



Unlocking Value in Cancer Care

How APMs, Payviders, and Digital Solutions
Are Advancing Value-Based Oncology



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➤ In a [January 2022 report](#), we explored the unique features that position oncology well for a “second act” of value-based care transformation. We expected to see accelerated investment, propelled by the infusion of private capital and innovative approaches to securing provider capacity, designing smarter models of risk, and unlocking value through care transformation. The progress in 2022 was material. In this briefing, we cover 3 updates on our value-based care oncology perspective: second generation alternative payment models (APMs), payvider oncology evolution, and digital and home-based value enablement.

Oncology APMs Continue Their Slow but Inexorable Advance

Our earlier work highlighted the paucity of two-sided risk arrangements in the cancer industry, with APMs generally referring to simple pathway compliance bonuses, supportive care stipends, and/or one-sided retrospective risk models. In 2022, we saw evolution in APMs, as Medicare clarified the arc of its payment reform toward two-sided risk and commercial payers iterated on existing programs.

COMMERCIAL APMS:

The commercial payer space has been experimenting with oncology APMs for nearly a decade, spanning basic medical home coordination support (e.g., Cigna’s Oncology Focus program) to innovative payment bundling (e.g., Horizon BCBS and Astera Cancer Care payment bundling). In 2022, we saw several areas of commercial payer and payer adjacent activity:

- In May 2022, UnitedHealthcare launched electronic authorizations to accelerate approvals in its Cancer Episode Program (CEP) and Cancer Therapy Pathways Program. Both initiatives are seeing increased practice uptake, driving evidence-based adherence and significant savings.¹
- Cigna launched a new provider consultation service in May 2022 to improve cancer value. Its telehealth second opinion service, akin to City of Hope’s AccessHope, enables community oncologists to seamlessly connect with National Cancer Institute (NCI) subspecialists at over 20 cancer centers as they endeavor to keep care local.²
- In July 2022, 9 oncology practices were certified through the American Society for Clinical Oncology’s (ASCO’s) Patient Centered Cancer Care Certification Pilot.³ The aim of this pilot, deployed across 88 cancer sites and nearly 500 oncologists, is to eliminate redundancy and inefficiency in payer-specific metrics for oncology APMs. The new single set of standards being advanced by ASCO and the Community Oncology Alliance promises to create objective measurements for high-value cancer care that can be scaled across all commercial and governmental APMs.

MEDICARE APMS:

In [our previous report](#), the Centers for Medicare and Medicaid Services (CMS) had yet to announce plans for a successor to the Oncology Care Model (OCM), which had concluded its 5-year test program with a \$300 million loss, nor had it issued guidance on the serially delayed Radiation Oncology Alternative Payment Model (RO-APM). Several important updates in 2022 signaled a continued, but cautious, approach to oncology APMs.

- In June 2022, CMS released the framework for its Enhancing Oncology Model (EOM), including narrower patient eligibility, mandatory two-sided risk, lower monthly support payments, and additional analytics and health equity requirements.⁴ It is encouraging that CMS remains committed to evolving away from the fee-for-service construct, but in many ways the EOM has been received as “OCM-lite”—owing to its narrower risk corridor and voluntary participation. Mandatory two-sided risk will likely limit the number of practices joining the EOM if they did not participate, or were not successful, in the first-generation OCM pilot. Practices that did well in the OCM, like Tennessee Oncology and Florida Cancer Specialists, will be asked to reduce total medical expense (TME) with less support, across a narrower patient subset, while the rest of the oncology industry awaits an APM mandate at some future date.
- In April 2022, CMS announced that its Radiation Oncology APM (RO-APM) would be postponed indefinitely, pending further industry engagement on the design of a bundled payment mechanism for radiotherapy.⁵

LOOKING AHEAD TO 2023:

In 2023, we expect continued APM experimentation in the commercial space, and a rollout of the new EOM. Adjacent to payer-led APMs, we also expect heightened activity in direct-to-employer contracting for cancer care with fixed price or payment bundling. Our previous report highlighted the work of Carrum Health in bundling cancer episodes for employers through Memorial Sloan Kettering Cancer Center’s “MSK Direct.” That model was extended in August 2022 through City of Hope, bringing bundled cancer care to a large swath of Southern California.⁶ Other entrants are moving quickly to create similar employee care management and innovative payment models, such as Transcarent Oncology Care (a service introduced in April 2022).⁷

Payers and Risk-Bearing Providers Are Circling the Oncology Opportunity

Our 2022 report highlighted the ways in which the healthcare ecosystem is moving toward “payvider” models, as payers seek new ways to influence TME and risk-bearing primary care platforms seek to own additional segments of the care continuum. Over the course of 2022, we continued to see major interest in high-spend specialty areas like cancer, specifically in Medicare Advantage—a payer class disproportionately represented in the cancer population and expected to account for half of all Medicare beneficiaries by the [end of 2023](#).⁸ Payvider activity generally fell into 2 broad categories: purpose-built (“high-intensity”) and payer-owned.

HIGH-INTENSITY MODEL:

High-intensity medical oncology made its debut in the past 24 months, following successful analogs in primary care from Oak Street Health, Iora Health, and ChenMed. These investor-backed oncology platforms follow a similar playbook, deploying value-native operating models, high-tech/high-touch solutions, and value-based contracting to manage the health of cancer patients toward reduced TME. This nascent space has been owned by a single player, The Oncology Institute (NASDAQ: TOI). But 2022 saw a new entrant, and we expect the space to become crowded as other private capital deploys into this growing market space.

- In 2022, The Oncology Institute continued to expand its footprint and deploy capital from its Deerfield special purpose acquisition company (SPAC). TOI obtained a \$110 million investment through secured note issuance to fund practice expansion in places like south Florida, where it announced an acquisition of Broward Oncology Associates in June.^{9,10} The transaction followed TOI's agreement with primary care platform MaxHealth to provide value-based medical oncology services to its patients in the Tampa Bay area.¹¹
- In February 2022, TOI received company in the value-based care oncology space as Welsh, Carson, Anderson, and Stowe (WCAS) announced the launch of Oncology Care Partners (OCP) through Valtruis, its value-based care fund.¹² Like TOI, OCP is an innovative, value-based medical oncology platform that leverages a high-intensity care model, predominately for the Medicare Advantage population. OCP's partnership with New Century Health allows the practice to utilize a data-rich, outcomes-based treatment approach using New Century Health Precision PathwaysSM.

PAYER-OWNED MODEL:

The wholly owned payer model is progressing gradually in medical oncology, primarily through the efforts of UnitedHealthcare's Optum and its owned specialty care practices. Optum operates cancer-specific enterprises, like its Optum Care Cancer Centers in Nevada, as well as large multi-specialty practices that house oncology, like its Everett Clinic in Seattle, Washington.

- In March 2022, Optum completed a \$5.4 billion acquisition of LHC Group, giving it access to 30,000 employees providing 12 million annual in-home services. While not a direct oncology play, this in-home network provides Optum with a chassis to lead in [at-home cancer infusion](#) and the broader emerging ecosystem of cancer care at home.¹³
- In April 2022, the Massachusetts Attorney General approved Optum's \$236 million bid for Atrius Health, the largest independent physician network in Massachusetts.¹⁴ Optum's acquisition includes 9 oncologists, expanding its oncology assets in the Northeast alongside practices like Reliant Medical Group. Similarly, in September 2022, Optum made a \$2 billion acquisition of Kelsey-Seybold Clinic, a 500-physician, 30-location physician platform in the Greater Houston area.¹⁵ With Kelsey-Seybold, Optum acquired a cancer center and a contingent of cancer specialists, embedded in a risk-bearing practice in a rapidly growing market.

LOOKING AHEAD TO 2023:

The key theme we will watch for in 2023 is how many payers and risk-bearing primary care platforms make the leap into value-based medical oncology, whether owned or contracted. We expect several large oncology platforms to transact in 2023, led by the recently announced special purpose acquisition company (SPAC) of American Oncology Network (AON).¹⁶ These platforms could provide an immediate accelerant to risk-bearing primary care practices seeking to own more of the patient continuum and/or attractive targets to payers seeking to become cancer providers. We also expect to see many of the large, publicly traded primary care platforms explore de novo and acqui-hire strategies to establish an oncology presence adjacent to their primary care footprints.

New Digital Enablement and Home-Based Care Models Are Accelerating Value

Our original perspective concluded with an exploration of the levers of value—recognizing that the most challenging element of value-based care oncology is the care model transformation necessary to generate savings. Each of the levers we explored—pathways, “medical home” models, and digitally enabled care coordination—all made strides in 2022, including activity adjacent to the patient home.

DIGITAL CARE MANAGEMENT:

We previously described the emergence of a new role in the cancer industry, which has evolved into an archetype we call the Digital Care Director (DCD)¹⁷. This role, which involves end-to-end personalized coordination for cancer patients, is being pioneered by companies like Thyme Care, using predictive claims analytics and nurse navigators to connect and guide patients during the “panic period,” or earliest manifestations of a cancer diagnosis. In providing this service, the DCD earns a patient’s trust and is positioned to influence cost-effective care-setting decisions and interventions. In 2022, we saw several areas of commercial payer and payer adjacent activity:

- In July 2022, Thyme Care announced a partnership with AmeriHealth New Jersey that will expand Thyme Care’s digital navigation to more than 300,000 covered lives in New Jersey.¹⁸
- In October 2022, Jasper Health’s “cancer care companion” digital platform announced a partnership with Scripps Research to leverage patient-reported, biometric, and symptom-related data to direct care toward higher-value outcomes. This project comes on the heels of Jasper’s announced collaboration with Walgreens to add its DCD-model, Jasper Coach+, to Walgreens’ “Find Care” feature, bringing its customers “empathetic, human-led cancer support.”^{19,20}

CANCER CARE AT HOME:

The in-home cancer care movement straddles the themes of site of care disruption and digital enablement discussed in our previous report. Versions of “cancer care at home” have been piloted in recent years by the Huntsman Cancer Institute, with acute cancer supportive care via “Huntsman at Home,” and the Penn Center for Cancer Care Innovation, which provided home-based chemotherapy for more than 1,500 patients in 2020.^{21,22} In 2022, we saw a new type of activity with the emergence of cancer-at-home digital enablement companies, like Reimagine Care, that connect providers, patients, and payers for in-home infusion and other supportive care.

- In March 2022, Reimagine Care announced its collaboration with the University of Colorado to develop a home-based approach for managing complex bone marrow transplant patients using remote monitoring and virtual care.²³ In November 2022, Reimagine Care announced a partnership to provide The Center for Cancer & Blood Disorders (CCBD), based in Dallas-Fort Worth, with on-demand support from oncology nurses and advanced practice providers (APPs), along with in-home cancer services. These interventions, generally aimed at managing symptoms in the home, have the chance to eliminate unnecessary Emergency Department visits and admissions, and the associated medical spend.²⁴
- In October 2022, Walgreens completed its full acquisition of CareCentrix as it continues building its capability for care in community and home-based settings. The CareCentrix platform includes 19 million members and 7,400 provider locations, with a strong foothold in home-based infusion, acute supportive care, and palliation.²⁵ As the obstacles for home-based chemotherapy continue to resolve, we expect Walgreens and other retail companies to become significant disruptors to traditional hospital and office-based infusion businesses.

LOOKING AHEAD TO 2023:

In 2023, we expect to see rapid growth in both the DCD business and growing application of cancer care at home, albeit on different ends of the provider spectrum. For DCDs, we expect Thyme Care to scale across new geographies and health plans, for copycat navigation businesses to emerge, and by virtue of its position in the cancer continuum, for DCDs to become major influencers in the referring value chain. Our thesis on home-based cancer care is that academic centers will experiment initially in outpatient stem cell transplant, given the duration of treatment and the extensive monitoring needs of immune-compromised, post-transplant patients. If successful, application of home-based supportive care and select in-home chemo infusion may expand. At the other end of the spectrum, we expect home-based care to deploy rapidly in the independent practice setting as an enablement for oncology medical homes. Providers remain lukewarm on the idea of home-based chemo, but companies like Reimagine Care will find a willing buyer for tools that facilitate 24/7 remote care, specifically in practices that take downside risk on Part A spend.²⁶



➤ **Despite Macroeconomic Conditions, Oncology Capital Investment Will Increase in 2023**

We expect tailwinds for value-based oncology care to gain strength in 2023, supporting continued APM experimentation from payers, alignment of new payvider models, and maturation of digital enablement and home-based care. The opportunity in these sectors will continue to drive strong investment theses and dynamic deployment of private capital, even if broader economic conditions and investor activity deteriorate. We remain convinced that the “second act” of value-based care is well underway in specialty care, and that oncology is set to take center stage.

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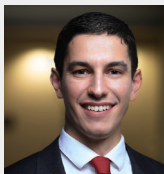
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