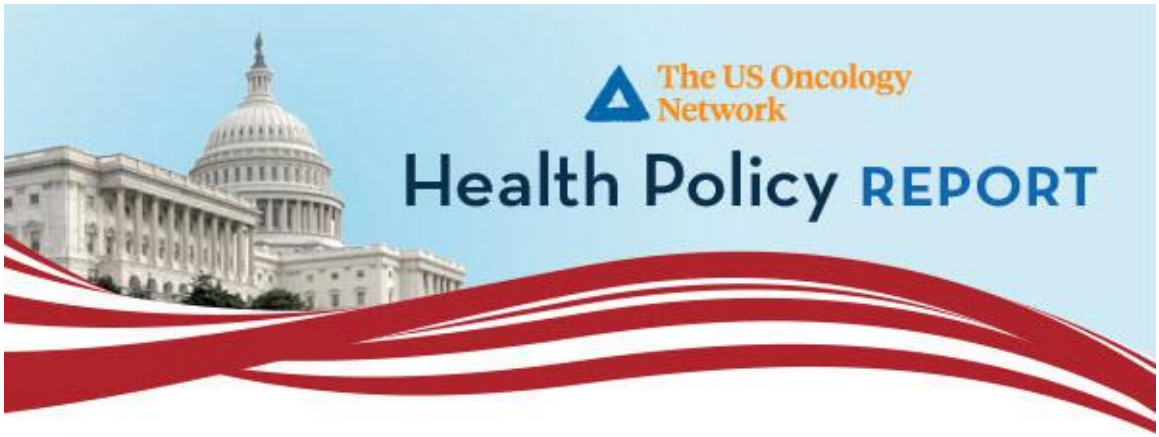

Wednesday, April 16, 2014

In this issue:

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CMS Announces Release of Physician Payment Information

On April 9, the Centers for Medicare and Medicaid Services (CMS) announced it was releasing privacy-protected payment data on Medicare services and procedures provided to beneficiaries by physicians and other healthcare professionals. The information made available to the American public includes payments and submitted charges for healthcare services and procedures made by physicians participating in the Medicare program. The release of physician payment data was unprecedented and a result of a flood of Freedom of Information Act (FOIA) requests received by CMS for data.

The CMS database reflects payments for more than 880,000 physicians who provided 6,000 different types of services and procedures and were paid, in total, $77 billion by Medicare in 2012.

Within the dataset, CMS lists hematology/oncology, radiation oncology and medical oncology among the specialties with the highest Medicare-allowed amount per individual physician, however the data is presented in a way that fails to account for the full costs of providing cancer care. In its fact sheet, CMS notes, "…the top four specialties – hematology/oncology, radiation oncology, ophthalmology, and medical oncology – often use Part B-covered prescription drugs, which are usually administered by a physician. In those cases, Medicare's payment to the physician also includes payments for the drugs themselves."

Specialties with the Highest Medicare-Allowed Amount per Individual Physician

Specialty	Average Medicare Allowed Amount	Number of Physicians	Average number of unique types of items, services, or procedures billed
Hematology/Oncology	$463,844	7,373	24
Radiation Oncology	$458,222	4,135	17
Ophthalmology	$429,657	17,067	14
Medical Oncology	$390,992	2,612	21
Rheumatology	$333,016	4,053	17
Cardiology	$290,279	22,241	23
Nephrology	$286,751	7,502	14
Dermatology	$281,206	10,507	18
Interventional Pain Management	$252,907	1,856	20
Cardiac Electrophysiology	$237,904	1,117	28

Source: Fact sheet: HHS Releases Physician-Level Medicare Data, Centers for Medicare and Medicaid Services, April 2014.

Many oncology groups expressed strong concerns following CMS' release of the payment information citing inaccuracies in the data that they warn were released without context and could, therefore, lead to gross misinterpretations of the data and misinformed patient decision-making. The US Oncology Network, likewise, has concerns that the reported data has limitations and can understate or overstate actual numbers.

The Community Oncology Alliance (COA) issued a position statement in response, stating, "The data is incomplete, biased, without context, and an unrepresentative sample of Medicare reimbursement to oncologists. Supporting documentation of that is listed in the statement accessible below. Further, CMS did not allow physicians an opportunity to confirm the accuracy of individual data and did not conduct any studies to assess how the data will potentially influence consumers, especially senior beneficiaries, about their medical care decision-making."

The American Society of Clinical Oncology (ASCO) shared similar concerns, stating, "While ASCO strongly supports transparency in health care and sharing information with patients, the data released by Medicare today was issued with no context or explanation about the complexity of the payment system, the value of the services provided, and the needs of patients with cancer. The Medicare release makes healthcare delivery less transparent than it initially may seem. Compounding this situation are the extensive inaccuracies in the data for many oncologists throughout the United States."

To access the CMS dataset, click here.

To download the CMS Fact Sheet on the physician payment data, click here.

Narrow Insurance Networks Could Threaten Patient Access to Specialized Cancer Care Centers

Narrow healthcare plans excluding coverage for care provided in some of the nation's premier cancer care centers – such as MD Anderson Cancer Center and Memorial Sloan-Kettering – might limit patient access to cutting-edge cancer institutions and clinical trials. Reports suggest that some insurance carriers are narrowing their provider networks in an effort to maintain lower premiums, therefore limiting patient access to care in these specialized centers and academic institutions.

A recent Associated Press survey of 23 cancer centers that are part of the National Comprehensive Cancer Network found that only four of the 19 cancer centers that responded to the survey reported that patients have access through all insurance plans in their states' healthcare exchange under the Affordable Care Act.

While the value of specialized cancer centers is evident, physicians and experts agree that most common cancers can be effectively treated in community-based cancer centers and, therefore, do not require expensive, specialized care.

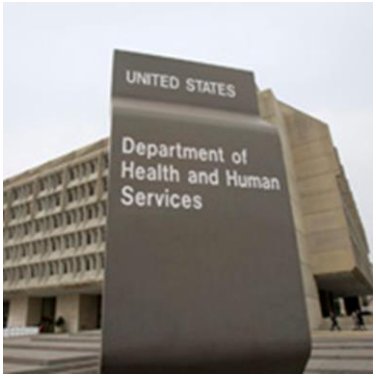
However, physicians generally concur that patients should have access to experts who specialize in specific or rare diseases if a patient's condition worsens or the patient experiences complications that could potentially be more effectively treated in a

specialized center.

In an April 5 Modern Healthcare article, The US Oncology Network's Dr. Barry Brooks agrees that large cancer centers are critical to the care of many cancer care patients, stating, "We routinely refer patients who are in desperate circumstances, where therapies have been exhausted, or with rare diseases, where there are no standard therapies. I don't think the insurers are looking very much beyond the price tag."

Other experts have warned limiting patient access to some leading academic institutions may also prohibit participating in clinical trials, which are more commonly administered at specialized cancer centers.

HHS Secretary Kathleen Sebelius Steps Down



Health and Human Services Secretary Kathleen announced she was resigning from her post as head of HHS on April 11. Her specific departure date from the agency has not been announced publicly.

Sebelius was sworn in as the 21st Secretary of HHS in April 2009. The implementation of policies made under the Affordable Care has dominated her tenure at the agency. Upon her resignation, a reported 7.5 million Americans had signed up for healthcare coverage under Obamacare.

President Obama swiftly nominated Sylvia Mathews Burwell to be the next HHS Secretary. Burwell currently serves as the director of the US Office of Management and Budget, a job she has held since April 2013.

House Passes Ryan Budget Resolution; Action Not Likely in Senate

On April 10, the US House of Representatives passed the fiscal year 2015 Budget Resolution by a 219-205 vote. The budget was crafted largely by House Budget Chairman Paul Ryan (R-WI) and received no Democratic support.

The Ryan bill would cut the nation's deficit by $5.1 trillion over the next decade by making significant cuts to domestic programs, including Medicare and Medicaid. A large portion of the savings comes from reducing healthcare coverage and subsidies provided under the Affordable Care Act. Chairman Ryan's budget reflects previously proposed budget frameworks and includes plans to transition

Medicare into a voucher program, which would provide seniors with money to purchase healthcare in the private market, beginning in 2024.

While the budget passed the House, the Senate is not expected to pass a FY 2015 Budget Resolution since the budget deal agreed upon in December 2013 sets spending levels through the end of next year. The House measure is widely considered a framework for Republican fiscal discussions in the upcoming mid-term elections.

CBO Releases Updated Budget Projections for SGR Patch

The Congressional Budget Office released updated budget projections on April 14, which raise the cost of a 10-year Sustainable Growth Rate (SGR) freeze (2015-24) to $124 billion – $8 billion higher than CBO's previous estimate. Other revisions of note:

- Projected net outlays for Parts A and B increased by $14 billion from 2015 through 2017 due to recent data that show greater than-anticipated spending for physicians' services in 2013.
- CBO projects lower spending in subsequent years because it assumes that SGR formula will be left in place following 2015, therefore reducing payment rates in subsequent years to recoup the higher spending in the next few years.
- CBO has slightly reduced projected rates of growth for many other categories of Part A and Part B services.

To view the CBO's April 2014 Medicare baseline, click here.

CBO also released new coverage expansion projections under the Affordable Care Act.