

How to avoid being left behind in a changing market

– Dawn Holcombe, FACMPE, MBA, ACHE

Oncology is under a blinding spotlight. In addition to reimbursement changes, increasing costs, and patient financial challenges, questions are being asked about the ability and effectiveness of the current cancer delivery systems. Are you making the right decisions and asking the right questions internally and externally to position yourself competitively in this new environment?

The business of oncology

What do you really know about the business of oncology, specifically, your own business? Cancer centers have traditionally focused on providing the services their patients need. Many, if not most, have recently had to focus on the costs of that care, and better understand the costs to their patients to help those patients get the right care. Now, growing competition for the health dollar means that to survive, cancer centers will also need to better understand the full business of oncology, no longer just components of the process.

The basics of healthcare reform – Who makes decisions and gets paid? Both public and private discussions of healthcare reform are focusing on how decisions about care should be made. That is behind the comparative effectiveness research discussions, and the proliferation of new “oncology management” companies, as well as the continued focus of specialty pharmacy management. Buried under these discussions is an inherent questioning of whether doctors have sufficient information or intent to make “good” decisions or if some oversight and channeling is required. Who should get paid? Again, in both public and private arenas, there is great consideration being given to ideas about bundling of payments in disease states, or use of “accountable organizations” to channel grouped payments and distribute the money across the care continuum: labs, hospitals, imaging, pharmacy, and doctors, rather than direct payments to each individual who touches the payment. To either counter or become involved with these discussions, there are some basics of your own business model you’ll need to understand.

Truly understanding your business (What you do, for whom, and how you do it?) – Not only must a practice know and understand the disease and treatment options, now it must track and understand 1) What is done, 2) Why, 3) At what cost and resource utilization, and 4) What happened as a result, leading to continual review and adjustment of choices. You will need to look upstream and downstream: what labs and imaging and

work was done before you saw the patient and how can you avoid duplication (additional costs). What patient/payer costs outside of your office are being incurred concurrently and how can they be avoided through your interactions (hospitalizations for symptom management, other drugs for potential interaction, communication with not just the referring MD but also other treating MDs for care coordination, for example). What interactions/communications do you maintain with upstream and downstream providers that help your patient to receive seamless service and have no symptoms/adverse events between the diverse connections?

Your competitive edge as a delivery site: (Can you identify the advantage of your site versus alternatives?) – Numbers and statistics will play an ever-increasing role in delivering care. Not only must a practice know and understand the disease and treatment options, now it must track and understand 1) What is needed and what alternatives exist, 2) Why one path was chosen over the alternatives, 3) At what cost and resource utilization, and 4) What happened as a result, leading to continual review and adjustment of choices.

Investments are being made now in the growth of alternative sites of service: focused infusion centers, home infusion, even retail infusion clinics (Walgreens, CVS, even Wal-Mart are considering such models). Payers are asking about the costs of providing care in these alternative settings vs. the hospital or physician office cancer center. Oncology treatment in the future may well become far more ambulatory in nature than today’s infusion centers. Current oncology practices need to prepare their business models and discussion points regarding their competitive pros and cons in the face of these trends.

How can an oncology practice prepare for the future?

As a checklist for preparation to become an oncology practice of the future, practices should consider the following areas. In considering these issues, practices should determine the cur-

rent situation, what the probable future picture will be in their area, what the worst-case scenario might be, as well as their level of preparedness to adapt to each possibility.

- ▶ *External Perspective* – Do you track public, private and business trends regarding oncology care, issues and reimbursement? Who are the players and what are they doing? Are you part of their discussions, and if not, how soon can you be? Are you active in business/health networks in the area?
- ▶ *Market Perspective* – Do you understand the cancer profile of your geographic market? Who are your existing and potential competitors and their stability (as well as their own networking)? Are there opportunities and barriers for other entities to move into cancer care on a local or regional basis if occasion presents? What key indicators impact the ability of patients and those who pay to continue paying for services?
- ▶ *Practice Infrastructure* – Can the practices' mental and financial strength (and its partners) withstand the short and long term pressures of dramatic change (even more so than in last few years)? Are you prepared to negotiate with other key providers regarding bundled payments for diseases groups?
- ▶ *Technological Infrastructure* – What is the status of your use and flexibility of systems and data bases? Can you connect

with external systems to build an integrated care model or profile? Can you ask the questions you need and get the answers you need in writing to advance in a clinically integrated world?

- ▶ *A Whole New (Numbers) World* – What is your practice and leadership depth in obtaining and understanding the data needed at all levels for clinical knowledge advancement as well as financial management? Have you invested in strategic planning with your leaders? Do you know your 1) costs/revenues (per drug, staff, regimen, hour, breakeven, patient and even per physician?), 2) codes, 3) capacity, 4) work flow, 5) individual payer policies (as well as rates, time to pay, denial reasons and frequency per code), etc.? Can you build a profile (collaborating with payers or hospitals) of the costs to treat your patients (all costs, not just those in your office) for comparison against national or payer averages? Do you evaluate operating efficiency regularly for opportunities for standardization? Variation costs time and money. Do you evaluate patient outcomes and quality of life as part of continuing analysis of regimen effectiveness?
- ▶ *Vision* – Can the physicians and practice leadership envision the many opportunities and challenges, or is this going to

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become an obstacle for the practice? This will become a living illustration of the old cliché, “Lead, follow or get out of the way.” Some practices will be able to take the lead and get these initiatives started on behalf of all oncology. Others will most effectively follow the beaten trail of the leaders. Others will sit on the sidelines and wait until a new path is chosen for them. With the increasing pressure of external organizations offering oncology management to payers, oncology centers may see windows of opportunity shrink.

► **Advocacy** – Policy changes are now a daily fact of life. National decisions affect local practice as well as local decisions, and engagement in those discussions is now part of the cost of doing business as an oncology practice. Is your practice involved in the national, local, media and patient discussions that these policy changes demand?

► **Collaboration** – It will be impossible for practices to remain completely isolated and independent. The quest for cancer management and costing, benchmarking, economies of scale in purchasing, and sharing best practices mean that the need to cooperate and collaborate in non-antitrust manners is escalating. Active membership in local and national professional associations and networks may mean the difference between a successful practice and one that is unable to navigate the coming changes.

For the first time, we are hearing questions that may lead to cancer treatment and payment models that may cross traditional barriers between facilities and delivery sites. To compete and survive in these models, oncology centers need to embrace new strategic and operational directions, and consider responses they have not considered before. The time to start is yesterday. **H**



Dawn Holcombe, FACMPE, MBA, ACHE, is president of DGH Consulting and also executive director of the Connecticut Oncology Association. She is a past president of the Administrators in Oncology Hematology Assembly (AOHA) of the Medical Group Management Association (MGMA), a member of the Editorial Advisory Board for *Hematology & Oncology News & Issues* and currently is serving as one of the HOPE panelists.

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