

Patient-Centered Oncology Payment: Payment Reform to Support Higher Quality, More Affordable Cancer Care (PCOP)

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Summary Overview**

The American Society of Clinical Oncology (ASCO) has devoted considerable time, energy and resources to developing a method of paying oncology practices that: (1) reflects the complexities of cancer care, (2) addresses the serious financial challenges facing oncology practices, (3) recognizes the problems of affordability facing both payers and patients, and (4) ensures patients with cancer are able to receive the full range of services that are critical to high-quality, evidence-based care.

In 2014, ASCO released and invited comment on a proposed model for payment reform, *Consolidated Payments for Oncology: Payment Reform to Support Patient-Centered Care for Cancer (CPOC)*. Since then, ASCO members have endorsed the need for payment reform in oncology and provided suggestions on ways to improve the CPOC proposal.

Based on extensive feedback from ASCO members, other stakeholders across the oncology community, and policy makers, ASCO has developed a significantly enhanced proposal called *Patient-Centered Oncology Payment: Payment Reform to Support Higher Quality, More Affordable Cancer Care (PCOP)*. PCOP was developed by an ASCO volunteer work group of leading medical oncologists, seasoned practice administrators, and experts in physician payment and business analysis.

PCOP goals include the following:

- **More Resources to Support Patient Care.** Oncology practices would be paid adequately to deliver high-quality services that patients with cancer need, and payments would be made in a way that give practices more flexibility than they have today to tailor services to the unique needs of individual patients, without increasing financial burdens on patients.
- **Accountability for Delivering High-Quality, Appropriate Care.** In return for adequate payments, oncology practices would be accountable for following evidence-based appropriate-use criteria for drugs, laboratory tests, and imaging; for helping patients avoid complications of treatment that are serious enough to require emergency department visits or hospitalizations; for providing appropriate end-of-life care; and for delivering high-quality patient care.

Basic PCOP System: Four New Flexible Payments for Oncology Practices

The basic PCOP system is designed to provide supplemental, non-visit-based payments to oncology practices to support diagnosis, treatment planning, and care management.¹ Oncology practices would be able to bill payers for four new service codes:

1. New Patient Treatment Planning: \$750 payment for each new patient
2. Care Management during Treatment: \$200 payment each month for each patient
3. 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
4. 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.²

Accountability for Delivering High-Quality, Evidence-Based Cancer Care

In return for receiving the new payments under PCOP, oncology practices would be accountable for providing high-quality, evidence-based care in four ways:

1. Helping patients avoid complications of cancer treatment that require emergency department visits and hospital admissions for complications of cancer treatment;
2. Following evidence-based guidelines for use of drugs, laboratory testing, and imaging studies—and using lower-cost drugs, tests, and imaging where evidence shows they are equivalent;
3. Following evidence-based guidelines for appropriate care near the end of a patient's life;
4. Providing care consistent with accepted measures of quality.

If the practice fails to achieve minimum adherence rates for appropriate use criteria, the New Patient Treatment Planning Payment and monthly Care Management Payments would be reduced.

¹ To determine payment levels, 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 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.

² ASCO recognizes the need to review and, possibly, reform Medicare's current system of reimbursing for oncology drugs—an extraordinarily complex issue that plays out in vastly different ways from practice to practice. The Society believes, however, that a more urgent need exists to address gaps in the underlying payment system for essential patient services and, therefore, has focused on this as a priority. ASCO will continue to explore alternative drug reimbursement models that could be pursued once a more predictable and rational overall payment system is accomplished.

Benefits of PCOP for Patients, Payers, and Oncology Practices

Patient Benefits:

- Oncology care teams would be able to spend adequate time with patients to identify and discuss treatment options appropriate for their unique circumstances.
- Patients could receive adequate support for patient/family education and support services.
- Patients could receive prompt responses to problems they experience during treatment.
- Oncology practices could coordinate services effectively with other providers involved with the patient's care.
- Patients could avoid the costs and emotional stress associated with hospitalizations and emergency department visits due to complications of treatment.

Oncology Practice Benefits:

- Practices would receive an infusion of new resources to help cover costs of critical services that are not currently billable, including non-face-to-face visits with clinicians and services delivered by non-physician staff.³
- Practices would receive resources needed to provide early intervention and enhanced management of treatment complications.
- Practices would have additional resources to support participation in performance monitoring, quality reporting and compliance activities.
- Preliminary estimates indicate that the proposed PCOP payments could represent as much as a 50% increase in payments to an oncology practice during the treatment phase of care compared to current fee-for-service payments for office visits and infusions.

Payer Benefits:

- Payers would experience significant savings from lower rates of emergency department visits and hospitalizations.
- Payers would be assured that spending on tests and treatments were necessary and appropriate through consistent application of evidence-based medicine and national guidelines.
- Payers would no longer need their own prior authorization, pathways, and care management programs—and can avoid those costs—because practices would be carrying out these functions themselves.
- The savings from adequate care management and consistent application of appropriate use criteria are expected to more than offset the increased resources provide to practices; conservative estimates indicate a net reduction of at least 4% in total spending for payers

³ Examples of currently unreimbursed services include additional staffing for extended clinic hours, 24/7 availability of practice staff to manage after hours urgent care needs, time spent by physicians and other clinic staff to discuss treatment changes or transition to end of life care with patients and family members, and coordination of complex care needs with other providers involved in caring for the patient.

if they use PCOP for all oncology practices in their networks. Various demonstration projects and studies in oncology suggest the savings potential is much greater.⁴

Advantages of PCOP vs. Traditional Shared Savings Programs:

- Practice payments are not tied to “savings” practices achieve. PCOP pays adequately for patient services at the outset. In return, practices agree to adhere to appropriate use criteria and other accepted standards of care.
- Patients do not need to worry that their oncology practice is being pressured into avoiding use of desirable drugs or tests in order to achieve a shared savings bonus.
- Through explicit agreement and the presence of a robust performance measurement system, payers know that oncology practices are accepting accountability for spending, agreeing to adhere to accepted standards of care and focusing on approaches that have demonstrated ability to lower cost without harming quality.

Optional Advanced Versions of PCOP

Oncology practices and payers that desire to move beyond the basic PCOP model can choose to implement one of two more advanced versions:

- **Option A** (Consolidated Payments for Oncology Practice Services) would replace existing E&M 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. Option A provides monthly payments matched to resources needed at various stages of the patient’s experience. 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
- **Option B** (Bundled Payments for Oncology Care) 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.

⁴ An oncology medical home project organized by Consultants in Medical Oncology and Hematology reduced total emergency room use and hospitalizations by over 50%. The COME HOME demonstration operated by the New Mexico Cancer Center and Innovative Oncology Business Solutions and funded by the Center for Medicare and Medicaid Innovation was able to reduce total emergency department visits among cancer patients by 36% and total hospital admissions by 43% using a combination of triage and enhanced access to the clinic.

Three PCOP Options Make Room for All Practices to Participate

The ASCO PCOP proposal recognizes that U.S. oncology practices have different capabilities and face different challenges, depending on their individual marketplace and practice community. Practices have responded to the rapidly shifting environment in diverse ways, with some adopting a more aggressive approach to transformation than others. The basic PCOP system supports practices at all levels of transformation, better matching payment to modern oncology practice. Options A and B may be more attractive than the basic PCOP system to practices that are further along in their transformation and better able to manage accountability for a broader range of services.

ASCO believes that PCOP can and should serve as an Alternative Payment Model for oncologists in the Medicare Program. Earlier this year, when Congress passed the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) that repealed the Sustainable Growth Rate (SGR) formula, it authorized the development of Alternative Payment Models and created specific incentives for physicians to participate in such models. PCOP is designed to meet the criteria for Alternative Payment Models specified in MACRA.

ASCO Invites Comments on PCOP

The ASCO volunteers who have developed the PCOP model believe that it would be a dramatic improvement over the current payment system for patients, practices, and payers. They also recognize that there may be unintended consequences of the proposal that they have not anticipated, problems they have not adequately addressed, or better ways to approach key elements of the model. Consequently, ASCO welcomes and encourages comments and suggestions for improvements. ASCO is [soliciting comments](#) on its payment reform model through July 20, 2015. For more information and the complete text version of the ASCO payment reform model, please visit www.asco.org/paymentreform.