



Community Oncology Cancer Care Practice Impact Report

Documented Impact on Community Oncology Practices

Updated 7/19/10

Summary

- The Community Oncology Alliance (COA) has developed a tracking database on the adverse impact of Medicare reimbursement on community oncology practices. The database was initially 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, 863 clinics/practices during the past three years have been impacted as follows:
 - **172 Clinics Closed** — Denotes individual sites that have closed.
 - **323 Practices Struggling Financially** — Denotes practices (possibly comprising multiple clinic sites) that are struggling to pay bills and/or stay open.
 - **42 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.
 - **224 Acquired by Hospitals** — Denotes practices (possibly comprising multiple clinic sites) that have been acquired by a hospital.
 - **102 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, are accelerating in 2010. For example, already this year 41 clinics have closed.
- This is occurring because of two factors. First, cuts to Medicare reimbursement for cancer care have been unrelenting. 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. 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). Medicare will make additional cuts to this essential cancer treatment service in 2011, 2012, and 2013. 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 7/19/2010

State	Total Sites/Practices	Clinics Closed	Practices Struggling Financially	Practices Sending Patients Elsewhere	Acquired by Hosp.	Merged/Acquired by Another Entity
Alaska	1		1			
Alabama	9	5	3		1	
Arkansas	10	2	7		1	
Arizona	6	3	1		1	1
California	53	12	27	3	3	8
Colorado	32	4	15	1	12	
Connecticut	6	5	1			
DC	2		2			
Delaware	2	2				
Florida	70	15	20	2	11	22
Georgia	29	9	14		6	
Idaho	1				1	
Iowa	7	1		2	4	
Illinois	59	5	27	10	5	12
Indiana	25	5	4	2	13	1
Kentucky	24	11	2		11	
Louisiana	9		3		6	
Maryland	10		3	1	6	
Massachusetts	7	1		3	3	
Michigan	59	17	35	3	3	1
Minnesota	15		1	2	12	
Missouri	29	8	5	2	14	
Mississippi	10	2	4		4	
Montana	3	1			2	
North Carolina	23	11	2		6	4
Nebraska	2	2				
New Jersey	24	3	14		6	1
New Mexico	5		5			
Nevada	15	1	12	1		1
New York	41	10	25		4	2
Ohio	25	2	8		14	1
Oklahoma	18	2	15		1	
Oregon	16		2	2	12	
Pennsylvania	33	2	12			19
Rhode Island	2		1		1	
South Carolina	13		3		6	4
South Dakota	1				1	
Tennessee	43	10	27		6	
Texas	29	6	8		3	12
Utah	6	1	4		1	
Vermont	1				1	
Virginia	36	7	6	2	11	10
Washington	12	1			10	1
Wisconsin	22	1		1	19	1
West Virginia	14	4	2	5	3	
Wyoming	4	1	2			1
Total	863	172	323	42	224	102

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.

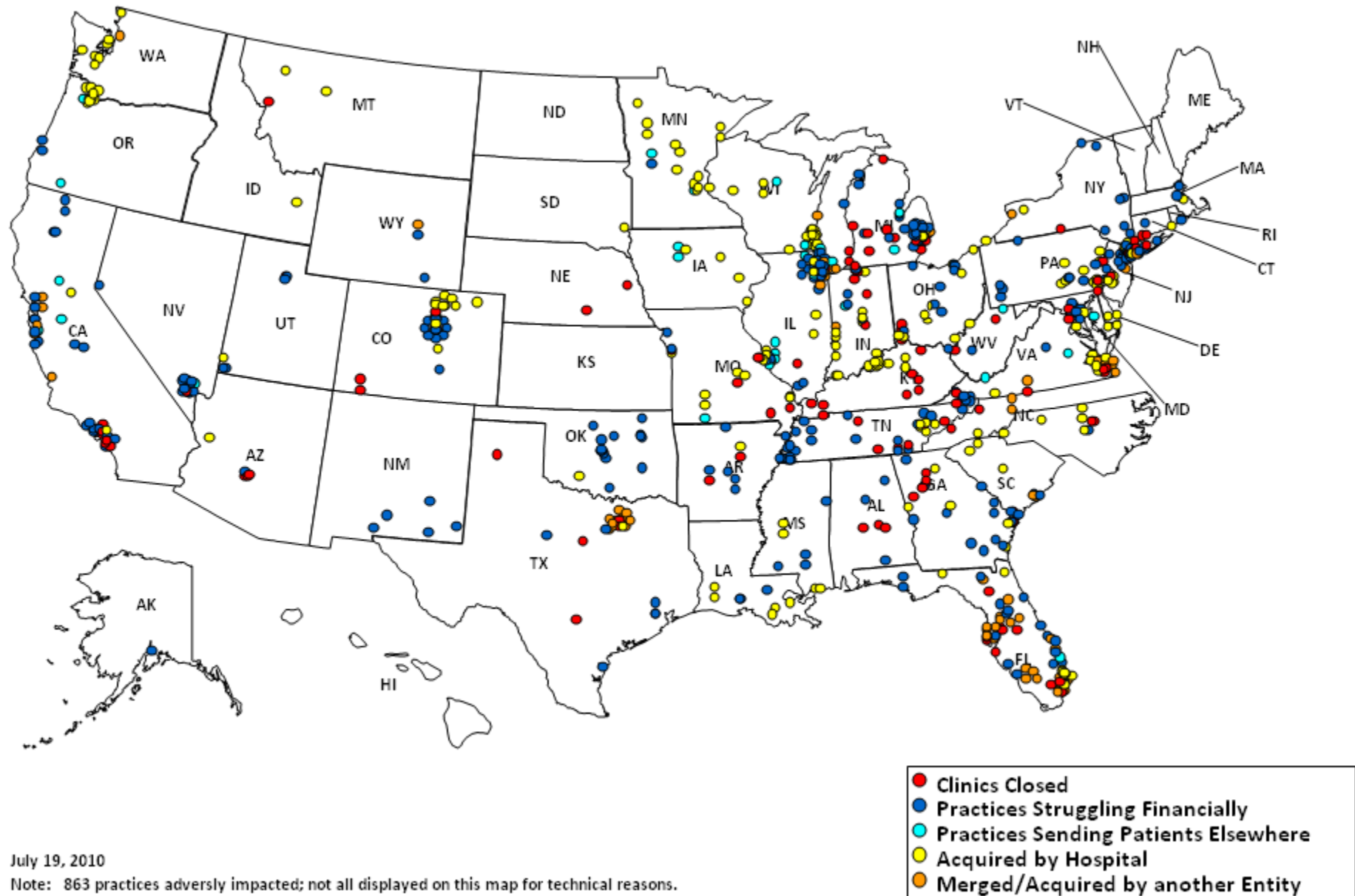
Practices Sending Patients Elsewhere denotes practices (possibly comprising multiple clinic sites) that are sending **all of their patients** elsewhere for chemotherapy.

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



July 19, 2010

Note: 863 practices adversely impacted; not all displayed on this map for technical reasons.