On the vanguard of healthcare.

Oncology practices face intense financial pressures, driving practice consolidations, acquisitions and closures.

In the past decade, more than 1,600 community oncology clinics and practices closed, were acquired by hospitals, underwent corporate mergers or reported they were struggling financially. This trend is continuing — since 2016, clinic closings have increased by more than 10 percent and consolidations by more than 8 percent.¹

At the same time, health systems are proactively seeking relationships with oncology practices in response to exponential increases in newly diagnosed cases and cancer survivors; the growing shortage of physicians; and a desire to enhance their disease-specific subspecialty care capabilities across the continuum. Whether the strategy is potential partnership, acquisition or meeting practice or health system performance expectations, a clear understanding of oncology practice opportunities for clinical, operational and financial performance improvement is increasingly critical for independent practices, medical groups and health systems.

OPTIMIZING YOUR ONCOLOGY PRACTICE:
Real-World Approaches that Produce Results

Authors: Kelley D. Simpson, Audrey Lysko and Cynthia Bailey
Efforts to assess oncology practice performance must appreciate the unique blend of circumstances and challenges that these practices face:

**Greater demand for and complexity of services.**

More and more people are living with cancer or its after-effects, due to increasing survival rates, and an aging population that is driving new diagnoses.

In 2018, estimates indicate more than 16,000,000 CANCER SURVIVORS in the United States and 1,700,000 NEW DIAGNOSES.²

**Decreased supply of oncologists.**

The current population of oncologists is aging, with only 16 percent of the oncology workforce younger than age 40.

The American Society of Clinical Oncology (ASCO) projects a shortage of over 2,200 ONCOLOGISTS by 2025 amidst a 40% growth in the overall demand for oncologist services.³

**The growth of consumer-driven cancer care.**

The cancer patient is in the driver’s seat more than ever before. Taking advantage of an abundance of online information, patients are researching providers specializing in their cancer type, reading online provider reviews, and comparing quality performance and price. Discerning, digitally-empowered cancer consumers are then looking for convenient access through mobile scheduling apps, telehealth and e-consult capabilities, and real-time remote care management.

**Program differentiation.**

Innovative cancer programs are increasingly reorienting their providers and care team, space and operations around disease “pods” that allow cancer patients to SEE ALL SPECIALISTS AND SUPPORTIVE CARE PROFESSIONALS IN A SINGLE LOCATION, entirely devoted to best-practice care delivery for their specific cancer type.

**Era of innovation.**

Advanced diagnostic testing (i.e., biomarker testing) and monitoring are becoming increasingly important tools for nearly all oncologists.

Targeted drugs and immunotherapies are being used more frequently as treatments become more personalized, often REQUIRING ONCOLOGISTS TO SEEK PARTNERSHIPS with academic medical centers or lab vendors who can provide access to advanced testing and clinical trial research capabilities.

**Acceleration of cost of care.**

As more diagnostics, drugs and technologies become available, the cost of cancer care continues to escalate, and for some hospital providers, the loss of 340B drug discount program support will further stretch resources.

Providers are adding support staff such as FINANCIAL NAVIGATORS to help patients manage the financial burden of care.

**Adoption of value-based care.**

Larger scale, national pilot projects, like the Centers for Medicare and Medicaid Services (CMS) Oncology Care Model, are addressing total cost of cancer care by limiting care variation and reducing ED visits and hospital readmissions, while local payers are partnering with community providers to implement clinical pathways to reduce care variation and overuse of diagnostics.
While the challenges confronting oncology practices may seem overwhelming, there are a range of available indicators that can help practices identify the level and type of potential risk.

Monthly indicators, like the ones listed below, can signal the need for real-time adjustments or opportunities for the practice to proactively seek new avenues for partnership. These metrics are not overly sophisticated, relying on data readily available in most practices:

<table>
<thead>
<tr>
<th>CAPACITY INDICATORS</th>
<th>REVENUE INDICATORS</th>
<th>EXPENSE INDICATORS</th>
<th>STRATEGY INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>- New patient volumes per FTE hem/onc</td>
<td>- Revenue growth over 2-3 year period</td>
<td>- Drug cost per unit compared to reimbursement per unit</td>
<td>- New patient by referring physician trend analysis</td>
</tr>
<tr>
<td>- Mix of OP/IP new patient volumes</td>
<td>- Revenue growth rates relative to expense growth rates</td>
<td>- Staffing salary and benefits expense</td>
<td>- Shift in aligned physicians/competitors impacting referral patterns</td>
</tr>
<tr>
<td>- Case mix of new patients by ICD10 code representing solid tumor, liquid tumor and benign hematology</td>
<td>- % denied claims</td>
<td>- Drug and staffing cost trending as % of total practice expense</td>
<td>- Change in percentage of benign hematology referrals</td>
</tr>
<tr>
<td>- Established patient visits per new patient</td>
<td>- Days in A/R analysis</td>
<td>- Cost-benefit analysis of drug usage; lower cost drugs equally efficacious clinically</td>
<td>- New patient by referring physician trend analysis</td>
</tr>
<tr>
<td>- Initial infusion volumes per new patient</td>
<td>- Payor mix profile trending</td>
<td>- General and administrative cost</td>
<td>- Health system or competitor oncology-specific market strategy — new cancer center, alignment of groups in the market, NCI affiliations, etc.</td>
</tr>
<tr>
<td>- Age of Oncology Workforce</td>
<td>- % collection rates by payor</td>
<td>- Staffing profile analysis and right-sizing</td>
<td></td>
</tr>
<tr>
<td>- APP ratio per FTE hem/onc</td>
<td>- % case mix shift driving revenue production and overall returns</td>
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Underperformance on any of the metrics listed in the table above may be a symptom of a deeper issue; therefore, a comprehensive assessment that identifies opportunities for improvement across all dimensions of oncology practice performance, whether independent, affiliated or integrated within a broader health system, is the first step toward improved performance.

It is essential to use an approach that accounts for a broad set of clinical, operational and financial performance requirements, and enables organizations to understand not only critical gaps and opportunities for improvement, but also the interconnectedness of potential solutions. The framework below can help leadership think through the key components of practice performance to surface opportunities to better meet patient, provider, health system and community needs, and better align the strategic requirements of the practice with the broader system, payers and employers.
PROVIDER-EXECUTIVE ALIGNMENT

Are your providers and administrators aligned around the strategic goals of the practice and/or the broader oncology service line? Are the mechanisms in place to foster ongoing provider engagement in the practice’s success?

Purposefully engaging providers in the determination of strategic goals, and ensuring they are fully invested and contributing toward a defined future direction, is critical to long-term success. Providers must be active participants in strategic decision-making, hold positions on key leadership committees, and take accountability for practice success. If a shared vision is not established at the outset, organizations risk going down an unproductive and unsustainable path. As an example, following a recent hospital’s acquisition of a large oncology practice, the organization realized that the current wRVU productivity-based measures on which compensation was based were not in alignment with their objective to pursue a disease-specific program growth strategy. Thus, a compensation redesign was required to enable achievement of newly aligned success drivers. In hindsight, the organization recognized that development of a shared vision at the outset of the relationship may have made for a smoother transition.

QUALITY & SAFETY STANDARDS

Are well-defined quality metrics in place with a process for continuous quality improvement? Is your practice achieving superior clinical outcomes and effectively managing variation to drive highly reliable clinical results?

A southeastern cancer center embarked on an ambitious strategy to offer world-class clinical services, cutting-edge technology and an unparalleled patient experience, by aligning with a National Cancer Institute Comprehensive Cancer Center (NCI Center), with the goal of marrying the convenience and comfort of a community hospital setting with the resources of a world-class academic cancer center. Recognizing the need to align its own resources and capabilities with the NCI Center’s, they proactively organized Clinical Performance Groups (CPGs) in six common disease groups. The CPGs created checklists for each disease site to review current practice and set the course for future state operations including: how to work up a patient, how to treat a patient, how pathology would be evaluated and what the post-op care would look like. Today, the organization has more than doubled their CPGs and turned those original checklists into dashboards for every group to support continuous monitoring and quality improvement as measured by industry best practice, national evidence-based guidelines, the NCI Center’s standards, and the organization’s own internal benchmarks. Results are impressive: 25 percent growth since opening in January 2017, with 50 additional physicians from around the country and a doubling of employees from 600 to 1,200.
ACCESS AND CAPACITY

Are your patients able to readily access providers and services when, where, and how they want and need to? Is capacity for services aligned with patient needs?

REAL WORLD EXAMPLE

One approach to improving the patient experience and reducing avoidable hospitalizations and costs is to develop oncology urgi-care centers. Cancer-oriented urgi-care centers run by dedicated Advanced Practice Providers (APP) provide patients with immediate access to care for their acute needs, often alleviating the need for the patient to visit an Emergency Department (ED) or be readmitted to the hospital for symptom management. A southwestern cancer center, after establishing a cancer urgi-care center as part of broader practice transformation efforts, saw the following improvements: 12 percent reduction in inpatient admissions; 11 percent reduction in 30-day hospital readmissions; 6 percent reduction in ED visits; and, notable improvements in patient quality of life.

CLINICAL MANAGEMENT AND PRODUCTIVITY

Is the care team organized to optimize the skills and experience of each member of the team? Is the compensation and incentive model aligned with the productivity goals for all members of the team?

REAL WORLD EXAMPLE

Diversifying provider staffing through the use of APPs and hospitalists provides substantial benefits, including: containing overall salary and benefit costs; leveraging existing hematologists and oncologists to see new patients, while expanding capacity for established patients; reducing overall cost of cancer care by positioning APPs for symptom management; expanding survivorship care planning for legacy patients; and improving provider and patient satisfaction.

Incentive payments based on performance can be a powerful tool to support practice objectives. Effective metrics may include: operational process measures (e.g., chart completion rate); patient experience survey results; clinical measures (e.g., adherence to evidence-based guidelines and hospice admission rates); and strategic measures (e.g., referral relationship management and development of institution-specific pathways for top disease areas). In some cases, performance awards can be as high as 20 percent of clinical compensation or, in the case of co-management arrangements, up to 50-70 percent tied to meeting or exceeding specific industry standards.
COST MANAGEMENT

How well is the practice managing operating expenses, including staffing, drug costs and supplies?

REAL WORLD EXAMPLE

Because pharmaceutical costs represent a significant portion of practice expenses for oncology practices, this is often a critical focus area. One hospital provider with a Professional Services Agreement with a local medical oncology practice established a Drug Formulary Assessment and Management Committee to proactively manage existing and new oncology-specific pharmaceuticals and supportive care medications, through:
- evaluation of pricing/charge structure versus payer reimbursement rates;
- cost-benefit assessment process for newly released pharmaceuticals and off-label drug usage;
- decision support tools, including industry vendor established clinical pathways, proactive management of drug usage and finances;
- and education and communication across the practice to promote best practice adoption.

REVENUE CYCLE PERFORMANCE

Are revenue cycle processes helping you optimize collections? Are practice resources “right sized” to support increasing payer requirements for pre-authorization?

REAL WORLD EXAMPLE

Many organizations are utilizing financial navigators to help educate patients and families regarding the potential financial burden associated with treatment plans, to design payment plans that meet patient-centric situations, and to identify community resources and other programs to limit the patient’s/family’s financial exposure. These programs may include: drug company discounts, support for meals and transportation, and philanthropic resources. Successful implementation provides needed support to patients, while reducing associated bad debt for the organization.
Trend analysis and benchmarking are one of the best, most efficient ways to find strategic, operational and financial opportunities to improve your practice. Cross-functional dashboards can be developed to easily monitor success on key measures, such as:

- Patient mix and productivity by disease site
- New patient appointment lag time (i.e., time from diagnosis to initial consult)
- Staffing ratios by role and function
- Pharmacy costs and utilization
- Patient throughput, including patient wait times
- Claims denials and causation
- Patient experience and engagement (e.g., CAHPS or practice-designed surveys)

One of the most underreported phenomena in the value-based shift is the changing nature of cancer patient engagement. Increasingly savvy cancer consumers are actively engaged in choosing the best value-proposition among available services, seeking highly flexible, highly accessible services and the ability to truly influence the care decisions that affect their survival and quality of life. As such, providers are beginning to enable 24/7 patient interaction through various venues including patient portals, forums and apps, while developing the infrastructure and processes—staffing, triage, moderation—to support this ongoing dialogue. Engagement may take many forms, including symptom management, patient-to-care team education, and patient-to-patient education.

Equally important for patient activation is ensuring engagement of the support network surrounding the patient. Cancer patients are most involved as shared-decision makers when they have family and friends who are likewise engaged through innovative programs, such as: development of a cancer “partner’s clinic” to help educate the partner on what to expect from the course of treatment in terms of physical and psychosocial effects and to teach techniques for providing support; a cancer family retreat or all-day workshop to bring cancer patients and families together for community learning; and working with the cancer patient support services team to design a caregiver “toolkit” to equip care team members with mobile applications, video series, books and literature, and other forms of multi-media.
A comprehensive framework like the one described above can help leadership develop a roadmap for improvement by creating alignment around a future vision and performance requirements, and by identifying, prioritizing and sequencing the interrelated changes needed to achieve desired results.

For example, efforts to improve provider productivity are typically dependent upon the appropriate care team structure being put into place; and meaningfully improving revenue cycle performance relies on a high level of physician engagement.

Once major performance gaps and root causes are identified, practices – with or without health system partners – can begin to develop focused, prioritized action plans with required resources, timelines, cost and success metrics. For many, a step-by-step approach focused on a handful of priority initiatives with the most potential impact to the organization, is the best way to start. Regardless of how many initiatives a practice takes on, a focused change management strategy and proactive communication plan is a critical component. The strategy should ensure provider and staff engagement throughout the process, building motivation for a new and different practice environment and a sense of ongoing ownership and accountability for the newly transformed practice.

Sources


About the Authors

Kelley D. Simpson  
Director  
404.277.6567  
ksimpson@chartis.com  

Kelley D. Simpson is a Director with The Chartis Group and a leader in the Chartis Oncology Solutions practice. Ms. Simpson has 25 years of experience working with NCI/academic medical centers, hospitals, community providers, and physicians to drive transformative cancer care delivery. She has assisted hundreds of clients with a variety of strategic and operational issues to enhance oncology service line performance and create comprehensive, value-based cancer enterprises. Ms. Simpson views every oncology project as an opportunity to collaborate with her clients to transform cancer care delivery for patients in every community she touches, while creating sustainable business models that support operational and financial performance. Chartis Oncology Solutions is a premier national consulting firm specializing in cancer service line strategic and financial planning for over the past 45 years.

The Oncology Solutions Practice offers clients deep and broad project experience working with the country’s leading academic and community cancer programs and centers on a variety of critical planning topics.

Audrey Lysko  
Associate Principal  
919.624.7311  
alysko@chartis.com  

Audrey Lysko is an Associate Principal at The Chartis Group. Throughout her post-MBA career in healthcare consulting, she has focused her work in strategy implementation, healthcare operations and supporting technology. Specific areas of expertise include patient access improvement, throughput and patient flow enhancement, staffing and organizational structure alignment, and EMR optimization.

Cynthia Bailey  
Manager Chartis  
Physician Leadership Institute  
908.723.0712  
cbailey@chartis.com  

Cynthia Bailey manages the Chartis Physician Leadership Institute and is a member of the firm’s Performance practice. Ms. Bailey has more than 15 years of healthcare experience including strategy and operations consulting, marketing and business development, and public health policy and communications.
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