



Thursday, February 6, 2014

In this issue:

Lawmakers Reach SGR Deal With Five Years Of 0.5 Percent Payment Hikes

Congressional lawmakers today unveiled an outline of a bipartisan, bicameral agreement to replace the Medicare physician payment formula that includes a 0.5 percent payment hike for five years. The agreement also shifts Medicare to a system based on value versus volume of health care provided. [Read below](#)

President Obama Delivers State of the Union Address

On Tuesday, January 28, President Barack Obama gave his sixth State of the Union Address to Congress and the American public. Regarding healthcare, the President did not offer any new policy proposals, but highlighted some achievements of the Affordable Care Act. [Read below](#)

Congressman Henry Waxman Announces Retirement

Congressman Henry Waxman (D-CA) announced last week that he plans to retire from the U.S. Congress next year. [Read below](#)

CMS Report Finds ACOs Are Lowering Spending Growth

A newly released report from the Centers for Medicare and Medicaid Services (CMS) finds that Medicare Accountable Care Organizations (ACOs) are achieving significant savings and quality improvements. [Read below](#)

CMMI Technical Expert Panel for Oncology Examines Alternative Payment Models

The Center for Medicare and Medicaid Innovation (CMMI) recently convened a Technical Expert Panel (TEP) in coordination with the Brookings Institution, to solicit input on how best to design an alternative payment approach for oncology specialty care. [Read below](#)

COA and ASCO Release Principles for Payment System Reform

The Community Oncology Alliance (COA) and the American Society of Clinical Oncology (ASCO) recently released a set of principles for payment reforms, which the groups hope will be used to guide delivery reforms and improve oncology care.

[Read below](#)

Lawmakers Reach Deal for 0.5% Increase for 5 Years

Bipartisan lawmakers in both the Senate and House are closing in on an agreement for reforming the Sustainable Growth Rate (SGR) formula, which is currently set to expire on March 31.

The Sustainable Growth Rate (SGR) formula is a budget cap passed into law in 1997 to control physician spending, but it has failed to work.



Since 2003, Congress has spent nearly \$150 billion in short-term patches to avoid unsustainable cuts imposed by the flawed SGR.

Building on bipartisan legislation unanimously reported out of the House Energy & Commerce and Ways & Means Committees, and reported out of the Senate Finance Committee, the unified legislation from the three committees repeals the SGR and transitions Medicare away from a volume-based system towards one based on value. The agreement announced today does the following:

- Repeals the SGR and provides stability and 5 years of payment updates
- Improves the existing fee-for-service system by rewarding value over volume and ensuring payment accuracy
- Incentivizes movement to alternative payment models (APMs)
- Expands the use of Medicare data for transparency and quality improvement

While the announcement is a step forward, the committees have not yet come to any agreements on how to offset the \$128 billion price tag of the legislation. Additionally, the Medicare “extenders” that are regularly included along with other miscellaneous items that always come with a large bill like this (which would include policies that we support like site-neutral payments, ASP prompt pay discount and the Ellmers sequester relief) are not included in the base bill.

At this point, it is not clear whether they will be able to find consensus around these significant questions before the current SGR patch expires at the end of March. There have been calls from some fronts within the Congress to simply extend the current payment levels through December 31 or alternatively to push it back 60-90 days to give negotiators more time to work out offsets on the permanent

repeal. Regardless of the timing or duration of the next SGR bill, we will be pushing to include policies supportive of community oncology in whatever passes.

For a summary [CLICK HERE](#)

For a section by section [CLICK HERE](#)

For the legislative text [CLICK HERE](#)

President Obama Delivers State of the Union Address



On Tuesday, January 28, President Barack Obama gave his sixth [State of the Union Address](#) to Congress and the American public.

Specific to healthcare, the President did not offer any new policy proposals. He highlighted some popular aspects of the Affordable Care Act (ACA) such as coverage for individuals with pre-existing conditions and allowing children to stay on their parents' health insurance policy until they turn 26 years old. He urged more Americans to sign up for healthcare coverage under the exchange before the March 31 deadline. The President also called on Republicans to put an end to their attempts to repeal the ACA.

Other policy themes highlighted within the President's remarks included increasing the minimum wage; equalizing salaries for men and women in the workforce; extending emergency unemployment benefits; prioritizing immigration reform; increasing diplomacy to improve national security; and investing in early childhood and higher education.

Following the President's address, Congresswoman Cathy McMorris Rodgers (R-WA-5) delivered the [Republican Address to the Nation](#).

Congressman Henry Waxman Announces Retirement

Congressman Henry Waxman (D-CA) last week [announced](#) he will not seek reelection in November and plans to retire from the U.S. Congress next year.

After serving 40 years in the U.S. House of Representatives, including serving as Chair of the House Energy and Commerce Committee, he will leave public service. Congressman Waxman has been a long-time leader for healthcare issues and championed legislation to improve access to generic drugs, expand Medicaid and HIV/AIDS research.

In a statement, Congressman Waxman stated, “As I reflect on my career, I am filled with gratitude. I am grateful for the support of my constituents, who have entrusted me to represent them and encouraged me to become a leader on national and international issues. I am grateful for my supporters and allies, who have worked side-by-side with me to fight for issues we care about: health, environmental protection, women’s and gay rights, and strengthening the ties between the United States and our most important ally, the State of Israel.”

The Congressman added, “And in 2010, when I was chair of the Committee on Energy and Commerce, one of my lifelong dreams was finally achieved: Congress passed the Affordable Care Act, which guarantees access to affordable health coverage to all Americans.”

Representatives Frank Pallone (D-NJ) and Anna Eshoo (D-CA) have both announced they will run to fill Congressman Waxman’s seat as the ranking Democrat of the House Energy & Commerce Committee. Pallone is currently the No. 3 Democrat and Eshoo is the No. 5 Democrat on the Committee. Reports also indicate that former Chairman John Dingell (D-MI) – who previously held the top Democrat spot in the Committee for 25 years – may also be in the running.

To view a history of Congressman Waxman’s actions in Congress, [click here](#).

CMS Report Finds ACOs Are Lowering Spending Growth



A newly released [report](#) from the Centers for Medicare and Medicaid Services (CMS) finds that Medicare Accountable Care Organizations (ACOs) are achieving significant savings and quality improvements.

In their report, CMS released interim financial results for select Medicare ACO initiatives as well as savings analyses for Pioneer ACOs. Savings from both the Medicare ACOs and Pioneer ACOs exceed \$380 million.

CMS reports that ACOs participating in the Medicare Shared Savings Program alone generated \$128 million in net savings for the Medicare trust fund thus far. Analyses show 54 ACOs – approximately half of the ACOs that started program operations in 2012 – reported lower expenditures than originally projected.

Pioneer ACOs are reported to have generated gross savings of \$147 million in their first year. CMS’ analysis shows nine of then of the 23 Pioneer ACOs demonstrated significantly lower spending growth relative to Medicare fee for service payments. These ACOs also reported measurable quality improvement.

HHS Secretary Kathleen Sebelius said in a CMS statement, “These innovative programs are showing encouraging initial results, while providing valuable lessons as we strive to improve our nation’s health care delivery system. Today’s findings demonstrate that organizations of various sizes and structures across the country are working with their physicians and engaging with patients to better coordinate and deliver high quality care while reducing expenditure growth.”

CMS released a fact sheet, [Lower Costs, Better Care: Reforming Our Healthcare Delivery System](#), which outlines the status of several healthcare system delivery reforms under the Affordable Care Act, which CMS reports show significant progress.

CMS also reported expanded participation in the [Bundled Payments for Care Improvement Initiative](#), under which CMS is testing how bundled payments for clinical episodes can result in more coordinated care for beneficiaries and reduced Medicare costs.

Finally, the agency released an evaluation of [Physician Group Practice Demonstration](#) initiatives, which showed overall savings of \$108 million over the course of the Demonstration.

CMMI Technical Expert Panel for Oncology Examines Alternative Payment Models



The [Center for Medicare and Medicaid Innovation](#) (CMMI) recently convened a Technical Expert Panel (TEP) in coordination with the Brookings Institution, to solicit input on how best to design an alternative payment approach for oncology specialty care. CMMI had previously identified cancer care as a specialty area in which there is opportunity to achieve better care, better health, and lower costs.

In November 2013, the Brookings Institution assembled a TEP on Oncology as part of its *Specialty Payment Model Opportunities Assessment and Design (SPPMOAD) project*. SPPMOAD is a CMMI effort, which seeks to identify opportunities for better aligning quality care delivery and payment models for oncology specialty services. TEP participants specifically examined varying aspects of oncology care delivery and payment including delivery reform models; redesign framework; and alternative payment model implementation.

Dr. Barry Brooks, chairman of the Pharmacy & Therapeutics Committee for The U.S. Oncology Network, participated in the TEP for Oncology on behalf of The US Oncology Network.

On January 29, the MITRE Corporation – a CMMI contractor – as operator of the CMS Alliance to Modernize Healthcare (CAMH) Federally Funded Research and Development Center (FFRDC) published their findings and recommendations regarding alternative payment models in oncology. The MITRE report presented four approaches to oncology bundled payment:

- Alternative 1: Clinical Pathways
- Alternative 2: Oncology Patient-Centered Medical Home
- Alternative 3: Bundled Payment Model
- Alternative 4: Oncology ACOs

To view the full summary of the TEP for Oncology for, [click here](#).

To download the TEP for Oncology Power Point presentation, [click here](#).

To view the Environmental Scan for Oncology, [click here](#).

COA and ASCO Release Principles for Payment System Reform

The Community Oncology Alliance (COA) and the American Society of Clinical Oncology (ASCO) recently released a set of principles for payment reforms, which the groups hope will be used to guide delivery reforms and improve oncology care. The guidelines were developed in coordination with The US Oncology Network.

The principles, entitled, [Principles to Guide the Evolution of Health Care Payment Systems that Support High Quality, High Value Cancer](#), recommend that future payment reform models should:

- Promote access to evidence based care, improve quality, support the efficient use of resources, and help control the overall growth of health care;
- Ensure adequate financial, administrative and data support for oncology providers to engage in new approaches that reduce the frequency and severity of clinical complications;
- Improve clinical outcomes and reduce overall costs in oncology care;
- Measure the quality of oncology care in meaningful ways; and
- Cover the costs and risks of purchasing and maintaining an inventory of cancer drugs.

To view the COA announcement, [click here](#).

To view the ASCO announcement, [click here](#).

