Health Care News from Washington, D.C.
February 19, 2013

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Goals of US Health Care Policies

- Control Health Care **Costs**
- Improve the **Value** of the Health Care We Receive
- Make Sure More Americans Have **Access** to Health Care
- Make Sure Drugs and Medical Devices are **Safe, Effective and Available**
- Promote **Research** that will Lessen the Burden of Serious Diseases

The Patient Protection and Affordable Care Act (ACA) of 2010

"Obamacare"

Passed on March 23 2010

-- The Components of the Law are Rolled Out over 5 Years

The Affordable Care Act in 2010

- Consumer Protection
  - Comparative Insurance Information Needs to Be On-Line
  - Children Cannot Be Denied Coverage for Pre-existing Conditions
  - Eliminates Rescission
  - Eliminates Life-time and Annual Limits on Coverage
  - Improves Beneficiaries' Rights to Appeal Coverage Decisions

The Affordable Care Act in 2010

- Cost Control and Quality
  - Crack-down on Fraud and Waste in the Medicare and Medicaid Systems
  - Hold Insurance Companies Accountable for Unreasonable Rate Hikes

The Affordable Care Act in 2010

- Increasing Access to Affordable Care
  - Small Business Tax Credit
  - Donut Hole Relief for Medicare Part D Beneficiaries
  - Eliminated Co-pays and Deductibles for Preventive Care Services
  - Created a $15,000,000,000 Preventive Care Fund to Pay for Additional Medicare and Medicaid Coverage for Prevention and Screening

The Affordable Care Act in 2010

- Increasing Access to Affordable Care
  - Provided Access to Health Insurance for Individuals with Pre-existing Conditions
  - Extended Insurance Coverage Under a Parent's Health Plan to Dependents Up to Age 26
  - Created an Insurance Program to Cover Individuals age 55 – 65 Who are Retired or Whose Spouse Retired
  - Provided Financial Incentives to Practitioners Who Choose to Enter Primary Care or to Practice in Rural Areas
  - Expanded Medicaid Options

The Affordable Care Act in 2011

- Cost Control and Quality 2011
  - Established a Center for Medicare and Medicaid Innovation to Model Ways to Improve Care and Decrease Costs. *The Holy Grail: Improved Value*
  - Established a Community Care Transitions Program to Improve the Transition from Hospital Care to Outpatient Care for Medicare Beneficiaries. Designed to Prevent Unnecessary Readmissions
  - Established the Independent Payment Advisory Board to submit Proposals to Control Medicare Spending *Not Established as of 2013 & Still Controversial*

The Affordable Care Act in 2011

- Improved Access to Care 2011
  - Increased Home and Community Based Care Under Medicaid in lieu of Nursing Home Admission

  - Holding Insurance Companies Accountable 2011
    - Medical Loss Ratio Cannot Be Less than 80 – 85 %;
      - In other words for every $5 of Premiums, at Least $4 needs to be spent on Health Care

The Affordable Care Act in 2012

- Cost Control and Quality 2012
  - Value Based Purchasing Program for Medicare; Quality Measures Begin to Dictate What Hospitals are Paid for a Given DRG
  - Begins the Development of Accountable Care Organizations
  - Creates Initiatives to Reduce Paperwork, Standardize Reporting and Decrease the Administrative Burdens
    - *I have not seen much evidence of this*
  - Tries to Decrease Health Care Disparities by Reporting on Care Given by Race, Ethnicity and Language

The Affordable Care Act in 2013

- Cost Control and Quality 2013
  - Increase Funding to States Offering Expanded Medicaid Services
  - Pilot Program Started to Initiate a Bundled Care Payment Program
- Increased Access to Care 2013
  - Increased Payment to Primary Care MDs
  - Additional Funding for CHIPs

The Affordable Care Act in 2014

- Consumer Protection 2014
  - Improved Protection of Consumers from Insurance Companies Refusing to Cover Individuals or Charging Higher Rates Due to Pre-existing Conditions or Gender
  - Guarantees Coverage for Individuals Participating in Clinical Trials
- Cost Control and Quality 2014
  - Tax Credits Available to Families with Incomes Up to 400% of Poverty Line to Purchase Health Insurance
  - Establishes Health Insurance Exchanges (Funding recently Cut)
  - Increases Small Business Tax Credit
  - Individual Health Care Mandate Penalty Goes Into Effect

The Affordable Care Act in 2015

- Cost Control and Quality 2015
  - Physicians will be Paid Based on “Value” NOT Volume
  - Value Based Modifiers Will Be Required for Provider Groups ≥ 100 members that have Primary Care Providers as a Component of their Panel
  - Value will Be Defined as Participating in PQRS or another Deemed Quality Activity such as Registries like ACOS COC or QOPI

What the Supreme Court Had to Say about the 2010 ACA

- The Individual Mandate for "Universal" Health Care Coverage is Legal as It is a **Tax** on Those Who Choose to Opt Out of any of the Other Health Insurance Options Offered to Them

- The Federal Government Cannot Force States to Expand Their Funding for Medicaid Programs. **This is a States Rights Issue**

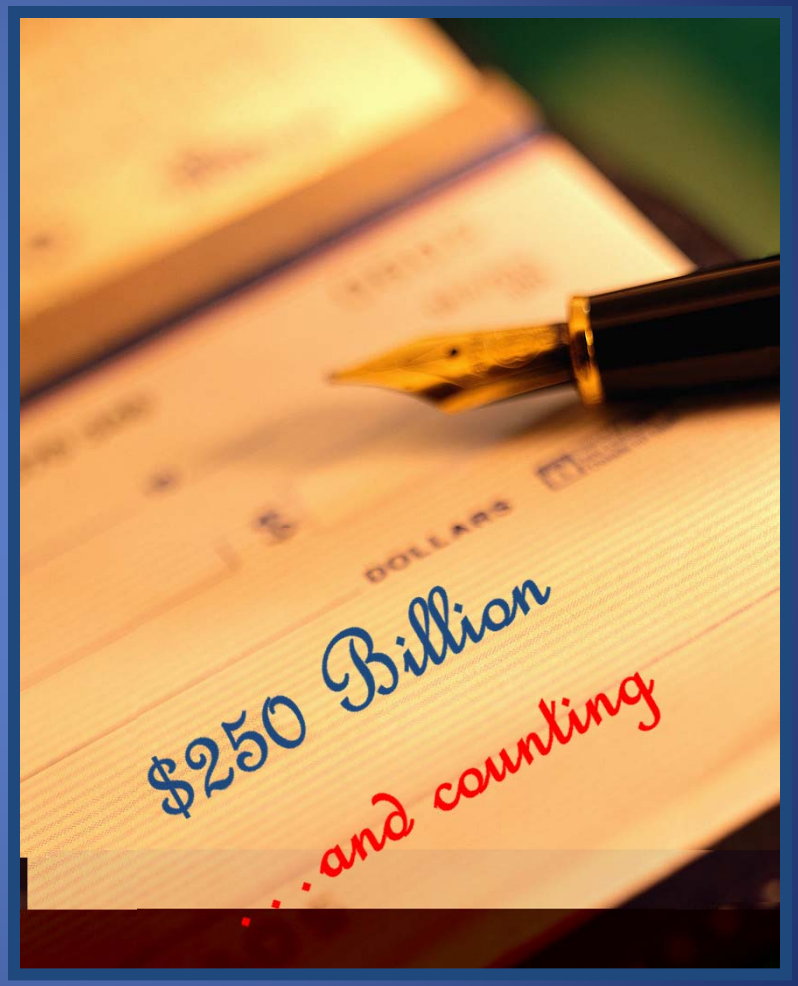
Controlling Health Care Costs: What Has **NOT** Worked

- **The Sustainable Growth Rate**
  - Created by the Balanced Budget Act of 1997
  - Designed to Keep the Rate of Growth of Medicare Spending for Physicians' Services to Approximately Equal the Rate of Growth of the US GDP
  - Congress has Routinely Overrode this Law, Year to Year to Cancel the Effects of the SGR
  - If the SGR Formula were to be Applied Today, Medicare Reimbursement for Physicians' Services would be Cut by almost 30%.

Sustainable Growth Rate (SGR)

- January 1, 2013 Congress has passed a 1-year “patch” to Once Again Delay Implementing the SGR

- Desire on Capitol Hill to fix the SGR formula—but disagreement about how to pay for it



A Possible Mechanism to Control Health Care Costs: SEQUESTRATION
The Nuclear Option

- Part of the Budget Control Act of 2011
- If Congress Cannot Come Up with a Budget that Decreases the Deficit and the Debt, there will be Across the Board Cuts in Discretionary Federal Spending

For Health Care: The Triple Threat of Sequestration March 1, 2013

- **Medicare**

  2% **($11B)**

- **NIH**

  5.1% **($1.6B)**

- **FDA**

  5.1% **($12.75M)**

The American Taxpayer Relief Act of 2012

- Passed on New Years Day 2013
- Delays Sequestration till March 1, 2013
- Delayed the SGR Cuts for 1 Year
- Approved Participation in Qualified Registries Such as QOPI and the ACOS COC as Equivalent to PQRS

Controlling Health Care Costs
What's Next

- In Oncology the Cost Drivers are:
- Hospital Costs 54%
- Drugs 24%
-- Physicians & Other Providers 22%

- The Cost of Oncology Drugs is Increasing 10% per year

- The Total Cost of Cancer Care in the US is $160,000,000,000 per year

What Are the Potential Targets for Controlling Costs In Oncology Care?

- Decrease Variation in Care
  - Care that follows Guidelines like NCCN (Not Ranked by Cost)
  - Care that Follows Pathways like US Oncology (Preferred are Least Expensive)

- Improve Coordination of Care
  - -- Patient-Centered Oncology Medical Homes
  - -- Accountable Care Organizations

  Part of ACA

What Are Other Potential Targets for Controlling Costs In Oncology Care?

- Improved Outpatient Management of Cancers and the Symptoms Associated with Treatment of Those Cancers
  - Standardized Imaging Protocols
  - Enhanced Nurse Provider Triage and Management in the OP setting
  - Linking Pre-Authorization to Guideline/Pathway Compliance
  - Expanded Outpatient Facilities and Hours of Operation to Manage Problems of Higher Acuity Outside the Hospital

What Are other Potential Targets for Controlling Cost In Oncology?

- Improved Population Health
  - Payment for Healthy Life Style or Penalty for an Unhealthy Life Style
  - Improved Screening and Early Detection *Part of ACA*
  - Improved Patient Education about Goals of Care and Healthy Strategies

Payment Reform is Coming

- Congress and the Administration are Interested in Reforming the Fee for Service Payment System to One that Pays for Quality and Value
- ASCO's Clinical Practice Committee is working to develop Payment Reform Proposals for Consideration
- ASCO's CPC is Modeling those Proposals to See What Works and What Does NOT Work
- Making Sound Timely Recommendations to Congress is Critical and Difficult

From the Oncologist's Point of View: Guiding Principles For Payment Reform

- Assure Every Cancer Patient has Access to High Quality, High-Value Care based on Peer-Reviewed Evidence.
- Protect Patients' Needs and Wishes through Shared Decision-Making.
- Further Develop and Uphold the Practice Standards for the Medical Profession.
- Support System-Wide Payment Reforms that Create Incentives and Shared Savings, and that will Keep Pace with the Evolving Health Care System.

Many of these Terms are Intuitively Obvious

- The Meaning of Quality and Value May Seem to Be Obvious
- BUT The Meaning of These Terms is NOT Obvious

What Do We Mean by Health Care Value?

This one is tricky!

- What is Value?
  - Can Be Defined as: **Desired Outcome/Cost**
    - *"Cost is What You Pay; Value is What You Get."*
    - What Are the Desired **Outcomes** in the Health Care System ? **Well that Depends**
      - Insurers: Decrease Cost (Medical Loss Ratio)
      - Cancer Patient: Cure; Remission; Extended Survival; Palliation
      - General Public: Wellbeing (Health)
      - Patients & The Public: Access to Affordable, Compassionate, and Safe Care
      - Physicians, Hospitals, Drug Companies: All of the Above + Fair Compensation for Services

Some Proposals to Improve Quality of Cancer Care

- What is Quality?
  - Quality = Improved Value/ Decreased Cost
  - Cost is Fairly Easy to Measure
  - Outcomes and Therefore VALUE is VERY Difficult to Measure

Some Proposals to Improve Value

- Given All The Uncertainties About What Constitutes Value, Here Are Some Proposals
  - Increase Prevention, Screening, Early Detection and Early Treatment *Part of the ACA*
  - Educate Patients About Goals of Care and How to Be Smarter Consumers of Health Care *ASCO, ACS, others*
  - Increase Standardization of Care and Coordination of Care *ASCO, Private Payers & the ACA (CMS)*

Some Proposals to Improve Value

- Given All The Uncertainties About Value, Here Are Some Other Proposals
  - Contain Costs by Increasing Outpatient Care, Decreasing Inpatient Care
  - Contain Costs by Using Lowest Cost Provider
  - Contain Cost by Decreasing the Regulatory Burden
    No one seems to be Doing This!

Some Proposals to Improve Value

- Physician Participation in Specialty Initiated Registries and Quality Programs
  - *This Process Offers Hope of Actually Measuring Activities Which are Desired Outcomes*
- Physician Participation in Meaningful Use
  - *At this Time this Activity Seems to Have Limited Relevance for Oncologists or Our Patient*

  * Physician Participation in PQRS
  - *At this Time this Activity Seems to Have Limited Relevance for Oncologists or Our Patient*

How Can We Increase Access to Care?

- The ACA Does a Lot in this Area
  - Increased Medicaid Eligibility
  - Improved Drug Payment in the Donut Hole
  - Prohibited Insurance Companies' Denying Coverage for Pre-existing Conditions
  - Prohibited Insurance Companies from Imposing Life-time or Annual Benefits Limits
  - Provides Small Businesses and Low Income Individuals with Tax Breaks to Purchase Health Insurance
  - Provides Financial Incentives for Individuals to Obtain Screening & Preventive Care
  - Extends Insurance Coverage for Dependents Under the Age 27 and to Retired Individuals Between 55 – 65 y o

How Can We Increase Access to Care?

- ACA Does a Lot in this Area:
  - Provides Financial Incentives for Providers to Go Into Areas of High Need
  - Provides Cost Controls on Insurance Company Profits and Rate Hikes
  - Increases Access to the CHIPs Program
  - Establishes Health Insurance Exchanges

What's Being Done About Access to Affordable Medications?

- As Insurance Companies and Third Party Payers Have Increasingly Insisted on Patients Using Generic Drugs……
- Generic Medications have been in Short Supply

What's Being Done About Access to Affordable Medications?

- On July 9, 2012 President Obama Signed the Food and Drug Administration Safety and Innovation Act (FDASIA)
- Reauthorizes and Upgrades The Prescription Drug User Fee Act (PDUFA V)
  - The FDA Collects User Fees from Drug Companies that Want to Bring New Drugs to the Market
  - Supports an Expedited Review of New Drug Applications

What Is the US Government Doing About Drug Shortages? Continued

- PDUFA V
  - Increases Resources for the FDA to Explore Faster and Safer Approval Processes for New Drugs and Generics
  - Increases Communication Among the FDA, Manufacturers, The Public and Health Care Professions about Drug Shortages and Manufacturing Problems

What Is the US Government Doing About Drug Shortages? Continued

- PDUFA V
  - Allows the FDA to Encourage Multiple Manufacturers to Enter the Market of a Drug that is in Short Supply
  - Allows Importation of Some Foreign Made Drugs
  - Requires the GAO to Investigate the Causes of Drug Shortages and for the GAO and FDA to Report on Plans to Remedy this Situation

Has the FDASIA and PDUFA V Helped Ease the Drug Shortage Problem?

- Maybe a Little?
- In 2011 there were 267 Drugs in Short Supply
- In 2012 there were 204 Drugs in Short Supply (24% Drop in Shortages)
- However in 2004 there were ONLY 58 Drugs in Short Supply

What is the US Government Doing About Promoting Research to Lessen the Burden of Serious Diseases ?

- The ACA Contains Several Components that Seek to Analyze the Causes of the Problems in the US Health System.
- The ACA Authorizes Innovative Demonstration Projects to Try to Correct These Problems
- The ACA Requires Coverage for Routine Care Costs for Individuals Who are being Treated on Research Protocols

Sometimes the US Government Gives with One Hand and Takes Away with the Other

- Funding for the NIH and NCI is Flat or Decreasing, Which Stifles Research and Innovation
- Most New Drug Development is in the Private Sector Since NCI Funds have Dried Up

In Summary

Cost Control and Payment Reform Continue to Be the Main Focus of the 113th Congress

- The ACA Added a Great Many Benefits for the American Public in Regards to Increased Access to “High Value” Health Care.
- The ACA will Increase Health Care Spending

In Summary

Cost Control and Payment Reform Continue to Be the Main Focus of the 113th Congress

- The Republicans Continue to Try to Restrict the Benefits Mandated by the ACA, to Decrease Federal Spending on Health Care
- The Democrats want to Protect the “Gains” They Have Made in Increasing Access to “High Value” Health Care by the Passage of the ACA

Thank You

For Your Attention