

# ASCO Proposes Payment Reforms to Support Higher Quality, More Affordable Cancer Care

Designed to Meet Federal Standards for Alternative Payment Models

For immediate release

May 21, 2015

## Contact

Mary Rappaport

(571)-483-1374

[mary.rappaport@asco.org](mailto:mary.rappaport@asco.org)

*Alexandria, VA* – The American Society of Clinical Oncology (ASCO) today released a proposal to significantly improve the quality and affordability of care for cancer patients. Expanding on a payment model circulated last year, the ASCO proposal would fundamentally restructure the way oncologists are paid for cancer care in the United States by providing sufficient payment to support the full range of services that cancer patients need and removing the barriers created by the current payment system to delivering high-quality, affordable care.

ASCO's ***Patient-Centered Oncology Payment: Payment Reform to Support Higher Quality, More Affordable Cancer Care (PCOP)*** proposal is designed to simultaneously improve services to patients and reduce spending for Medicare and other payers.

"ASCO has developed a payment reform proposal that addresses the serious financial challenges facing today's oncology practices, addresses the problems of affordability facing both payers and patients, and ensures that patients with cancer will be able to receive the full range of services that are critical to high-quality, evidence-based care," said ASCO President Peter Paul Yu, MD, FACP, FASCO. "Furthermore, we believe that PCOP would qualify as an alternative payment model, thereby helping to advance federal goals for improving the quality and affordability of health care.

According to ASCO, PCOP would meet the definition of an Alternative Payment Model as set out in legislation Congress enacted last month to repeal Medicare's Sustainable Growth Rate formula. The *Medicare Access and CHIP Reauthorization Act of 2015* encourages development of alternatives to the current Medicare fee-for-service payment system as a strategy to achieve higher quality, more affordable care. ASCO's PCOP proposal would enable oncology practices to take greater accountability for key aspects of cancer care spending without harming patients and without putting practices at risk for costs they cannot control.

ASCO's proposal addresses one of the major problems in today's fee-for-service system: inadequate payment for the wide range of services critical to supporting patients with cancer and managing a complex illness that often changes from day to day, including:

- Education and support to help patients make the best choices about their cancer treatment,
- Rapid response for patients experiencing problems during treatment to help avoid emergency department visits or hospitalizations,
- Care coordination with other healthcare providers, and
- Continued support to patients after active treatment ends.

Under PCOP, oncology practices would commit to delivering evidence-based care ensuring patients receive the most appropriate tests and treatments while avoiding unnecessary expenses.

### **PCOP Offers Three Payment Approaches: Basic, Consolidated, Bundled**

#### ***Basic PCOP System: Four New Flexible Payments***

Under the basic PCOP system, oncology practices would receive four supplemental, non-visit-based payments to support diagnosis, treatment planning, and care management. Oncology practices would bill payers for four new service codes:

- New Patient Treatment Planning: \$750 payment for each new patient
- Care Management during Treatment: \$200 payment each month for each patient
- Care Management during Active Monitoring: \$50 payment each month for each patient during treatment holidays and for up to six months following the end of treatment
- Participation in Clinical Trials: \$100 per month payment for each patient while treatment is underway and for six months afterward

Practices would continue to be paid as they are today for services currently billable under the Medicare Physician Fee Schedule, including Evaluation & Management services, infusions of chemotherapy, and drugs administered or provided to patients in the practice setting.

In return for receiving these payments, an oncology practice would take accountability for providing high-quality, evidence-based care in four ways:

1. Avoidance of emergency department visits and hospital admissions for complications of cancer treatment;
2. Appropriate use of drugs, laboratory testing, and imaging studies, and use of lower-cost drugs, tests, and imaging where evidence shows they are equivalent to higher-cost treatments and tests;
3. Delivery of high-quality care near the end of a patient's life; and
4. Commitment to care consistent with standards of quality defined by ASCO.

## **Additional Payment Options**

In developing its payment proposal, ASCO recognized that oncology practices across the U.S. have different capabilities and face different challenges depending on their individual marketplace and practice environment. The rapidly shifting healthcare landscape has caused practices to respond in multiple ways, with some taking a more aggressive approach to making financial, administrative, and care-delivery changes than others. The PCOP model, therefore, addresses this practice diversity by including two additional approaches that oncology practices and payers could choose to adopt:

1. ***Consolidated Payments for Oncology Practice Services***. This system would replace existing Evaluation & Management and infusion payments with three new consolidated sets of billing codes that provide oncology practices with even more flexibility to determine exactly how to deliver effective services to patients. This option provides monthly payments matched to resources needed at various stages of the patient's treatment. It reduces the 58 CPT codes oncology practices currently use to bill for services and replaces them with fewer than a dozen new payment codes. These new payment codes fall into three major categories:

- New Patient Payment
- Treatment Month Payment
- Active Monitoring Month Payment

2. ***Bundled Payments for Oncology Care***. This payment approach would set a target spending level to cover not only the services delivered by the oncology practice but also one or more other categories of services, such as hospital admissions, laboratory tests, imaging studies, and/or drugs. Oncology practices would have greater flexibility to redesign the way they deliver care to patients without the restrictions imposed by the fee-for-service system.

“With today's healthcare system in profound transition, it is critically important that payment systems provide medical practices with the flexibility needed to be compensated fairly and adequately, preventing disruption to the care we provide patients and allowing physicians to tailor services to the unique needs of individual patients, without increasing financial burdens on patients,” said ASCO's Clinical Practice Committee Chair Robin Zon, MD, FACP, FASCO. “ASCO's Patient-Centered Oncology Payment proposal not only provides that flexibility, but it will introduce much-needed stability into cancer care to ensure that patients receive the full range of services they need to fight their disease.”

## **How ASCO Proposal Was Developed**

The PCOP proposal was developed by an ASCO volunteer work group of leading medical

oncologists from diverse practice settings, seasoned practice administrators, and experts in physician payment and business analysis. ASCO used data from the National Practice Benchmark for Oncology and interviews with a sample of oncology practices to estimate the amount of time and money oncology practices are currently spending to deliver services to oncology patients that are not adequately supported by existing fee-for-service payments for office visits and infusions.

In order to estimate the cost of improved services for patients that could avoid the need for expensive emergency room and hospital care, ASCO also interviewed oncology practices that have used special funding sources to implement approaches to patient care that have successfully reduced emergency department visits and hospital admissions. These estimates were then used to define payment amounts that would fill the gap between current fee-for-service payments and the revenues oncology practices need to deliver and sustain high-quality cancer care.

ASCO has estimated that, under PCOP, oncology practices would receive a significant increase in payments for patient services compared to what they receive today, yet overall spending on cancer care would decrease because patients would avoid expensive hospitalizations and unnecessary tests and treatments.

The *Patient-Centered Oncology Payment* (PCOP) proposal incorporates extensive input that the Society received on an earlier draft proposal, *Consolidated Payments for Oncology Care* (CPOC), which was released in May 2014. Over the past year, many ASCO members and other stakeholders have endorsed the need for payment reform in oncology and provided suggestions on ways to improve the CPOC model, and that input was used to develop the PCOP proposal.

### **ASCO Encourages Feedback on PCOP**

ASCO is soliciting comments on its payment reform model through July 20. For more information and the complete text version of the ASCO payment reform model, please visit [www.asco.org/paymentreform](http://www.asco.org/paymentreform).

###

## **About ASCO:**

Founded in 1964, the American Society of Clinical Oncology (ASCO) is the world's leading professional organization representing physicians who care for people with cancer. With more than 35,000 members, ASCO is committed to improving cancer care through scientific meetings, educational programs and peer-reviewed journals. ASCO is supported by its affiliate organization, the Conquer Cancer Foundation, which funds groundbreaking research and programs that make a tangible difference in the lives of people with cancer. For ASCO information and resources, visit

asco.org. Patient-oriented cancer information is available at Cancer.Net.

---