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Collaboration

The Key to Creating Value-Based Cancer Care in Rural Communities

The oncology landscape is becoming increasingly complicated for healthcare providers. Offering a comprehensive cancer care delivery system requires sophisticated operational and technical expertise, not to mention significant capital investments, all of which may be out of reach for smaller programs. For larger oncology programs, sustaining and growing patient volumes to support large investments presents a meaningful challenge given the competition for patients. Regardless of size, all programs are also dealing with a shift in the payment environment toward risk-based contracts, which require additional managerial competencies and a large covered population.

Collaborative partnerships that marry the convenience of community cancer care with the expertise and resources available through larger healthcare systems can create a successful strategy in the value-focused oncology marketplace. This article presents a framework for collaboration between small community oncology programs—often located in rural settings—and large cancer centers—often located in urban settings.

Examining Program Challenges

The economics of the current oncology market expose and magnify the disparities between the resources and capabilities of large and small oncology programs, a distinction commonly observed along the urban-rural geographic divide.

Rural or remote communities typically face issues associated with providing access to specialized oncology care to a fairly limited volume of patients. Local demand is often too low to fund or justify specialized services or technologies. There may also be an insufficient supply of oncology experts relative to the needs of the local patient population. A recent American Society of Clinical Oncology (ASCO) report indicated that only 3 percent of oncology providers are located in rural communities and over 70 percent of counties surveyed had no medical oncologists.[1] Additionally, some patients may choose to travel outside of their community to receive cancer treatment at well-known regional cancer programs.

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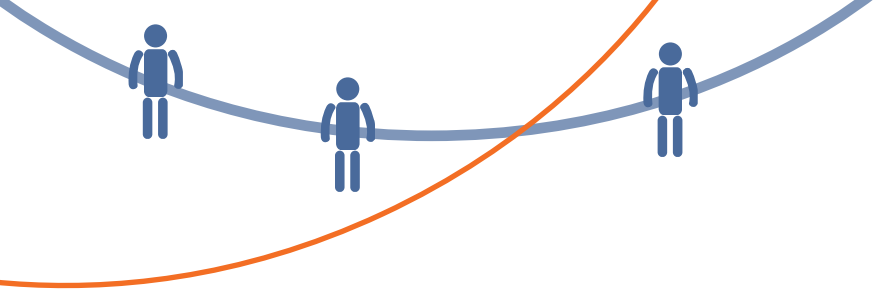
On the other side of the equation, urban oncology programs that have developed comprehensive service offerings face continual challenges maintaining patient volumes that support their investments. At the same time, most are wrestling with how to transition to a value-based care model and reduce costs. Achieving these goals often requires realizing greater economies of scale. In response, successful cancer centers are striving to create larger



and more integrated programs across multiple sites of service, often through the development of partnerships that do not require additional capital investments.

Exploring the Benefits of a Rural–Urban Partnership Strategy

The rural–urban partnership construct offers a number of concrete benefits to participants and communities. Complex specialty care is made more easily available to rural residents through established connections to tertiary centers, while routine services are kept in the local community, supported by the expertise and resources of a larger system. As a result, the network is able to offer patients superior convenience at lower costs. Patients who seek care in both settings derive value from seamless care coordination.

Rural cancer programs can offer distinct benefits to larger programs, as well. Aligning with rural programs enables urban cancer programs to serve a larger geographic area. The expanded footprint allows the larger program to increase volumes of more complex services and offer more comprehensive coverage for ACOs (accountable care organizations) or managed care networks. Further, by building care integration tools and adapting system-wide clinical pathways, closer relationships with area clinicians may develop. These relationships are critical for keeping patients in the regional program and improving accruals to clinical research efforts. The expanded footprint may also provide access to populations with different demographic profiles compared to the urban community, which is of significant value for research efforts.

Defining Goals & Objectives

Working together, rural and urban cancer programs have the opportunity to advance regional care and clinical outcomes in a more cost-effective, patient-centered manner. Once participating organizations determine that a partnership can further their strategic objectives, the first step is to define specific goals and objectives for the partnership. Potential goals for a small rural cancer program may include:

- Increasing access to clinical research
- Improving the availability of oncologists in the community
- Improving care coordination for patients, including those who might otherwise leave the community to receive cancer treatment
- Obtaining greater management expertise for the program
- Expanding the clinical services offered in the community
- Developing capabilities to participate in population health programs
- Improving the program's financial performance.

Potential goals for larger, urban cancer programs may include:

- Increasing the geographic reach of the program
- Accessing a more culturally diverse patient population for research studies
- Increasing volumes of complex cancer cases.

Achieving widespread support among administrators and clinicians for partnership goals is critical, since the individuals in these roles shape the scope and structure of the collaboration. Hospital administrators and clinicians may be wary of collaboration, though, viewing it as a competitive threat to their businesses. Thus, identifying these concerns, as well as potential strategies to mitigate them, is essential for a successful planning process.

Assessing a Strategic Partner

Well-matched partners are generally interested in long-term commitments and exhibit a willingness to adapt their current processes and care models to new, shared standards. Ensuring an appropriate "fit" between two cancer programs is often a long process, potentially taking a year or more to complete, depending upon the degree of integration. When you consider the time and effort required to successfully launch a collaboration, the stakes are high for finding the right partner.

Potential partner organizations should be assessed on a number of criteria to determine if they will be a match with the organization's culture and needs. Key assessment criteria could include:

- Experience in developing successful collaborations
- Cultural similarities
- Willingness to develop a collaborative model to deliver appropriate care in the most appropriate setting
- Interest in a long-term commitment
- Support for partnership by the medical staff
- Quality of operational performance
- Strength of financial performance and ability to support the program
- Community perception of the prospective partner.

The selection and relative prioritization of criteria should be tailored to the goals of the specific entities. For example, at many academic centers, such as Seattle Cancer Care Alliance (SCCA) and Fox Chase Cancer Center, the mission focuses on supporting oncology research and expanding access to clinical trials, whereas other organizations, such as MD Anderson Cancer Center and Rutgers Cancer Institute of New Jersey, articulate a broader vision for collaborating programs.

Exploring Alignment Models

Once a strategic partner is identified, a variety of structures can be used to develop a partnership between an urban and rural

cancer program. Potential alignment models and their implications are shown in Figure 1, pages 46 and 47, which is organized along a spectrum of limited-to-tight integration.

Contractual Relationships

Historically, the partnership model of choice between cancer programs has been the contractual relationship, characterized by local ownership and a moderately low degree of affiliation. In this structure, partners contract with one another for specific services, potentially including day-to-day program management. This model offers the flexibility to build or eliminate affiliation components over time pursuant to the needs and experiences of both partners.

For initial partnerships between urban and rural cancer programs, this remains the preferred model. The structure promotes coordination of patients and select services and/or resources within the network, while allowing each entity to retain a significant degree of local control. However, more tightly aligned models will become increasingly common as organizations are incentivized to develop deeper financial integration under the value-based paradigm.

Joint Ventures

An emerging alignment model for such programmatic collaborations is a service line joint venture (JV). This arrangement facilitates the alignment of services between two organizations that are not part of the same healthcare system. Under this model, partners collaborate to grow their service lines together through the formation of a new entity. The JV entity assumes contracting responsibility for both partners, and assets are often pooled through the new entity. Once operational, the net income from the program is shared based on the value of assets and business initially contributed to the JV.

A similar structure, the joint operating agreement (JOA), can function as a "virtual JV" and achieve results that are comparable to the JV without forming a separate legal entity.

As a result, the JOA may be easier to implement (especially for governmental entities) and may have tax advantages for nonprofit organizations. JV and JOA models present solid options for organizations that want to cooperate financially, operationally, and clinically in developing clinical programs. More specifically, these models enable two organizations to collaborate in restructuring services to improve clinical offerings and reduce operating costs, thereby improving value. These models also create a venue for stronger future integration between the parties, if desired.

Other Options

At the far right end of the spectrum, tightly integrated models, such as management agreements and long-term leases, can be used to outsource all services of the rural program (or specific facets of it, such as radiation oncology or PET/CT) to the urban partner. Typically, these models are not as attractive for oncology collaborations, as they afford the rural partner less participation in governing and operational decisions, as well as less economic upside and/or downside potential.

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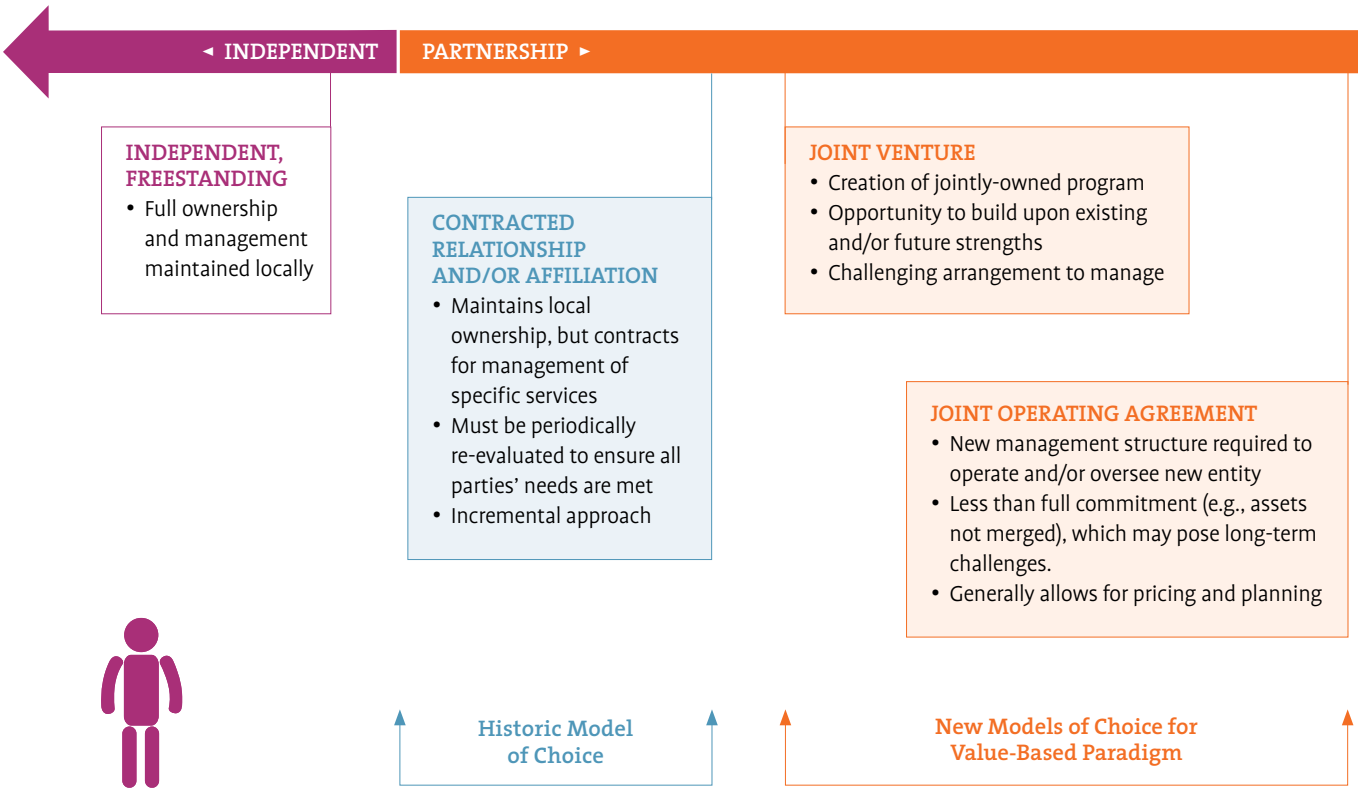
Yet, for smaller programs with limited oncology infrastructures or limited capital to invest in program development, these models may be an acceptable option. These arrangements can benefit rural communities through the preservation or even enhancement of locally-delivered services that could not otherwise be sustained. Urban cancer programs find the degree of control offered by these models highly attractive, as they can produce a seamless, highly coordinated network of services across sites. There may also be a financial return for the larger program, depending upon the profitability of the rural program and degree of subsidization by the local community.

Getting From Here to There

While each oncology arrangement has unique characteristics, there are typically four phases to the development of any strategic partnership:

- ***Phase I. Partnership Planning.*** During the planning phase (2 to 3 months), organizations establish their partnership goals and objectives, identify the preferred partnership structure, and assemble a core planning team.
- ***Phase II. Partner Exploration & Transaction Development.*** This phase, generally lasting between 3 to 12 months, is defined by identifying and evaluating potential partners, selecting a preferred partner, negotiating key terms, and executing a Letter of Intent.
- ***Phase III. Due Diligence & Partnership Planning.*** Once the prospective partners have expressed the intent to move forward, they enter a new phase that involves conducting due diligence, negotiating definitive agreements, and securing approvals from their respective institutional leadership. Phase III usually takes between 3 to 6 months to complete.
- ***Phase IV. Implementation.*** Once partnership arrangements have been made, the entities must assemble the necessary

Figure 1. Potential Alignment Models



resources (e.g., personnel, technology) and establish the structure for implementation.

The time frames noted above are a general frame of reference. More complicated structures with shared governance and financial performance will require more time to develop than simpler contractual models.

Realizing Your Goals

The formation of an urban-rural cancer program partnership is an effective strategy to help entities realize their strategic and clinical goals. There is strength in numbers, and a partnership enhances the ability of both partners to effectively compete in a value-based marketplace by delivering more cost-effective and comprehensive cancer care to a larger patient population than either party could independently. The benefits of collaboration between cancer programs are many, but so are the consequences of poorly designed partnerships. To maximize the benefits and minimize the risks, organizations banding together need to carefully evaluate their goals and ensure that potential partners and arrangement structures closely align with the program's service line strategy.

Successful affiliation partners routinely follow five guidelines when initiating partnership planning. When one or more of these rules are broken, discussions are far more likely to collapse. These five guidelines are:

1. Ensure that the partnership planning process is supported by all key members of the leadership team and medical staff.
2. Commit appropriate resources and personnel to the planning process.
3. Establish and adhere to a firm timetable for discussions.
4. Communicate deal breakers and must-haves early in the planning process and well before any negotiations commence.
5. Establish procedural ground rules up front regarding items such as communication with third parties, decision-making processes, and changes in committee membership.

A Case Study

Seattle Cancer Care Alliance (SCCA) is a world-class cancer treatment network owned by three prominent Seattle healthcare organizations: the Fred Hutchinson Cancer Research Center, UW Medicine, and Seattle Children's Hospital. SCCA's tripartite mission is to provide state-of-the-art care, support cancer clinical research and education, and enhance the standard of cancer care throughout the region. The alliance strives to accomplish the latter goal through a broad network of community cancer program affiliates in the Northwest region and beyond. Through these

HOSPITAL-WITHIN-A-HOSPITAL

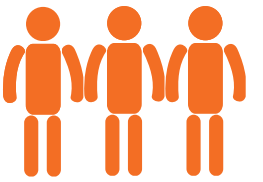
- Program owned and operated by one hospital within another hospital
- Contractual arrangement critical to defining partnership
- Degree of integration or collaboration potentially limited

LEASE

- Local ownership maintained, but program operated by partner
- Typically a long-term arrangement (e.g., 10+ years)
- Questions about lease termination and capital investment as lease term nears

MANAGEMENT AGREEMENT

- Varying approaches
- Typically involves formation of a management company that operates the services
- May include joint ownership of the management company
- Proceeds split in proportion to ownership or based on utilization of specific services



partnerships, SCCA provides four key services to affiliates:

1. ***Research & Access to Clinical Trials.*** Physicians at UW Medicine and Fred Hutchinson Cancer Research Center open community-ready clinical trials to affiliate physicians as collaborative investigators who, in turn, enroll local patients in these protocols.
2. ***Education.*** SCCA organizes educational programs for affiliated physicians, nurses, and other medical staff. Programs are often co-developed with the affiliate's cancer committee and tailored to the interests and needs of local physicians.
3. ***Physician Relations.*** Affiliate physicians are in close communication with SCCA providers and receive streamlined referrals, remote access to specialty tumor boards, and assistance with quality reporting and improvement initiatives.
4. ***Marketing & Brand Presence.*** SCCA supports affiliates in the development and launch of advertising campaigns and co-branding.

SCCA's affiliate strategy benefits community residents by expanding local access to novel therapies and trials and ensuring better care coordination for patients referred for services at its main campus.

In addition to furthering its research mission, the affiliate network forms the groundwork for delivering high-value cancer care at a regional level. SCCA seeks to create shared standards of practice throughout the network, using a common educational framework based on evidence-based, high-value clinical pathways. The organization's data analytics capabilities are being employed to advance oncology population and business-related intelligence. Through these measures, SCCA and its network member affiliates are striving to deliver reliable, affordable care and positioning themselves to be competitive in new contracting and payment models. OI

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