Ensuring an Enterprise-Wide Approach to Oncology Service Line Development

SUBMITTED BY ECG MANAGEMENT CONSULTANTS

ECG Management Consultants facilitated a pre-conference workshop as part of the 2017 ACE Annual Meeting in Austin, Texas. This article provides a synopsis of the workshop's content, which focused on a more global view of cancer care today along with a program development framework that addresses how oncology service lines should view their sphere of influence and patient needs.

THE STATE OF CANCER CARE TODAY

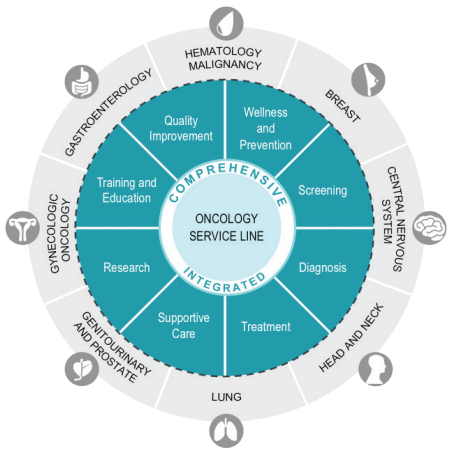
For oncology services, healthcare reform is manifesting through changes in both payment methods and key financial models. A high degree of uncertainty exists concerning how some of these initiatives will be fully implemented and what the effect will be on individual practices, oncology programs, and health systems. Compounding this is further uncertainty about how the new administration will impact various areas in healthcare. Such areas include the recently expanded Medicaid coverage that 32 states (including the District of Columbia) enacted, changes to drug pricing, and adjustments to NIH funding.

The remainder of this article highlights a variety of the topics and initiatives that have been in the limelight over the past year and on which oncology programs and practices need to be focused.

MEDICARE ACCESS AND CHIP REAUTHORIZATION ACT OF 2015

The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) provides a new quality-based payment structure for physicians that comprises two distinct tracks for providers to choose from. Track one consists of the Merit-Based Incentive Payment System, which is a modified fee-for-service (FFS) program that incorporates upside and downside risk through four performance measures. The second track consists of Advanced Alternative Payment Models (APMs), which are risk-based and refer to value-based, non-FFS payment mechanisms (e.g., ACOs) through which providers receive a large percentage of revenue. The first performance-year data collection period began in January 2017, and the first go-live reimbursement impact will occur in 2019.

FIGURE 1: THE EIGHT SERVICE LINE FUNCTIONS



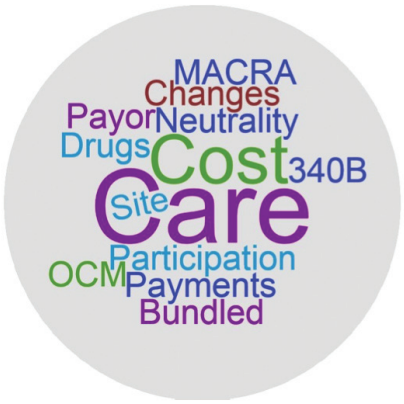
BIPARTISAN BUDGET ACT OF 2015

The Bipartisan Budget Act of 2015, signed into law on November 2, 2015, changed the financial and operational implications of facility-based Medicare reimbursement. The act excludes new off-campus hospital outpatient departments (HOPDs) from receiving reimbursement under Medicare's Hospital Outpatient Prospective Payment System (HOPPS). Beginning January 1, 2017, new HOPDs began to be reimbursed under the Ambulatory Surgical Center Prospective Payment System or the Medicare Physician Fee Schedule. Only those sites that were billing as an HOPD by November 2, 2015, will continue to be reimbursed under HOPPS. Commercial reimbursement has not been impacted by this act.

ONCOLOGY CARE MODEL

In early 2016, Medicare announced the creation of its Oncology Care Model (OCM), which is designed to improve the coordination of, access to, and appropriateness of chemotherapy treatment while lowering the total cost for Medicare beneficiaries. The OCM will incorporate two new payment mechanisms: (1) a $160 per member per month payment during a chemotherapy patient's six-month episode of care and (2) a retrospective performance-based payment for better-quality, highly coordinated oncology care provided at a lower total cost. To participate in the OCM, a physician practice or cancer center must:

- Provide access to patient navigation.



- Document care plans that contain all 13 components of the proposed Institute of Medicine Care Management Plan.
- Offer 24/7 clinician availability with real-time access to patients' medical records.
- Treat patients based on nationally recognized clinical guidelines.
- Pursue continuous quality improvement projects.
- Utilize an oncology-certified EHR and attest to Stage 2 of meaningful use by the end of the model's third performance year.

MEDICARE PART B DRUG REIMBURSEMENT CHANGES

The prior three topics are currently impacting oncology services today, while other topics and proposals will continue to emerge. One very important topic that is continuously being reviewed is Medicare Part B drug reimbursement. Though the demonstration project announced in March 2016 was withdrawn in December due to the number of concerns raised by different industry stakeholders, it is reflective of the potential changes that could occur in the future. In summary, the demonstration project proposed a new payment model for those drugs reimbursed under Medicare Part B and administered in either a physician's office or an HOPD. Had the details of the new payment model been implemented, drugs that cost more than $480 per day would have seen a reduction in reimbursement, which would have had the most significant impact on oncologists, rheumatologists, and ophthalmologists. Oncology programs need to remain attentive to such proposals and changes to understand the impact it could have to operations and patient care.

PROGRAM DEVELOPMENT FRAMEWORK

To maintain a competitive edge while providing patient-centered care in today's healthcare

market, organizations must develop into and effectively manage comprehensive, coordinated, and contemporary systems while understanding the financial implications of the evolving oncology reimbursement environment. Health systems and their aligned oncology programs need to approach service line planning from an enterprise, regional, and programmatic level.

Before embarking on any service line planning efforts, systems must ensure that all stakeholders share the same underlying definition of a service line. The following is ECG's definition:

> *A service line is a deliberately integrated collection of clinical programs or subspecialty services and operational functions focused on a specific patient population.*

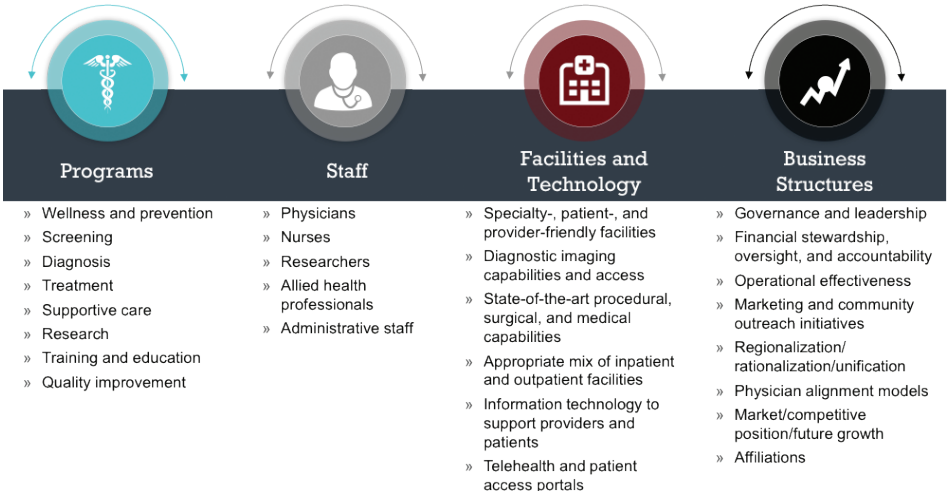
This definition of a service line has multiple layers and depth when fully embraced. ECG's experience has been that successful, comprehensive, and highly evolved service lines exhibit excellence across eight programmatic functions:

- Wellness and prevention
- Screening
- Diagnosis
- Treatment
- Supportive care
- Research
- Training and education
- Quality improvement

Integrating the eight service line functions puts the necessary emphasis on the total needs of a patient and a population so that the historical episodic approach to care is not the driving force of a treatment or condition. Ultimately, a comprehensive service line addresses the need to manage a patient or population to impact health as early and cost-effectively as possible while ensuring any and all services that may be required are integrated and utilized appropriately.

Specifically, an oncology service line is organized around individual tumor sites and coordinates the eight core programmatic functions into a system of care. The oncology service line wheel in Figure 1 illustrates the eight programmatic functions along with the individual tumor sites. This wheel provides the framework to define the programmatic patient care requirements across the entire care continuum; how those components and services are ultimately provided needs to be approached within a business planning framework that captures the complexities inherent in managing a successful service line.

FIGURE 2: SERVICE LINE COMPONENTS



ECG's business planning framework for developing and managing an oncology service line involves an organization's staffing, facility and technology investments, and business structure decisions. Embedded within each of those topics are a variety of subtopics that have far-reaching implications and which need to be actively managed and governed within an appropriate structure for the organization. Figure 2 is a diagram highlighting the core service line components.

An assessment of each of the eight programmatic functions will reveal the infrastructure required (i.e., in staffing, facilities and technology, and business structure) to provide comprehensive services and create a high-performing service line. Once a program has assessed itself, it can then begin to prioritize and develop a plan for its future direction. By doing so, a program can position its services to most effectively meet complex patient needs while ensuring its long-term financial viability.

ABOUT ECG'S PRESENTERS

Kevin Dunne

Kevin is an accomplished leader and healthcare consulting executive whose wide-ranging background in program strategy and development has made him a trusted partner to healthcare organizations across the country. For more than 15 years, he has helped clients identify and assess business development opportunities, guide and direct strategic planning, and conduct service line development initiatives, with focused emphasis in the areas of oncology, neuroscience, spine, and orthopedic services. Prior to joining ECG, Kevin was the cofounder of NeuStrategy, a consulting firm that provided a broad spectrum of strategy, financial, operational, and facility services to enhance the market position of hospitals, health systems, and physician practices. There he worked extensively in the planning and development of hospital Centers of Excellence. Kevin can be reached at *kdunne@ecgmc.com*.

Malita Scott

Malita has more than 15 years of healthcare experience and possesses extensive knowledge of oncology service line development and operations improvement. She has managed numerous initiatives related to the development of multidisciplinary cancer programs and assisted with the design and development of oncology services in both community and academic settings. Malita has also helped hospitals and medical groups evaluate and implement the 340B Drug Pricing Program and determine the optimal alignment structures for their oncology specialties. She has worked with pharmaceutical organizations to determine the operational and financial effects of cancer-related drug products on treatment processes, led numerous operational improvement initiatives, and evaluated clinical research programs for adherence to regulatory and financial guidelines. Malita can be reached at *mscott@ecgmc.com*.