

THE AIS REPORT

on Blue Cross and Blue Shield Plans

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WellPoint Offers Financial Incentives to Oncology Docs Who Follow New Pathways

Soaring chemotherapy costs — combined with a wide variation in treatments and outcomes — prompted WellPoint, Inc. to launch a program that will reward network oncology practices for adhering to evidence-based clinical pathways.

According to WellPoint, up to one-third of people who are treated with chemotherapy don't receive a treatment plan consistent with current medical evidence and best practices. Moreover, while some generic therapies are relatively inexpensive, newer oncology drugs can cost up to \$15,000 a month, and might need to be administered in combination with other expensive drugs. Yervoy (ipilimumab), a new drug for treating melanoma, costs about \$230,000 for four treatments. Express Scripts Holding Co. estimates that costs for new cancer therapies are growing by 25% a year.

The WellPoint Cancer Care Quality Program, which was created with WellPoint subsidiary AIM Specialty Health, identifies certain cancer treatment pathways based on current medical evidence, peer-reviewed published literature, consensus guidelines and WellPoint's clinical policies. Under the program, providers will be reimbursed \$350 per month for each oncology patient who follows the treatment pathway — initially for breast, lung and colorectal cancer. Providers who opt for a different treatment regimen will continue to be reimbursed according to the terms of the member's health plan. WellPoint estimates costs will be trimmed by 3% to 4% once the program is fully implemented.

The program will roll out next month in six states — Georgia, Indiana, Kentucky, Missouri, Ohio and Wisconsin — and will be expanded to the company's eight other Blues plans by the middle of 2015. AIM has made the program available to outside health plans, and at least four independent Blues plans intend to implement it, says WellPoint spokesperson Lori McLaughlin.

Q&A With WellPoint Oncology Chief

Jennifer Malin, M.D., an oncologist and WellPoint's medical director for oncology, joined the health plan operator about two and a half years ago, as the

program was being developed. She previously was in an academic practice at the University of California Los Angeles. She says much of her career has focused on measuring and improving the quality of cancer care.

In a telephone interview with *The AIS Report*, Malin explains the new program and how it might impact cost and quality of cancer care:

The AIS Report: What's driving this initiative? Is it cost? A need to improve outcomes?

Malin: I would say it's both. There is literature demonstrating tremendous variation in the quality of care. And we also see huge variations in costs. For what this program is targeting there are huge variations in costs for regimens that have similar outcomes. In oncology, economics encourage higher-cost therapies even when there is an equivalent or better lower-cost therapy. [Health insurers generally reimburse practices a set percentage above the cost of the drug, which makes more expensive drugs more profitable.]

The AIS Report: How did you arrive at the reimbursement level for participating?

Malin: It is set at \$350 a month [per patient] and that was designed to, on average, keep the practice whole. If they use drugs with lower margins, their practice wouldn't bring in as much revenue...so this [reimbursement] should help them be cost neutral or come out a little bit ahead.

The AIS Report: How do you explain this new initiative to providers? What do they have to gain?

Malin: What we've done is provide them with a way to practice cost-effectively, but keep them whole. With increasing focus on drug costs, the typical approach [by insurers] has been to cut at the margins. And that can affect their operating budget and force them to merge with another practice or become part of a hospital. They see that we recognize this issue...and are offering a way for them to get enhanced reimbursement on one of our cancer treatment pathways. For the most part, we have had a very positive response to that. They see it as a way to step away from the buy-and-bill model.

The AIS Report: *In approaching your network providers about this program, what has the initial response been? I imagine there has been some pushback.*

Malin: For the most part, the reaction has been favorable. Some of the pushback comes from concern that this might add to their administrative burden. But most oncology practices already call to get just about every drug preauthorized even though it's not required. They're concerned about not getting paid on the back end, and it's difficult for them to keep up with which health plans require preauthorization for which drugs.

Oncology practices are expensive to operate. A typical practice has seven full-time employees (e.g., nurses, pharmacists) for each oncologist. We want to encourage oncologists to practice cost-effectively when it's appropriate, but if we're cutting out their revenues, they're not going to be able to deliver care. Our approach was to develop a program to keep them whole, while providing information and rewarding quality and value-based care.

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