January 27, 2023

The Honorable Chuck Schumer
Senate Majority Leader
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Mitch McConnell
Senate Minority Leader
S-230, The Capitol
Washington, DC 20510

The Honorable Kevin McCarthy
Speaker
U.S House of Representative
H-204, The Capitol
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
2433 Rayburn House Office Building
Washington, DC 20515

RE: The US Oncology Network Welcomes Members to the 118th Congress

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker McCarthy, and Minority Leader Jeffries:

On behalf of The US Oncology Network (The Network), which represents over 10,000 oncology physicians, nurses, clinicians, and cancer care specialists nationwide, we would like to welcome Members to the 118th Congress. The Network is one of the nation's largest and most innovative networks of community-based oncology physicians, treating more than 1.2 million cancer patients annually in more than 450 locations across 26 states. The Network unites over 1,400 like-minded physicians around a common vision of expanding patient access to the highest quality, state-of-the-art care close to home and at lower costs for patients and the healthcare system. We are excited to work with you and your colleagues to advance community oncology care.

Value-Based Care

The Network is an avid proponent of value-based care because it motivates better quality, outcomes, and patient experiences. The Network has long been a leader in the evolution of value-based care, as demonstrated by our participation in the Oncology Care Model (OCM), a voluntary demonstration program from the Center for Medicare and Medicaid Innovation running from 2016-2021. The OCM required participating practices to manage all aspects of a cancer patient's care delivery for a 6-month episode. Over the duration of the model, Network practices enrolled more than 125,000 unique patients and saved the Medicare program nearly $300 million. However, the broader transition to value-based care has proven more challenging than anticipated, and ***we look forward to working with you to develop incentives to encourage more widespread provider participation.***

At the same time, community cancer providers are facing a variety of headwinds, driven by growing disparities in reimbursement across sites of service, increased administrative burden in the form of mandates from health insurers and pharmacy benefit managers (PBMs), and alarmingly high inflation during one of the most economically turbulent times in recent history.

Site-Neutral Payment Reform

Reimbursement policies that pay hospital-owned outpatient facilities higher rates for the exact same services provided in independent physician practices have increased costs to patients, insurers, and taxpayers, as well as resulted in marketplace consolidation that limits patient choice by reducing access to care in the community-setting. Under the CY 2023 Medicare fee schedules, for example, chemotherapy administration is reimbursed $333 in the hospital outpatient setting and only $129 in the physician office setting. Similar trends exist among other commonly billed services, such as cardiac imaging and colonoscopy services.[1] This disparity in payment has created an incentive for hospitals to acquire physician practices, shifting care into the more expensive setting. In 2012, approximately 65 percent of chemotherapy services were provided in the physician office setting; by 2019, this share had shrunk to only 50 percent.[2]

[1] http://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/021919-Avalere-PAI-Physician-Employment-Trends-Study-2018-Update.pdf?ver=2019-02-19-162735-117

[2] https://www.medpac.gov/wp-content/uploads/2022/06/Jun22_MedPAC_Report_to_Congress_SEC.pdf

A recent study by the Committee for a Responsible Federal Budget found that site neutral payment policies that equalize payments across healthcare settings could reduce Medicare spending by $153 billion and reduce premiums and cost-sharing for Medicare beneficiaries by $94 billion over 10 years.[3] ***The Network encourages Congress to consider expanding site neutral payment policies to help level the playing field and reduce costs throughout the health care system.***

Further, according to the American Medical Association, Medicare physician pay has actually fallen by 20% over the last 20 years when adjusting for inflation in practice costs.[4] Considering physician payments are frozen indefinitely under current law and subject to the 2% Medicare sequester, while hospital outpatient departments are projected to receive another 3.8% payment increase in 2023, it is clear this payment disparity will only encourage further consolidation. The Network encourages Congress to evaluate payment parity policies that set reimbursement for cancer care services at a rate that falls between the current higher Hospital Outpatient Prospective Payment System (OPPS) rate and the lower rate for physician offices. A new consistent rate shared across settings would support access to community cancer clinics, while removing the unfair payment advantage currently awarded to off-campus hospital outpatient departments, while still yielding savings for patients and Medicare. ***The Network strongly believes that patients and Medicare should be paying the same amount for the same service regardless of the setting in which it is provided.***

Pharmacy Benefit Manager (PBM) Oversight

As community cancer providers, we are dedicated to ensuring our patients receive access to timely and personalized care. Over the past decade, as the availability and use of oral oncolytic medications (chemotherapy, biotherapy, and immunotherapy) has significantly increased, many community-based cancer clinics have established medically integrated dispensing (MID) platforms, or practice-based pharmacies, so patients can access their oral chemotherapy prescriptions or other medications at the point-of-care. Unfortunately, PBMs are threatening our ability to provide this service to our patients.

While the PBM industry claims they maximize negotiated savings for their covered beneficiaries and plan sponsors, the real-world evidence suggests PBMs interfere with the doctor-patient relationship, drive up healthcare costs, and delay delivery of life-saving treatments. In contrast to a community cancer practice with MID capabilities, PBMs do not have access to a patient's full medical records or lab results and cannot answer a patient's questions about their medical condition. Patient reports of delays in prescription delivery, mix-ups at the PBM-owned pharmacy, endless phone tag with PBM representatives, and bureaucratic red tape abound. These challenges have only increased as the nation's largest insurers, PBMs, and specialty pharmacies have consolidated and grown; they determine pharmacy networks, establish utilization management policies, set reimbursement rates, and then present independent community cancer practices with a "take it or leave it" approach to contracting. ***The Network encourages Congress to conduct additional oversight and increase transparency into PBM activity to protect patient access to timely care.***

We look forward to working with the 118th Congress to protect access to community-based cancer care. Should you have any questions, please contact Ben Jones, Vice President of Government Relations and Public Policy, at Ben.Jones@usoncology.com.

Sincerely,

Ben Jones
Vice President, Government Relations and Public Policy
The US Oncology Network

[3] https://www.crfb.org/papers/equalizing-medicare-payments-regardless-site-care
[4] https://www.ama-assn.org/practice-management/medicare-medicaid/why-medpac-s-physician-pay-freeze-recommendation-flawed