

Evaluating the Site of Service and Oncology Care Costs

INTRODUCTION

The therapeutics used to treat cancer are costly, but patients are even more surprised to discover that where they receive their care is a large driver in the overall cost of their care. The site of service, or where patients receive care, impacts the overall financial burden for payer and patient. In most scenarios, patients have a choice as to where they want to receive care following their cancer diagnosis, most often the choice is between a community oncology provider, a hospital, or an academic institution. While all generally provide similar services and treatment options, the cost of care for cancer patients is significantly less in a community oncology setting.

BACKGROUND

The cost of cancer care in the United States has been on the rise in recent years, and it is expected to exponentially increase, amassing well beyond \$245 billion by 2030¹. Cost can fluctuate based on where patients receive care. Those in an academic or hospital setting incur higher costs due to larger and more complex overhead costs. Unnecessary tests and procedures also contribute to increased out-of-pocket costs for the patient and higher costs for the payer.

COMMUNITY ONCOLOGY PROVIDERS

Community oncology providers are independent clinics that specialize in cancer treatment. When considering how the site of service impacts the overall cost of care, community oncology has several advantages. These providers offer a more personalized approach to cancer care and are often more efficient than hospitals and academic institutions.

Community oncology providers tend to have a more efficient staffing ratio and less fixed overhead, such as larger buildings and excessive equipment, than a larger facility, like a hospital or academic center. By having lower costs, community oncology providers, in turn, can offer a lower cost of care to patients.

Because community oncology practices are located close to patients' homes, they have an intrinsic advantage of knowing patients and families better, providing more personalized care, with potentially better coordination of care with local primary care providers and specialty physicians who support the same patients. These and other factors translate into improved efficiency, cost-effectiveness, and access to care.

Evaluation of out-of-pocket expenses for the patient must also include proximity to where they are receiving care. Patients often travel hours, sometimes on a daily or weekly basis, to reach a hospital or academic center to undergo diagnostic procedures and to receive treatment. They may purchase

airline tickets and hotel rooms, pay for gasoline, and incur additional expenses for basic needs while not in the comfort of their home.

Such extraneous costs are not a factor in a community oncology setting. Patients are often a few minutes from their home and do not incur additional out-of-pocket travel costs. Many patients are able to continue working and fulfilling family obligations minimizing impacts to personal finances and schedules.

Convenient access to their trusted and familiar care team and proximity to a comprehensive range of ancillary support services, a hallmark of community-based settings, is a key factor in reducing emergency room visits and hospital admissions and enhancing quality of life.

Additionally, community oncology providers often have better relationships with insurance companies. They work closely with a variety of payers to ensure that their patients can receive the treatment and the outcomes that they need. Value-based care initiatives driven by payers also often incentivize cost-effective and high-quality care delivery, which is more easily carried out in a community oncology setting where personalized care is prominent. The result from having these close payer relationships leads to lower out-of-pocket costs for patients when compared to a hospital or academic institution.

COST SAVINGS

Studies have shown that patients who receive cancer care from a community oncology provider may experience significant cost savings compared to patients who receive care at a hospital or academic setting.

In a study conducted by Milliman², the average cost of breast cancer treatment at a hospital was approximately \$150,000, while the cost of treatment at a community oncology provider was approximately \$85,000.

AVERAGE COST OF BREAST CANCER TREATMENT

HOSPITAL	COMMUNITY ONCOLOGY PROVIDER
\$150,000	\$85,000

Another study conducted by the Community Oncology Alliance³ found that patients who received cancer treatment at a community oncology provider incurred approximately 28% less in out-of-pocket costs compared to patients who received treatment at a hospital.

Lucio N. Gordan, MD, president & managing physician of Florida Cancer Specialists & Research Institute, has served as lead investigator for several published studies examining cost and outcome differences.

One expansive study conducted for the Community Oncology Alliance⁴ analyzed commercial and Medicare claims data for patients receiving chemotherapy treatment for breast, lung, and colorectal cancer, the three most commonly diagnosed cancers in the U.S.

In general, the overall cost of care savings in the community oncology setting was approximately \$8,000 per member per month (PMPM). The same was true for those receiving chemotherapy treatment, with the mean per member per month cost of care 20% to 39% lower in community oncology clinics vs. hospital outpatient settings. These contrasts are of notable consequence to payers and patients, given the consistent year-over-year increases in chemotherapy drug costs.

The researchers were also able to show that patients treated in the community setting saw the emergency department at 72 hours post-treatment at 28% less than the hospital setting.



COST OF CARE BY SITE OF SERVICE

Comparing Community Oncology Providers to Hospitals

OUT-OF-POCKET COSTS

28% less

OVERALL COST OF CARE SAVINGS

\$8,000

per member per month (PMPM)

EMERGENCY DEPARTMENT VISITS 72 HOURS POST-TREATMENT

28% less

Other studies have consistently confirmed similar cost differences, regardless of cancer type or type of therapy administered:

Avalere Health³ study findings report the cost of radiation therapy in hospitals versus freestanding community-based radiation oncology centers is also higher for patients being treated for common cancers. For instance, costs were \$3,097 higher in the hospital setting than for the same therapy in a freestanding clinic for prostate cancer patients undergoing IMRT therapy. Three-dimensional conformal radiotherapy for breast patients was \$600 higher in the hospital, while treatment for lung cancer with this same technology was \$430 higher.

An early research study of emerging immuno-oncology therapies (I-O), co-authored by Dr. Gordan and published in the American Journal of Managed Care.⁵ found that medical plus pharmacy cost per patient per month was consistently lower for in community versus hospital-based clinics (\$16,205 vs. \$22,832).



| CONCLUSION

Florida Cancer Specialists & Research Institute, a community oncology practice of nearly 100 locations in Florida, takes into consideration all aspects of care and how each impacts cost outcomes, from the price of the drugs to the most appropriate care setting.

The site of service for cancer care plays a large role in the overall cost of care for both the payer and the patient. When compared to a hospital or academic setting, significant cost savings are incurred by both patients and payers when care is received at a community oncology practice. Community oncology providers offer a more personalized and efficient approach to cancer care than hospitals and academic institutions without detriment to outcomes. Patients, primary providers, referring physicians, and payers should consider their options carefully and discuss the potential cost implications before deciding on where to receive cancer treatment.

1. *Cancer Care Costs in the United States Are Projected to Exceed \$245 Billion by 2030*, June 10, 2020; American Association for Cancer Research
2. *A Multi-Year Look at the Cost Burden of Cancer Care*, April 11, 2017, Milliman Research Report
3. *Avalere By Site of Service Cost of Cancer Study*, March 1, 2012, Community Oncology Alliance
4. *The Value of Community Oncology*, September 25, 2017, Community Oncology Alliance
5. *Cost differential of immuno-oncology therapy delivered at community versus hospital clinics*, March 1, 2019, American Journal of Managed Care