



Planning for the

FUTURE IN
ONCOLOGY
CARE:

A FRAMEWORK FOR YOUR TEAM

ECG RECENTLY SAT DOWN WITH A NUMBER OF LEADERS FROM CANCER CENTERS

to discuss the core issues that oncology programs are facing. Despite differences in geography, hospital size, and setting (academic versus community), several consistent themes emerged—pointing to shared top-of-mind issues that oncology providers are grappling with today. This article shares key learnings from our recent conversations as well as our insights regarding the future of the business of oncology and how your organization can proactively prepare.



THE HERE-AND-NOW ISSUES

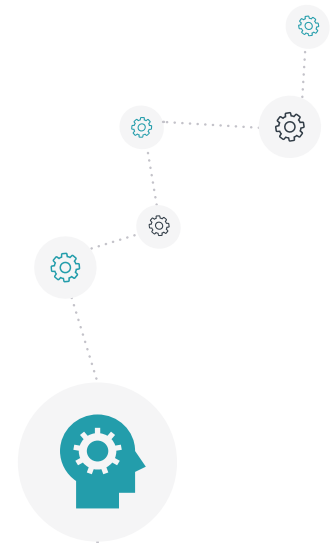
1. Balancing Reimbursement Pressures and Rising Costs
2. Redefining Access to Meet the Rise of Consumerism in Cancer Care



NEXT-LEVEL ISSUES

3. Keeping Pace with Innovation and Evolving Cancer Medicine
4. Preparing for a Value-Based Future





Framework: A Stratified Mind-Set

Oncology medicine is rapidly advancing. Emerging research continues to highlight radical changes to improve cancer diagnosis and treatment, and innovative technologies are expanding access to cancer services to broader patient populations. At the same time, cancer organizations are increasingly grappling with reimbursement pressures, high and rising treatment costs, and other barriers to providing accessible and affordable care. On a day-to-day basis, many cancer programs are encumbered with immediate pressures that we call “here and now” issues. But perhaps more importantly, oncology programs must balance the here and now while preparing to navigate “next level” challenges, such as immunotherapy. Although funding and acceptance of next-level treatments are still uncertain, more complex strategies and programming tactics will inevitably be needed to shepherd in a new era of cancer care.



The Here-and-Now Issues

By and large, oncology providers' most urgent issues are centered around two areas: reimbursement and access. Each day, cancer program leaders seek ways to stabilize increasingly difficult financial situations while providing care to patients.

1. Balancing Reimbursement Pressures and Rising Costs

The number one issue driving many provider organizations to push out strategic and innovative changes is immediate margin pressure from reimbursement cuts. Last year, most cancer programs in underserved communities dealt with a 30% decrease in Medicare drug reimbursement¹ that left them scrambling. We spoke to a few representatives from some of these programs who said their medical oncology financials recently declined to the point of unprofitability. Unfortunately, oncologists foresee margin pressure to be an increasing challenge in the near future as they face the following: (1) no expectation for rate increases (CMS's FY 2019 outlook is budget neutral), (2) high and growing drug costs (exacerbated by innovative therapies like CAR T-cell therapy), and (3) growing uncertainty around policy changes with potentially disastrous impacts (e.g., 340B, site neutrality, International Pricing Index model).

¹ As of January 2018, Medicare payments to hospitals for most separately payable drugs acquired through the 340B Drug Pricing Program are subject to a payment reduction of approximately 30%. <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Downloads/Billing-340B-Modifiers-under-Hospital-OPPS.pdf>

IN RESPONSE TO THESE CHALLENGES, WE RECOMMEND THE FOLLOWING POTENTIAL STRATEGIES:



- » Take advantage of beneficial governmental policies like 340B and provider-based billing while they still exist. This may require more flexibility, such as a willingness to move clinics “on campus.”
- » Replace lost margins through attracting volumes and seeking new revenue streams. For example, developing owned retail and specialty pharmacy strategies can benefit both cancer programs and other adult services by offsetting reimbursement cuts with additional volume.
- » Push care to lower-cost settings before payers mandate it. Common cancer care initiatives include oncology urgent models or symptom management clinics to reduce chemotherapy admits and bypass ER visits, as well as medication protocols and standardization around drug and lab utilization.
- » Focus on direct payer negotiation and continuous revenue cycle improvements. Despite margin pressure, some providers have made meaningful investments in these areas to pacify the continuous and time-consuming administrative pressure of getting treatments authorized on a timely basis.
- » Double down on any efforts to reduce internal costs wherever possible, and learn how to do more with less. Examples of cost-saving initiatives include implementing Lean methodologies to cut waste, evaluate key EHR enhancements to impact burnout and improve efficiencies, and address clinical variation to target margin improvement.



2. Redefining Access to Meet the Rise of Consumerism in Cancer Care

Second to the burning platform that comes with intensifying margin pressure, members of cancer programs we spoke with pointed to access and patient centricity as key strategic imperatives. Cancer programs are working to promote access in different ways and through multiple channels (patients, physicians, payers).



From the **PATIENT PERSPECTIVE**, organizations are working to build up program entry points and market themselves in ways that increase general awareness and articulate attributes that matter most to an increasingly savvy patient base (e.g., in-person multidisciplinary clinics)



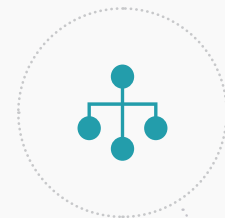
From the **PHYSICIAN PERSPECTIVE**, the rise in network affiliations and national partnerships has garnered attention for many community programs that want to increase access to subspecialized oncology expertise and provide training and education opportunities for their local physicians. However, such efforts must be carefully navigated with the local medical staff.



Lastly, from the **PAYER PERSPECTIVE**, the growing need to reexamine the total cost of cancer care. Payers are interested in adapting findings from pilot programs such as CMMI's Oncology Care Model and various Bundled Payment initiatives. Changes will come more quickly in this environment as proof of concept is validated.

IN RESPONSE TO THESE CHALLENGES, WE RECOMMEND THE FOLLOWING POTENTIAL STRATEGIES:

- » Prepare for a future where more care is pushed to lower-cost ambulatory sites. This includes monitoring trends in areas like home infusion (e.g., specialty pharmacies seeking home infusion accreditation) and fine-tuning your patient access strategies to keep pace.
- » Build a subspecialized tumor site infrastructure—because expert team-based care in a multidisciplinary setting resonates with patients. For many community programs, this means broadening your surgeon portfolio and increasing surgical capabilities (whether in-house or via partnerships).
- » Double down on your program's strengths—don't try to be experts in all cancers; instead, be the best at what you do well today. A staff member from one of the cancer programs shared their success in opening a women's center following their strengths and investments in GYN cancer.



- » Create a mobilizing strategy around community sites—carefully plan out how and where to anchor cancer services, then rightsize your geographic footprint accordingly. Multihospital systems are often successful when using a tiered service-level strategy: a differentiating destination center as the primary hub, regional cancer centers as minihubs, and mobile treatment options for localized care.



- » Ensure strategies that create numerous “front doors” to your cancer program (like the tiered service-level example above) are implemented along with internal processes that assure system-wide clinical standards. As cancer patients are becoming more sophisticated, there's a higher expectation to meet the promise of your brand and care standards wherever your program's name is.
- » Approach network affiliations carefully—engage the medical staff early in the process of defining the goals and rationale for such an affiliation. Absent such participation, physicians may feel threatened or offended by the affiliation.

The Next-Level Issues

Picture this scenario: your cancer program's basic building blocks are in place, access-related strategies are tapped out, and reimbursement continues to be a plaguing challenge. Where do you go next? Our proposition: future planning and preparation should be crafted through the lens of these influential next-level issues—innovation and value-based care.



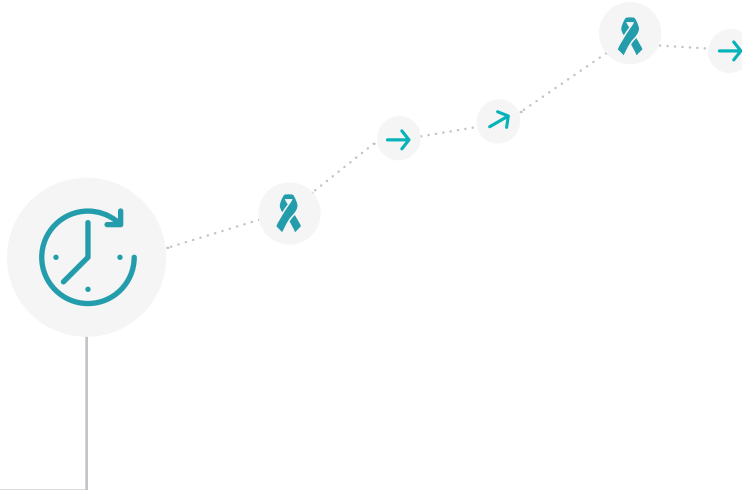
3. Keeping Pace with Innovation and Evolving Cancer Medicine

There's no shortage of excitement among the oncology community when it comes to innovations like immunotherapy, precision medicine, genomics, and CAR T. However, cancer program members interviewed said they're largely still wrapping their heads around how to define and talk about some of these new drugs and technologies, let alone afford them or build the systems to offer them. Perhaps unsurprisingly, the topic of innovation was the sharpest divide between the academic versus community cancer programs. Academically oriented programs are generally further along with their infrastructure and program planning around the latest and greatest innovations in oncology care, if not developing those innovations. In fact, some academics are investing in immunotherapy based on the premise that it'll become a fourth leg to oncology's traditional three-legged stool. But even many academics aren't where they want to be when it comes to preparing for a future of dominant innovative therapies like CAR T. And most community cancer programs, while they recognize the importance of developing appropriate diagnostic and treatment capabilities for their setting, often lack a complete understanding about how to get there.

IN RESPONSE TO THESE CHALLENGES, WE RECOMMEND THE FOLLOWING POTENTIAL STRATEGIES:

- » Put mechanisms in place that will enable better organizational support of innovative cultures, clinical research, and academics. This shift won't happen overnight, but you can start working on the basic blocking-and-tackling efforts such as teaming researchers with the oncology care providers and hiring research coordinators to make trial enrollment easier for physicians.
- » Seek partnership opportunities that enable physicians to plug into the most up-to-date training and research. The rapidly changing nature of oncology medicine paired with growing patient expectations will challenge previous status quos. Cancer patients increasingly expect their physicians to be evidence based and have innovative treatment offerings well integrated into their clinical platform.
- » Invest in financial counselors and navigators. These positions are only growing in importance as oncology providers struggle with ways to offset costly new treatments. Anticipate that more and more patients will ask about therapies like CAR T, and plan how your program will be able to efficiently and effectively navigate such questions.
- » Be mindful of tactics that prevent burnout and optimize top-of-license work. These are common challenges today in the oncology space and will only intensify in the future as more demands are placed on clinicians (medical oncologists in particular) and the overall oncology care team.
- » Secure right-minded, forward-thinking leadership for the long term. The importance of leadership cannot be underestimated; cancer organizations that feel the most prepared for the rapidly changing future often point to the leaders they have in place. As one cancer program member said, "Change management and culture is huge. Our key to success has been our physician leadership. We have physician advocates and champions to enable culture change at the tumor site level."





4. Preparing for a Value-Based Future

Not unlike the innovation “dilemma,” most cancer program members say value-based payment models are on their radar but not a huge focus or priority just yet. Overall programs are in different places in this journey, depending on the payers and competitive pressures in their market, though there seems to be a near-universal recognition that the pace of value-based change is accelerating. According to one member, “Twenty-five years ago these kinds of changes used to take years, and now they take months.” Moreover, cancer program members agreed that the industry’s reimbursement challenges and cost issues will increase pressure to adapt to value-based care models in the near future. For oncologists, this means preparing to offer the most efficient, highest-quality care model—one that gets patients to the right treatment the first time. This often requires care redesign to move from capturing a patient’s services to doing treatment the right way.

IN RESPONSE TO THESE CHALLENGES, WE RECOMMEND THE FOLLOWING POTENTIAL STRATEGIES:

» Work on establishing close ties and building trusted relationships with payers and employers—key stakeholders in a value-based future. Example strategies include direct-to-employer initiatives, CIN participation, or shared navigator programs designed to improve coordination and eliminate unnecessary prior-authorization issues.

» Begin to realign historical incentives. One of the biggest barriers in transitioning to value-based cancer care will be aligning oncologists to a new compensation model when they are used to payment based on visits and chemotherapy revenue.

» Learn from first movers in the oncology industry (e.g., OCM participants) to better understand what your cancer peers are doing to reduce cost burdens and follow best practices around novel elements of new payment models such as patient tracking and attribution.

» Focus on reducing care variation. Cost-effective care means establishing a clinical standard (e.g., NCCN Guidelines) as well as the mechanisms to measure and track compliance. Pathway models and navigator positions may help, as will integrated EHRs across the cancer program.

» Figure out the optimal clinical decision support and data-related partnerships for your program. The shift to value-based care implies that data sharing is the future. Progressive organizations are investing in new positions like chief data officer and using data as an asset to dictate preferred therapy options.



LOOKING FORWARD

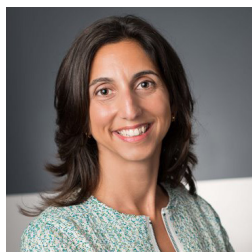
Oncology care faces a dynamic shift—nationally, we’ve seen a 27% decrease in cancer deaths since 1991. The opportunity for innovation in cancer care remains abundant and will enable us to continue seeing positive trends in cancer incidence and mortality. Most importantly, innovation doesn’t have to just mean expensive cancer medicines and new treatments; programs can be cutting-edge through advanced payment models, improved care delivery, and enhanced access mechanisms.

About ECG

ECG offers a broad range of strategic, financial, operational, and technology-related consulting services to healthcare providers. We collaborate with oncology practices to develop a strategic response to the challenges facing your cancer program—from determining where to invest scarce resources and managing oncology multidisciplinary programs to implementing standard treatment pathways and monitoring emerging research that could radically impact cancer diagnoses and treatments. Our range of experience includes working with community-based practices to advising NCI-designated cancer centers. ECG’s strength is built on approximately 250 healthcare professionals practicing in offices located in Atlanta, Boston, Chicago, Dallas, Minneapolis, San Diego, San Francisco, Seattle, St. Louis, and Washington, D.C.

For more insights from ECG, visit www.ecgmc.com/cancer

the Authors

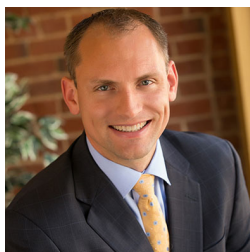


JESSICA TURGON

Principal

703-522-8450

jturgon@ecgmc.com



MATT STURM

Associate Principal

206-689-2200

msturm@ecgmc.com



MEAGAN O'NEILL

Manager

703-522-8450

moneill@ecgmc.com