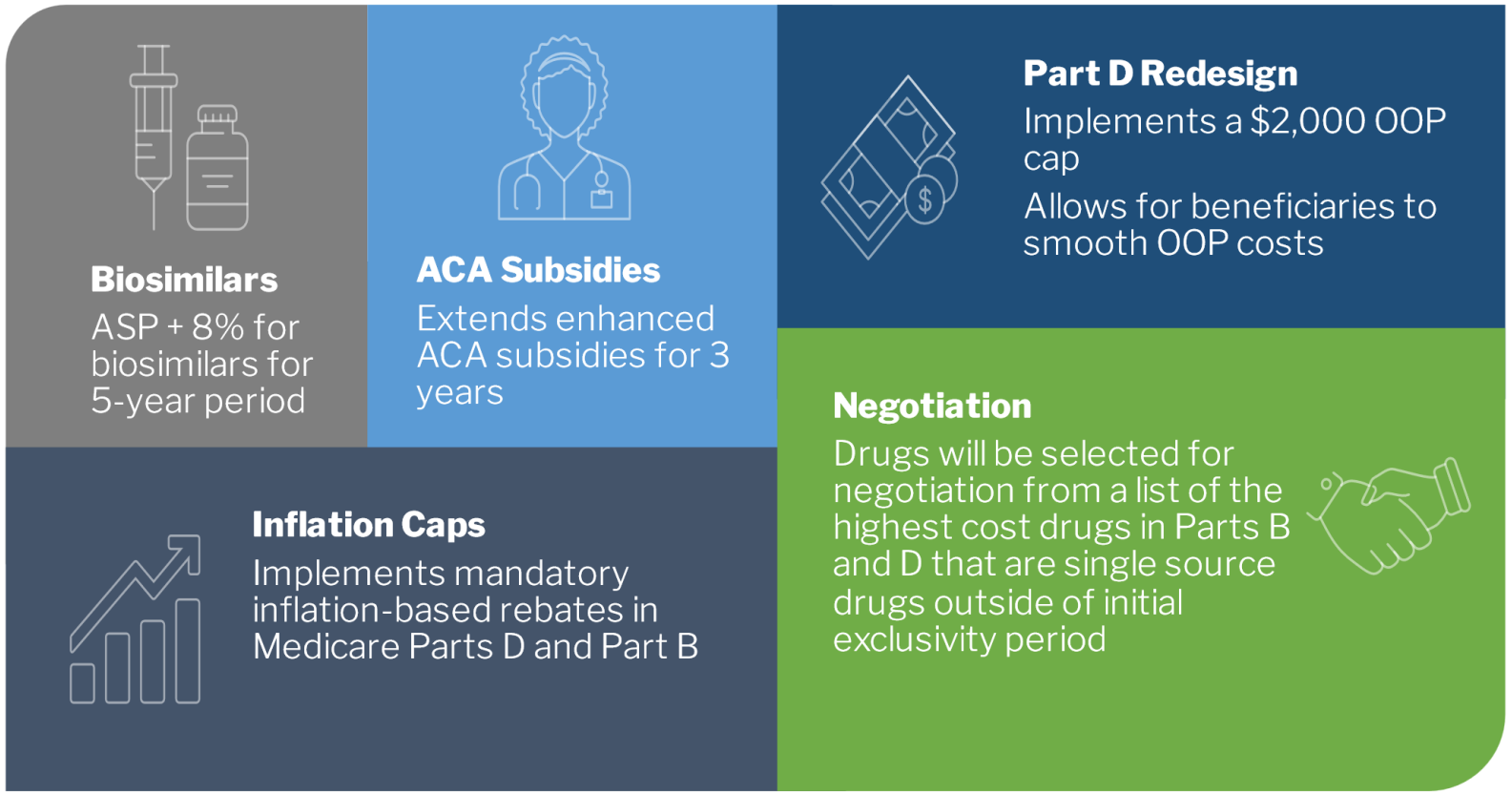
House Oversight Investigation

"PBMs are acting without consequence…it's time to bring them into the light," – Rep. James Comer, Oversight Chair

"For too long, pharmacy benefit managers have operated without accountability or scrutiny, and the results have be higher drug prices for taxpayers and Americans picking up prescriptions at the pharmacy counter." –Senator Ron Wyden, SFC Chair

Summary from Ben Jones, VP Govt Relations, USON

Inflation Reduction Act (IRA)



Negotiations began end of 2023, negotiated prices will go into effect 2026.

Summary from Ben Jones, VP Govt Relations, USON

First 10 drugs selected for price negotiation in IRA

Drug Name	Commonly Treated Conditions	Total Part D Gross Covered Prescription Drug Costs from June 2022-May 2023	Number of Medicare Part D Enrollees Who Used the Drug from June 2022-May 2023	Average Part D Covered Prescription Drug Costs Per Enrollee
Eliquis	Prevention and treatment of blood clots	$16,482,621,000	3,706,000	$4,448
Jardiance	Diabetes; Heart failure	$7,057,707,000	1,573,000	$4,487
Xarelto	Prevention and treatment of blood clots; Reduction of risk for patients with coronary or peripheral artery disease	$6,031,393,000	1,337,000	$4,511
Januvia	Diabetes	$4,087,081,000	869,000	$4,703
Farxiga	Diabetes; Heart failure; Chronic kidney disease	$3,268,329,000	799,000	$4,091
Entresto	Heart failure	$2,884,877,000	587,000	$4,915
Enbrel	Rheumatoid arthritis; Psoriasis; Psoriatic arthritis	$2,791,105,000	48,000	$58,148
Imbruvica	Blood cancers	$2,663,560,000	20,000	$133,178
Stelara	Psoriasis; Psoriatic arthritis; Crohn's disease; Ulcerative colitis	$2,638,929,000	22,000	$119,951
Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill	Diabetes	$2,576,586,000	777,000	$3,316

References: https://www.cms.gov/files/document/fact-sheet-medicare-selected-drug-negotiation-list-ipay-2026.pdf

3. Additional attempts to reduce spend - or capture revenue by vertically integrated systems (PBMs) - keep coming, and policies are needed to prevent negative impact on our patients and our ability to care for them

Specific issues that are now more prominent:

1. Growing utilization management and prior authorization burdens

   - Growth in step edits, formulary management, and prior auths that often lead to treatment delays for patients

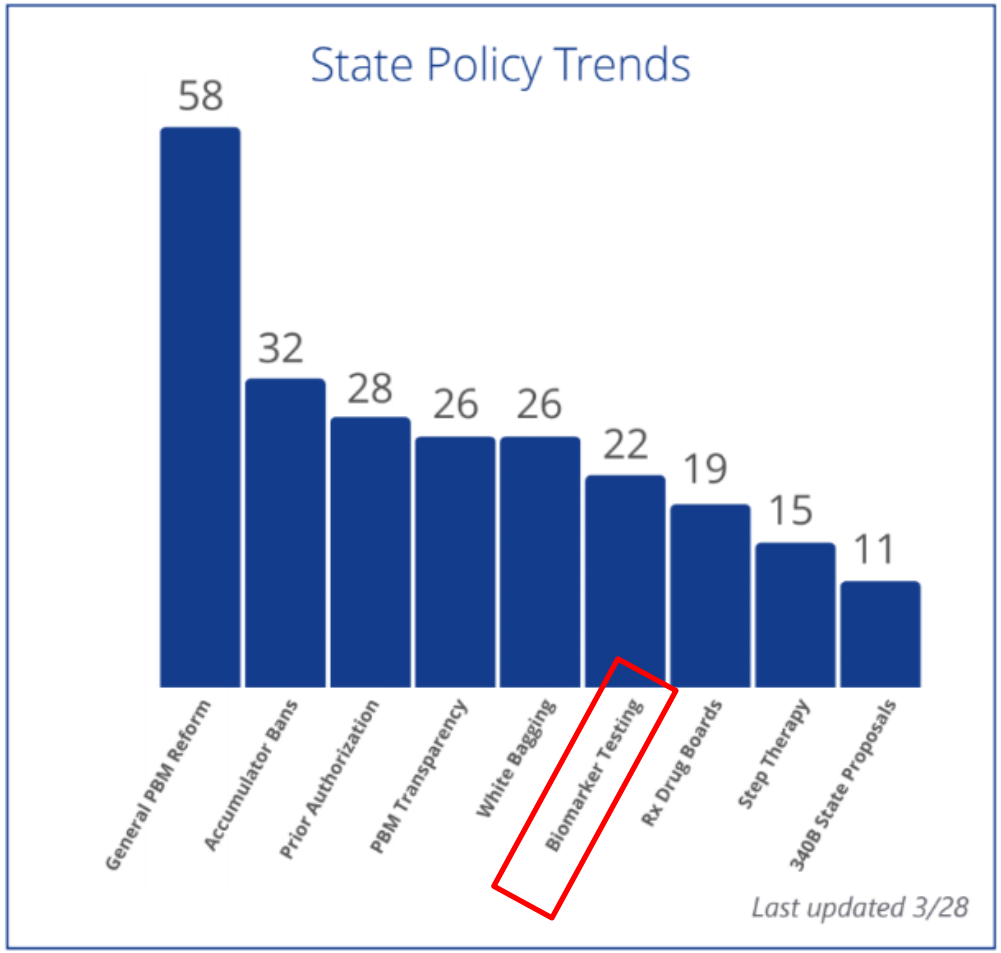
2. White and brown bagging which disintegrate patient care
   - White bagging: drug → pharmacy → provider
   - Brown bagging: drug → pharmacy → patient

3. *Site of care steerage (require care outside hospital-owned facility due to large cost differential)

   - Not necessarily bad, but needs to be thoughtful as to not disrupt patient care

Infused Cancer Drugs	Cost Increase for HOPD vs. Physician Office (%)
All infused drugs	100.2
Biologics	99.6
Chemotherapies	103.6
Hormonal therapies	68.2
Other drugs	98.6

Institute of Clinical and Economic Review, 2023



Taken from Community Oncology Alliance, 2024

4. Despite disappointing OCM results and lack of engagement in Medicare's Enhancing Oncology Model (EOM), I don't think value-based care is leaving

Association of Participation in the Oncology Care Model With Medicare Payments, Utilization, Care Delivery, and Quality Outcomes

Nancy L. Keating, MD, MPH[1,2]; Shalini Jhatakia, MA[3]; Gabriel A. Brooks, MD, MPH[4]; et al

Key Points

Question Was the Centers for Medicare & Medicaid Services Oncology Care Model (OCM), an alternative payment model for cancer patients undergoing chemotherapy, associated with differences in Medicare spending, utilization, quality, and patient experience over the model's first 3 years?

Findings In this exploratory difference-in-differences study of Medicare fee-for-service beneficiaries with cancer undergoing chemotherapy (483 310 beneficiaries with 987 332 episodes treated at 201 OCM participating practices and 557 354 beneficiaries with 1 122 597 episodes treated at 534 comparison practices), OCM was associated with a statistically significant relative decrease in total episode payments of $297 that was not sufficient to cover the costs of care coordination or performance-based payments. There were no statistically significant differences in most measures of utilization, quality, or patient experiences.

Meaning In its first 3 years, the OCM was significantly associated with modestly lower Medicare episode payments that did not offset model payments to participating practices, and there were no significant differences in most utilization, quality, or patient experience outcomes.

Tennessee Oncology Achieves High Quality Score and Save Millions During the Final Year of Medicare's OCM

November 25, 2021
Nichole Tucker

US Oncology Network, Tennessee Oncology Tout Medicare OCM Savings

November 20, 2021
Skylar Jeremias

The US Oncology Network

According to the report, all 14 of the participating practices within the Oncology Network improved patient care by achieving high quality measurement scores, resulting in a 100% Performance Multiplier for them. Combined, the practices saved Medicare about $54 million over the 6-month performance period to produce $197 million total savings since the OCM began in 2016, according to the organization.[1] These 14 practices represent approximately 1 fourth of all providers participating in the program.

Case Study: Florida Cancer Specialists and Research Institute Delivers High-Quality, Cost-Effective Care Through the Oncology Care Model

RESULTS

The OCM program has completed reporting for nine of its initial payment periods. Over these designated episodes, FCS has successfully improved care overall and reduced cost in all but the first payment period, resulting in a reduction of expenditures amounting to $168 million, more than $120 million in net CMS savings[2].

Thank you!!

Endorsed by

IASLC INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
Conquering Thoracic Cancers Worldwide