



Advancing Cancer Care in America

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**Oncologists Report Declining Reimbursement
Most Significant Challenge for Future Practice Viability**

HOUSTON, February 12, 2009—A national poll of 315 oncology practice decision-makers cited declining reimbursement as the most significant challenge to practice viability in the next two years. Thirty-nine percent of oncologists, and 52 percent of Practice Administrators and Executive Directors (PA/EDs) reported their practice has seen a significant decrease in reimbursement over the past two years.

Sponsored by US Oncology, and conducted by KJT Group, the survey of community-based oncologists and Practice Administrators and Executive Directors (PA/EDs) included closed and open-ended questions about oncology practice reimbursement and management. The survey sought to quantify trends, while examining the approaches community-based practices are using to deal with today's reimbursement environment. Respondents were queried on practice support systems, claim denials, payer contracts and patient assistance.

Reimbursement

While there were some minor differences in perception, oncologists and practice administrators generally agreed that reimbursement was suffering, with the majority citing small or significant decreases that they quantified as ranging on average from nine to 24.2 percent.

- **Significant decrease:** 39 percent of oncologists and 52 percent of PA/EDs indicated a significant decrease in reimbursement. Those oncologists cited, on average a 24.2 percent decrease while the PA/EDs reported, on average a 22.3 percent decrease.
 - **Small decrease:** 39 percent of oncologists and 32 percent of PA/EDs reported a small decrease in reimbursement. Those oncologists reported, on average a 9.5 percent reduction, while PA/EDs reported, on average a 9.0 percent reduction.
 - **No change:** 7 percent of oncologists and 6 percent of PA/EDs reported no change in reimbursement over the past two years.
- Increase:** Only 10 percent of both groups reported seeing either a small or significant increase in reimbursement.

Of the factors cited by survey participants, inadequate payer reimbursement was the most significant. Fifty-eight percent of oncologists and 40 percent of practice administrators ranked it as the top reimbursement challenge. Others included regulatory requirements that impact practice billing (24 percent of oncologists and 22 percent of PA/EDs) and high drug costs, (11 percent and 30 percent, respectively).

“There is a pervasive perception that reimbursement is falling,” said Leonard Kalman, M.D., a practicing medical oncologist and practice president of Advanced Medical Specialties, which is affiliated with US Oncology, “but this effort to quantify impact was informative. I was equally intrigued that only nine percent of oncologists feel there are adequate administrative tools and support services available in the oncology market. The survey findings confirmed what most of us know intuitively. Yesterday’s ways are no guarantee for tomorrow’s practice viability.”

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Support Systems

When asked to prioritize the importance of a variety of support systems, practice decision-makers overwhelmingly selected an integrated electronic medical record (EMR) and electronic remittance as most critical to efficient practice administration. Here, too, the different perspectives of oncologists and PA/EDs are evident. Forty one percent of oncologists selected an integrated EMR as most critical and 28 percent selected electronic remittance. Conversely, administrators selected electronic remittance as most critical (39 percent) with the EMR coming in second (21 percent).

Approximately one-third of oncologists and PA/EDs, (34 percent and 31 percent respectively) reported difficulty in the employee retention necessary for efficient oncology reimbursement.

Despite the difficulties in retaining skilled employees, less than one-third (29%) of oncologists and one-fifth (19 percent) of PA/EDs indicated their practice uses an outside billing service. The numbers increased for third-party collections of accounts receivable (AR). Nearly half of PA/EDs (47 percent) and 41 percent of oncologists have used outside collections support. The majority using a third party collections service report sending AR to collections between 120 days (four months) and 239 days (eight months).

“Collecting balances from insurance carriers and patients has become a huge challenge,” said Tom Grates, executive director of South Shore Hematology-Oncology Associates in Rockville Center, New York. “So it’s not surprising that practices are looking outside with help in managing AR . What’s surprising to me is that more of them aren’t using outside services from the start – especially in light of the difficulty in recruiting and retaining the right kind of employees for efficient oncology services reimbursement.”

The survey also examined payer relations, focusing on claim denials, denial tracking and Explanation of Benefit (EOB) audits.

Patient Assistance

While a majority of practice decision-makers (63 percent of oncologists and 71 percent of PA/EDs respectively) report having an employee dedicated to financial counseling for patients, three-quarters report success in securing outside financial assistance for patients less than 50 percent of the time. Instead, patient financial hardships are most often managed in the following manner:

- Payment plans (34 percent oncologists and 41percent PA/EDs)
- Referring the patient to a hospital for treatment, (24 percent and 19 percent, respectively)
- Free care based on hardship policies (21 percent and 14 percent)
- Discounts (15 percent and 16 percent)

“There are financial resources available for patients in need,” said Tom Kelley, executive director of the Cancer Centers of the Carolinas located in Greenville, SC. “As the economy worsens I think more practices will want to explore effective means of accessing them – for their patients and their practice. The availability of community cancer care is absolutely critical for patient access. And while many of the issues explored in this survey are critical to our continued viability, patient assistance is at the heart of access.”

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Study Methodology

KJT Group conducted this survey among a cross section of U.S.-based medical, radiation, surgical, and gynecologic oncologists, hematologists, practice administrators, and executive directors. With a total sample size of 315 (215 oncologists and hematologists and 100 practice administrators/executive directors), the overall margin of error at the 95 percent confidence level is approximately +/- 6 percent.

Oncologists and practice administrators were sampled randomly from the American Medical Association (AMA) master list of physicians. US Oncology-affiliated physicians made up 10percent of the total oncologist sample, and US Oncology-affiliated practice administrators/executive directors made up 15 percent of the total PA/ED sample. The quantitative survey was blinded (no sponsor identified) and interviews were collected from July 15th-July 30th, 2008. Respondents represented large and small office or clinic-based practices.

The full survey instrument and findings, including payer relations information not included in this release, are available upon request.

About US Oncology

US Oncology, headquartered in Houston, works closely with physicians, manufacturers and payers to identify and deliver innovative services that enhance patient access to advanced cancer care. US Oncology supports one of the nation's foremost cancer treatment and research networks, accelerating the availability and use of evidence-based medicine and shared best practices.

US Oncology's expertise in supporting every aspect of the cancer care delivery system—from drug development to treatment and outcomes measurement, enables the company to help increase the efficiency and safety of cancer care. According to the company's last quarterly earnings report, US Oncology is affiliated with 1,227 physicians operating in 485 locations, including 92 radiation oncology facilities in 39 states. For more information, visit the company's Web site, www.usoncology.com.

About KJT Group

KJT Group, headquartered in Mendon, NY, is a growing research and consulting firm focusing on the health services research market. Founded by Dr. Kenneth J. Tomaszewski, KJT Group blends academic rigor and practical market research techniques. Areas of specialization include market analysis and health outcomes research. For more information, visit www.kjtgroup.com.

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