

## >> HillCo Partners Identifies Major Healthcare Policy Trends Which Will Impact Oncology Over the Next 3 to 5 Years

In the oncology market few strategic advisory firms have consulted on as many seminal issues to Medicare and Medicaid as Washington, DC-based HillCo Partners. In preparing for the post-election environment, HillCo Partners has a unique perspective on the issues that will matter most to genomic, pharmaceutical and biotechnology interests in oncology as well as oncologists and radiation oncologists in the next 3 to 5 years, and whether the election of a new President influences what comes next. The following is an excerpt from an interview OBR conducted with HillCo Partners—Grant Bagley, Doran Edwards, Marc Samuels, Michael Beebe, and Alissa Williams.

**OBR:** *What are the anticipated trends in oncology over the next several years that pharmaceutical and biotechnology companies should be aware of?*

**HillCo:** We already see many changes today in the business and practice of oncology; for example, increasing interest in the study of biomarkers (KRAS gene) and diagnostic predictors (Oncotype DX), as well as the creation of oral oncology formularies and new purchasing methods (OneOncology). What we anticipate post election is further cost containment pressures and continued changes from a new political landscape accepting follow-on biologics, reimportation, changes to Medicare Advantage, and reimbursement for primary care versus specialty physicians and services.

**OBR:** *What specifically are the cost pressures you feel will impact industry or physicians?*

**HillCo:** Major healthcare reform will have a significant effect on the cost and coverage of new drugs and biologics. New drug innovation may also

be slowed by changes at the FDA, including paralyzes from not having a confirmed Commissioner for some time. Medicare coding and coverage continues to evolve and raises potential concerns as the subject of cost, excluded from formal decision-making, still seems to loom in the back of minds at CMS. We also see this notion of “no programmatic need” continuing to be used more when in essence no systematic survey is completed. The likelihood of Medicare contractors implementing cost containment strategies such as “least costly alternative” or managed care-like tools is increasing; however the legality of such measures is also being challenged—so we expect CMS nationally to become more involved across issues.

**OBR:** *What about the political landscape; what do you see occurring post election?*

**HillCo:** We expect that Congress will take a sharp turn toward Democratic dominance post election. Logically, this will mean that healthcare will

evolve toward greater government control, and therefore budgets, as opposed to total system value, will play a larger role in the healthcare system. In 2008, OBR asked us along with Christian Downs from the Association of Community Cancer Centers (ACCC) about the tough issues facing oncology. At that time, we said that the sustainable growth rate issue—physician payment for services—along with compendia reforms for off-label uses of anti-cancer therapies and comparative effectiveness reforms will be large issues. As it stands now, compendia reform has been implemented in 2008, and ongoing issues still include both a permanent or sustained physician payment and comparative effectiveness reform. We continue to believe that both of these issues will remain the backdrop for comprehensive healthcare reform in '09

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coupled with changes being sought in Medicaid. Comparative effectiveness, the push for quality and value-based purchasing with evidence-based foundations, cost-included or not, will be

the overriding principle of coverage decisions across public and private healthcare in the next 3 to 5 years.

Several topics such as follow-on biologics, government negotiation in the Medicare Part D program, Healthcare Information Technology (Health IT), marketing laws, and other hot button issues will remain pervasive and in the short run will be thrown into the mix of healthcare reforms proposed for the first 100 hours and 100 days of the new Administration. The impact on the oncology industry may be severe; the impact on oncologists will be an increase in the concern over drug safety, greater problems for smaller community oncology versus larger more sophisticated practices like Cancer Clinics of Excellence (CCE) and Texas Oncology (TOPA) in implementing Health IT, and continued constriction of physician decision-making as consumer activism and awareness, and an increased use of evidence-based medicine, guidelines and pathways by public and private payers will grow.

**OBR:** *What changes most under the new Administration?*

**HillCo:** While the overall trends we've discussed do not change, the degree to which the oncology practices are affected by the new administration does change. Industry and government are both exploring the role of government in purchasing and assess-

ing healthcare. As discussed, both know there needs to be a change in how we define and utilize the notions of quality and value, and health outcomes. Senators Kennedy and Hutchison have been working on a proposal to increase funding for cancer research, better coordinate research efforts, and decrease

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barriers to cancer screenings (specifically colorectal and breast cancers). It remains to be seen if new payment for drugs and biologics or physician services will be included in the proposal, but it is very important as this is the first major piece of healthcare reform that may pass the House and Senate next year and it will contribute to Senator Kennedy's legacy.

**OBR:** *What are you advising your clients, by way of short-term and long-term business strategy?*

**HillCo:** We have been working with all our clients—biotechnology and drug, device, diagnostic and genomic—to get out ahead of the broad and specific public and reimbursement policy issues facing them in 2009 and 2010.

We have encouraged one or two day work sessions to look at potential positives as well as the known and probable negatives. Clients in genomics, imaging, cardiology and a handful of our oncology clients know they have specific business challenges ahead with their products or services and HillCo Partners has been able to successfully prepare them to enhance product growth or the reputation of their product and their brand. Long term, we feel that clients have to tackle the comparative effectiveness reform issue by a focused effort at defining their products from cradle to grave based on quality, value, and a strong evidentiary base. **OBR**



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