Summary

The shift from volume to value has played a significant role in shaping current payer behavior in the oncology space.

Payers are actively looking for ways to balance cost, access, and quality of care in oncology and are experimenting with different options. They include:

1. **Shifting from the medical to the pharmacy benefit**: By shifting management from the medical to the pharmacy benefit for oncology medicines, commercial payers can better manage this patient population. For example, the use of specialty pharmacies to deliver not only oral, but also infused or injected drugs, allows payers to expand the use of pharmacy benefit cost-savings techniques to medical benefit drugs (e.g., increased cost sharing, tier placement, and other utilization management techniques).

2. **Increasing consumer cost-sharing**: In recent years, there has been a shift in benefit design, which has led patients to take on a greater financial responsibility for their healthcare costs in the form of higher premiums and out-of-pocket costs for medicines. Prior Avalere PlanScape® analyses show that some exchange plans require 40% coinsurance for certain oncology medicines.

3. **Utilizing clinical pathways**: Payers use various incentives to encourage provider adoption of clinical pathways to reduce the variability of care patterns. Clinical pathways equip providers with specific guidance on care steps and a timeline of interventions with the goal of reducing inappropriate use of medicines. For example, Anthem and AIM Specialty Health are continuing their Cancer Care Quality Program, an oncology value-based payment model that utilizes clinical pathways for Anthem’s commercial and Medicare Advantage patients.

4. **Shifting sites of care**: Under site-of-care programs, payers direct a patient to a desired setting of care. The hospital outpatient setting is widely recognized as one of the most costly settings for the infusion of specialty injectable drugs. As a result, health plans are increasingly
developing strategies to direct patients to more convenient and less costly sites of service such as the physician’s office or home infusion/home health provider. The 2017 Genentech Oncology Trend Report found that 20% of managed care organizations are currently deploying a site-of-care program specifically for oncology medicines. Harvard Pilgrim is one health plan that has contracted with home infusion agencies to provide chemotherapy and other services to patients who are medically homebound.

5. **Implementing bundled payments:** Bundled payment models provide a fixed payment for a specific set of services. Under this approach, clinicians may be required to bear financial risk by absorbing any costs that exceed a fixed amount. Depending on the specific bundled payment model, clinicians may also share in any savings that are achieved with the payer. In recent years, we have seen major payers develop new types of payment arrangement with providers. For example, the Centers for Medicare & Medicaid Services’ (CMS’) Oncology Care Model is a 5-year demo that creates financial incentives for physician offices to improve care coordination and reduce the total cost of care episodes for chemotherapy.

For more information about payer trends in oncology, please contact Dana Macher.

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