



## Community Oncology Cancer Care Practice Impact Report

*Documented Impact on Community Oncology Practices*

Updated 3/31/2011

### *Summary*

- The Community Oncology Alliance (COA) has developed a tracking database on the adverse impact of Medicare reimbursement on community oncology practices. The database is compiled from private and public sources.
- Included in this report are a table of impacted practices by state and a map depicting the impact.
- As of the date of this update, 1042 clinics/practices during the past 3½ years have been impacted as follows:
  - **199 Clinics Closed** — Denotes individual sites that have closed.
  - **369 Practices Struggling Financially** — Denotes practices (possibly comprising multiple clinic sites) that are struggling to pay bills and/or stay open.
  - **48 Practices Sending Patients Elsewhere** — Denotes practices (possibly comprising multiple clinic sites) that are sending all of their patients elsewhere for chemotherapy. NOTE that numerous practices report sending some patients, especially Medicare patients without adequate secondary insurance, elsewhere for treatment.
  - **315 Acquired by Hospitals** — Denotes practices (possibly comprising multiple clinic sites) that have been acquired by a hospital.
  - **111 Merged/Acquired by Another Entity** — Denotes practices (possibly comprising multiple clinic sites) that have merged or been acquired by a corporate entity.

### *Points to Note*

- Adverse impacts, especially practice closings, accelerated in 2011.
- During the past 6 months we have seen a dramatic increase in consolidation, with a 40.6% increase in the number of practices being acquired or merged into hospitals. This has been reported to increase the cost of cancer treatment for payers and patients.
- This overall adverse impact is occurring because of two factors. First, cuts to Medicare reimbursement for cancer care have been unrelenting since 2004. Second, more private payers are following the Medicare reimbursement system and the pattern of payment cuts.
- Medicare has cut payments for the administration of chemotherapy by 35% since 2004 through 2010. This is an effective cut of 47% when factoring in the increasing cost of operating a medical practice over this time period, as measured by the Medical Economic Index (MEI). A study by Avalere Health shows that Medicare covered only 57% of the cost of this service in 2009.
- More cancer drugs are being reimbursed by Medicare at less than cost. One major factor contributing to this is the artificial reduction in Medicare drug reimbursement because of the prompt pay discount. This discount from the manufacturer to the distributor is simply a financing mechanism not available to the end purchaser — community oncology practices. Yet, including the prompt pay discount in the calculation of average sales price (ASP) artificially reduces Medicare reimbursement, as well as private insurance payment systems based on ASP.

## Community Oncology Cancer Care Impact Table

Updated 3-14-2011

State	Total Sites/Practices	Clinics Closed	Practices Struggling Financially	Practices Sending Patients Elsewhere	Acquired by Hosp.	Merged/Acquired by Another Entity
Alaska	2		2			
Alabama	13	5	5		3	
Arkansas	11	2	8		1	
Arizona	6	3	1		1	1
California	63	13	31	3	7	9
Colorado	34	4	15	1	14	
Connecticut	9	5	2		2	
DC	2		2			
Delaware	2	2				
Florida	83	16	25	2	16	24
Georgia	34	11	15		8	
Idaho	1				1	
Iowa	8	1		2	5	
Illinois	61	5	27	10	7	12
Indiana	28	6	4	2	15	1
Kentucky	27	12	2		13	
Louisiana	14	2	4		8	
Maryland	15	1	3	3	8	
Massachusetts	11	1	4	3	2	1
Michigan	60	17	35	4	3	1
Minnesota	15		1	2	12	
Missouri	32	8	7	2	15	
Mississippi	11	2	3		4	2
Montana	5	1	2		2	
North Carolina	29	12	4	2	7	4
Nebraska	8	2			6	
New Jersey	27	3	14		8	2
New Mexico	5		5			
Nevada	15	1	12	1		1
New York	53	10	35		5	3
Ohio	41	7	10		23	1
Oklahoma	18	2	15		1	
Oregon	18		4	2	12	
Pennsylvania	67	3	12		33	19
Rhode Island	3		2		1	
South Carolina	15	1	3		7	4
South Dakota	6				6	
Tennessee	50	12	28		8	2
Texas	41	13	10		4	14
Utah	6	1	4		1	
Vermont	1				1	
Virginia	34	8	5	2	12	7
Washington	15	1	3		10	1
Wisconsin	24	1	1	1	20	1
West Virginia	14	4	2	5	3	
Wyoming	5	1	2	1		1
<b>Total</b>	<b>1042</b>	<b>199</b>	<b>369</b>	<b>48</b>	<b>315</b>	<b>111</b>

*Clinics Closed* denotes individual sites that have closed.

*Practices Struggling Financially* denotes practices (possibly comprising multiple clinic sites) that are struggling to pay bills and/or stay open.

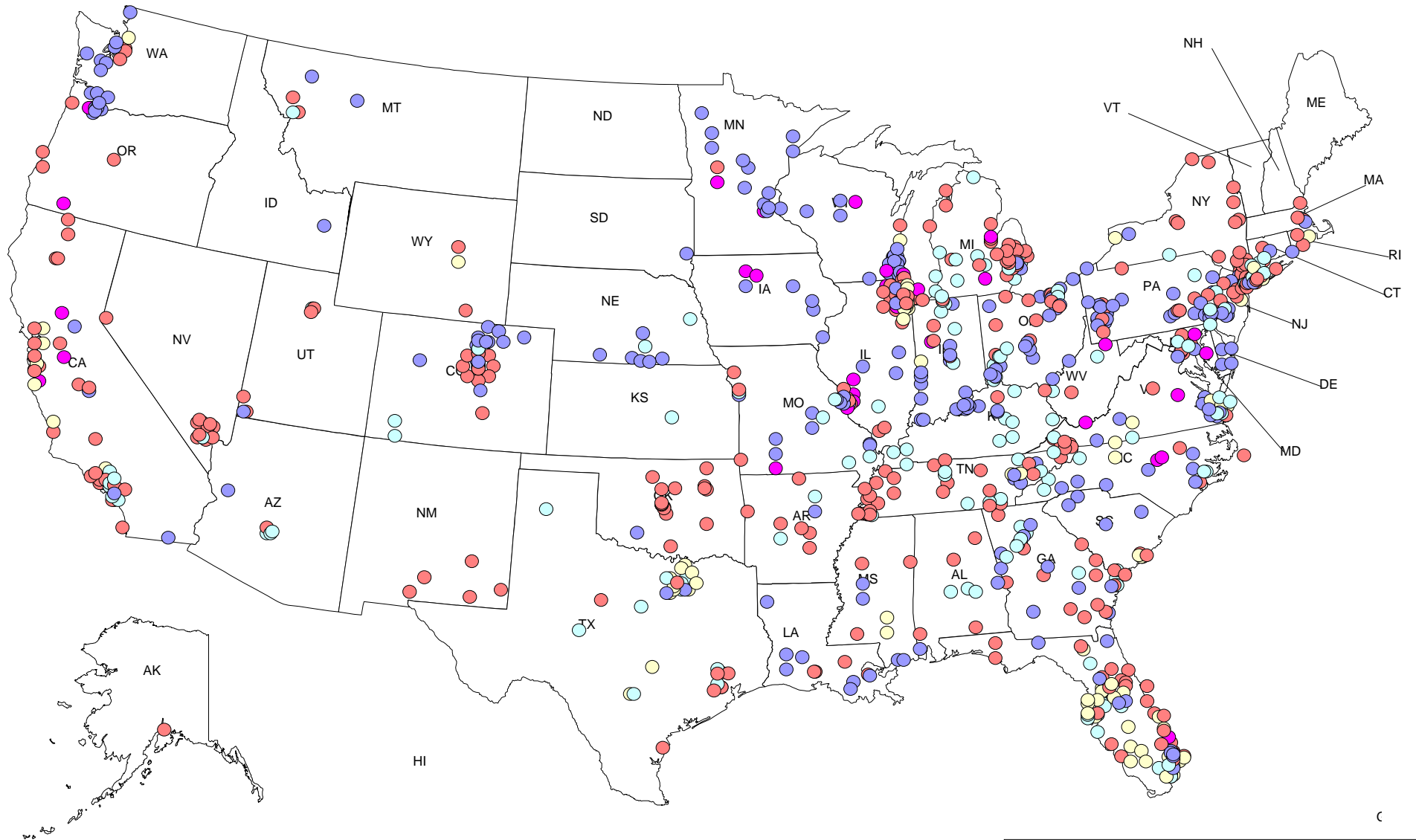
*Practices Sending Patients Elsewhere* denotes practices (possibly comprising multiple clinic sites) that are sending **all of their patients** elsewhere for chemotherapy.

*Acquired by Hosp.* denotes practices (possibly comprising multiple clinic sites) that have been acquired by a hospital.

*Merged/Acquired by Another Entity* denotes practices (possibly comprising multiple clinic sites) that have merged or been acquired by a corporate entity.

Source: Community Oncology Alliance cancer impact database compiled and updated from data obtained from public and private sources.

# Community Oncology Cancer Care Impact Map



- Acquired by Hospital
- Clinics Closed
- Merged/Acquired by another entity
- Practices sending patients elsewhere
- Practices Struggling Financially