Effective Strategic in Clinical Cancer

The American Cancer Society (ACS) recently announced that the number of cancer cases would double by the year 2050. Unfortunately, while the number of patients with cancer is increasing, many hospitals and physician practices will be facing reduced Medicare and other third-party reimbursement for the services they provide. Health care leadership is beginning to question whether the industry can sustain the high quality of service it currently provides in the face of these challenges.

The impact of increased patient volumes and reduced reimbursement is affecting everyone: community hospitals, regional medical centers, academic medical centers, and private practices. Cancer care providers must plan more effectively and invest necessary resources wisely to manage the growth of their cancer programs and keep them solvent. A comprehensive strategic plan is the "road map" to building and sustaining a successful cancer center.

Although strategic planning can be an overwhelming process that may require outside help from consultants, many hospitals can create a strategic plan "in-house" with the proper commitment of resources and time. A cancer center's in-house strategic planning team should involve the principal "stakeholders" in the cancer program, including the hospital's executives; physician leaders from medical oncology, radiation oncology, surgery, pathology, and radiology; and representatives from nursing, the pharmacy, clinical operations, finance, planning, marketing, and public relations.

Strategic planning should include answers to the following questions:

THE MARKET: How many people are you serving and to what demographic groups do they belong? Do you have competition? What are your marketing opportunities?

THE ORGANIZATION: What is your organizational structure and how strong is your administrative and physician leadership?

THE PHYSICIAN PRACTICE STRUCTURE: Is it productive and efficient? What are its referral sources?

PATIENT CARE: Do your patients have a clear access

ILLUSTRATION BY JAMES ENDICOTT

Coding for Cancer

Before proceeding with any analysis, a baseline definition of cancer care needs to be agreed upon by the strategic planning team members. Historically, cancer care has been limited to radiation oncology and hematology/oncology services. The recommended alternative is using an ICD-9 diagnosis code-driven definition, which provides a richer understanding of all cancer services and downstream revenue. ICD-9 diagnosis codes bridge gaps between inpatient and outpatient services for hospitals and physicians. The clinical activity that must be evaluated for cancer care includes the primary and secondary ICD-9 diagnosis codes (140.0 to 239.9—malignant and benign neoplasms) and V07.3, V15.3, V58.0, V58.1, V66.1, V66.2, and V67.1 or V67.2 (chemotherapy and radiation therapy).

Planning Services

A Road Map to Success

by Joseph F. Woelkers, M.A., Patti A. Jamieson-Baker, M.S.S.W., M.B.A., Diane K. Hammon, M.H.A., and Albert B. Einstein, Jr., M.D., F.A.C.P.

pathway through your system? Are there clinical care protocols in place?

PROGRAM FINANCES: Are they in the black? What impact do national and regional economic patterns have on your institution?

THE FACILITIES: Where are your services located in the hospital and the community? Are they adequate and conveniently placed for the population you serve?

TECHNOLOGY: How old are your information technology and accounting systems?

RESEARCH: Do you have clinical trials that enhance your cancer program?

Define Your Market

The first step in developing a realistic strategic plan is a thorough understanding of your potential market, your competition, and your market opportunities.

The market can be defined by zip codes, counties, and/or states. The easiest way to discover your market boundaries is to find out who is using both your inpatient and outpatient services and where they live. Identifying where the top 80 percent of your patients come from will provide you with a baseline market area. Nuances, such as payer mix or significant population changes, might warrant "tweaks" to the baseline geographies.

Once the cancer market area has been defined, the next step is to estimate the number of new cancer cases that will occur over the next few years or during the life of your strategic plan. Computer programs/databases (some of which are quite costly) are available that specialize in projecting the number of new cancer cases each year for a predetermined geographic area, and can also predict where these patients will receive their care. The programs take population statistics and claims data for common cancers from a variety of data warehouses, then adjust that data for age and socioeconomic indicators.

ACS's annual publications provide state and national incidence rates for each cancer subgroup, but this averaged information will not include the demographic nuances found in your region and should be used with care. For instance, if the average age of people in your market area is 35, but your state's average age is 50, statewide incidence rates will overestimate the number of new cancer cases you will see at your institution.

The third, but certainly not final, source that provides statistics on new cases is the statewide tumor registry system. New cancer cases from each cancer care facility around the country are reported quarterly or annually to the appropriate state cancer registry. Purchasing market area data from your state's cancer registry can provide extremely useful information on the actual number of new cases (market share) in your region, what kinds of cancer are most prevalent in your area, and where these patients will seek care. All patient identifying information is masked, and the data are usually provided in summary form.

Calculating your market share will help you identify your cancer program's growth opportunities. Some institutions have only three or four other oncology care institutions in their market area; but some, whose market is wider, may be competing with as many as 50 or 100 other facilities.

However you define your competitors, the main point is to understand the cancer services they are offering, their referral network(s), their expansion plans, and the new programs they have under development. Most of this information can be gathered by networking or examining press releases and news articles. Knowing that a competitor is offering a seamless multidisciplinary breast clinic that sees 30 patients a day, for example, can help you determine which strengths in your own program you may wish to promote, where your services need improvement, and what to include in your strategic plan. Marrying the marketing information with your program's pluses and minuses will allow you to create a strategic plan that really works.

continued on next page

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Know Your Organizational Style

How a center is positioned within the parent organization can have a direct impact on program development and strategic planning. First and foremost, the CEO of your hospital and other hospital senior leadership must recognize the cancer center.

Equally as important is establishing the right leadership within your center.

When a cancer center is in a teaching hospital or regional medical center, an oncologist usually will be the director of the program. Faculty physicians, house physicians, and sometimes private practice physicians on staff will also be part of the team. The administrative operations are assigned to a senior administrator who reports to the center's director, and the center's director may report to a Board, CEO, COO, the dean of the school of medicine, or the vice president for clinical affairs.

In community-based programs, the program director is usually a nonphysician administrator. Although the title is different, this individual will have the same job responsibilities as the physician director of a cancer program at a teaching hospital. Typically, only radiation oncologists are direct employees of community hospital cancer programs. Most staff physicians are private practitioners who do not have administrative ties to the institution.

The scope of authority of an administrative director is determined by the organizational structure of the cancer program itself. Administrative directors of cancer programs usually report to other high-level administrators, such as hospital vice presidents.

Organizational structures include consultative programs, participatory programs, the limited clinical cancer service line, the full clinical cancer service line, and the hospital-within-a-hospital. Each structure has its own strengths and weaknesses.

Consultative. Consultative cancer care organizations are loosely organized groups of oncology professionals that have no formal role within the larger institution where they practice.

STRENGTHS: 1) the practitioners are allowed to negotiate with upper-level administration about clinical service changes that affect the care they offer their patients, 2) their view of the institution will be unbiased since they are not part of the organization's formal structure, and 3) the presence of consultants poses no threat to the parent organization's existing structure.

WEAKNESSES: 1) the practitioners have no authority over, responsibility for, or ownership in the cancer care program, 2) they do not participate in the operational discussions of the parent institution, and 3) they do not take part in planning clinical cancer services within the institution and usually have only limited knowledge of the cancer program's future direction.

Participatory. In this model, the director and other senior leadership of the cancer program are integrated into the larger health care organization and have a formal place within the institution. (A good example of this kind of structure is the hospital's Cancer Committee.)

STRENGTHS: 1) the practitioners are allowed to negotiate with upper-level administration about clinical service changes that affect the care they offer their patients, 2) the program is organized and serves as a single point of contact for cancer issues that concern the rest of the facility, 3) since the director and senior leadership are already at the negotiating table and have been formally recognized as responsible for the cancer program, they can lobby for physician and management consensus on cancer care issues, and 4) a participatory program is no threat to the parent organization's existing structure.

WEAKNESSES: 1) the director of the program and the senior leadership have no budget or operational authority over the program and no management responsibility, and 2) the success or failure of the program depends on consensus building within and across the hospital/health care organization.

Limited Clinical Cancer Service Line. A limited clinical cancer service line has a dedicated management team that has budget, operational, and management authority over some portion of clinical services (hospital inpatients, outpatients, or clinics). The management team reports to others in the hospital through the cancer center director.

STRENGTHS: Since the management team has control over the program, 1) change can be implemented quickly, 2) clinical and ancillary services can be optimally utilized, 3) ancillary services, such as psychosocial and nutritional support, can be pulled quickly into the program, and 4) the program also serves as a limited revenue center.

WEAKNESSES: 1) the program's services must be staffed and equipped from existing institutional personnel and resources, 2) the structure of this service line will be different from the structure of other traditional hospital departments and may cause organizational friction, 3) since a high-level administrator is usually in charge of a limited service line, cancer care professionals within the program cannot effect either clinical or market changes quickly, 4) there may be redundancies in the management structure, and 5) the cancer program's structure may be determined by the limitations of the current physical facility.

and resource utilization cancer program.

Full Clinical Cancer Service Line. In this model, the management team has budget, operational, and management authority over all the clinical services of the cancer center (hospital inpatients, outpatients, and clinics).
STRENGTHS: 1) there is a dedicated clinical space, 2) the program is accountable for overall cancer program performance and coordination, 3) clinical and ancillary services can be optimally utilized, 4) ancillary services, such as psychosocial and nutritional support, can be pulled quickly into the program, and 5) the program produces revenue for the larger organization.
WEAKNESSES: 1) the program's services must be staffed and equipped from existing institutional personnel and resources, 2) the structure of this service line will be different from the structure of other traditional hospital departments and may cause organizational friction, and 3) the cancer program's structure may be determined by the limitations of the current physical facility.

Hospital-within-a-Hospital. Hospitals-within-hospitals are freestanding entities that function within existing hospitals/health systems. Their medical and financial structures are completely separate from the rest of the institution.
STRENGTHS: 1) total program and resource control means that clinical and technological innovations can be instituted quickly, 2) reimbursement is maximized, 3) marketing opportunities are increased, 4) clinical and ancillary services can be optimally utilized, 5) ancillary services, such as psychosocial and nutritional support, can be pulled quickly into the program, and 6) the program produces profits and supports itself.
WEAKNESSES: 1) the center is a separate entity within the hospital and has its own governing structure, which may cause organizational friction, 2) since many physicians also treat patients who do not have cancer, the program must provide a venue for their non-cancer-oriented activities, 3) the program removes a profitable revenue source from the main hospital, 4) these programs have high start-up costs, and 5) the cancer program's structure may be determined by the limitations of the current physical facility.

Regardless of which organizational style is used, establishing a Cancer Committee (as defined by the American College of Surgeons) to oversee patient care issues and resource utilization is critical to the ultimate success of any cancer program. The committee should be empowered by the hospital's leadership and should have a broad base of physicians, nurses, allied health workers, and administrators. The committee also should have the authority to make significant changes to the cancer program when necessary.

Develop Physician Practice Strategies

The cancer program strategic planning team should include members of the medical staff, particularly medical, radiation, and surgical oncologists who are leaders among their peers and can get their peers to "buy in" to the strategic plan once it is formed. The success of the strategic plan will rest on the amount of cooperation and shared vision between the hospital administration and the physician staff.

Developing physician practices within the organization is a major component of a hospital's strategic plan and involves assessing the following information:

- Who are the medical, surgical, and radiation oncologists already on staff, their career stage, their potential retirement age, and their areas of subspecialization?
- How are these practitioners connected to the hospital? Are they on staff, in private practice, or part of a freestanding cancer center? What percent of their practice takes place at other hospitals and what are the names of those hospitals? Where do their loyalties lie?
- What changes have recently occurred in the make-up of the hospital's medical staff and why did these changes take place?
- Which outpatient oncology services are provided by the hospital and which are provided by private oncology practices? What is the level of competition between the hospital and its own medical staff for outpatient services?
- How many current hospital inpatient admissions are made by individual medical staff members, organized by diagnosis-related group (DRG) and ICD-9 codes?
- What is the economic contribution of each medical staff member to the hospital, on both the inpatient and outpatient services?
- What is the economic status of existing physician practices within or connected to the institution and each practice's market share?
- What are the perceived practice, professional, and patient care goals and needs of each physician?
- What are the gaps in specialty and subspecialty expertise or professional services that are considered important deficiencies in the program?
- What is the SWOT analysis of the physician practice component?

The strategic planning team should develop physician practice strategies that are in line with current trends in cancer care, such as changing patient care needs, scientific and technological developments, and the realities of physician and outpatient care reimbursement. Typical physician practice strategies will address:

- The growth in the number of oncology specialists

(medical, radiation, and surgical oncologists)
- The growth in the number of supportive care physicians (i.e., pain specialists, psychiatrists)
- The number of new physicians that can realistically be recruited to support planned growth and fill voids in critical services of the program
- The loyalty of the existing medical staff to the hospital's cancer program
- Opportunities for cooperative, rather than competitive, partnerships with physicians to provide outpatient services
- New hospital programs and services that can be devised to support the staff physicians' stated practice, professional, and patient care goals
- New technology and facilities that can be added to enhance patient care
- The role of clinical research in clinical practice
- Marketing and public relations efforts that could support physician practices
- The role of physicians in soliciting community support and philanthropy.

Streamline Patient Care

Delivering quality patient care is challenging in today's ever-changing health care environment. The strategic planning team has a duty to ensure that the care the cancer center's patients receive is as seamless as possible.

Convenience and accessibility must be assessed. Patients have to maneuver through the inpatient and outpatient hospital systems and private physicians' offices. The cancer center should have a single entry point, and all the institution's entry points should have:
- Convenient parking
- Wheelchairs available at the doors
- Appropriate signage
- A concierge to direct patients and their families to the services they require
- Courteous and helpful front desk personnel who put patients and their families at ease and are knowledgeable about their department's services.

The oncology staff should be trained in guest relations with periodic updates for new personnel. Non-oncology employees and volunteers who staff other entry points should be familiar with the cancer center's services so they can answer questions appropriately.

Because patients with cancer will receive care in other locations around the hospital, the oncology staff must work with an interdisciplinary team from all the ancillary services to create a streamlined and convenient oncology care path through the institution. Some hospitals use an Organizational Effectiveness Department or a Continuous Quality Improvement Team to achieve this goal, and the strategic planning team needs to establish a system that ensures that patient care issues are addressed throughout the year, either at regularly scheduled or ad hoc meetings. Having clinical protocols in place will help ensure quality patient care, but the oncology staff should be given clear authority to resolve problems oncology patients encounter in other areas of the hospital before these problems become major issues.

Understand Your Bottom Line

Strategic planning requires an understanding of financial issues and health care economics, particularly reimbursement trends. Although cancer programs continue to be profitable, recent changes in reimbursement regulations require care providers to have a thorough knowledge of center finances to keep the center solvent, able to provide high-quality cancer care, internally and externally competitive, and able to invest in new technology.

Understanding the finances of cancer care means evaluating all aspects of the cancer treatment program: evaluating the economics of the hematology/oncology and radiation oncology departments is not enough. Financially tracking the entire continuum of services offered to patients diagnosed with cancer throughout the course of their disease is crucial to establishing an appropriate financial model. Remember to include other medical services such as surgery, radiology, pulmonary, pathology, pharmacy, and supportive and palliative care.

Hospital administrators must also pay special attention to the impact that DRGs and ambulatory payment classifications (APCs) have on their programs. Since DRGs have been around for some time, most hospital leaders understand the way they affect inpatient activities. APCs are recent and their regulations are evolving, making them less clear. Most hospitals are still struggling with the implementation of the APC program. Administrators should work closely with their finance office so they can understand and effectively utilize the APC codes.

Of course, correct documentation, coding practices, billing, and collections are necessary to maximize reimbursement. The consistency and accuracy of coding across hospital inpatient, outpatient, and physician clinic settings are key elements in financial success. All person-

need to recognize that patients with cancer emotional and physical needs and different from other medical and surgical conditions.

nel should master the primary and secondary ICD-9 diagnosis codes.

The strategic planning team should develop a method for keeping hospital leadership in the loop about inpatient cancer discharges, outpatient activity, and how these activities are affecting the hospital's bottom line. Showing hospital leadership a cancer program financial report generated by the finance office can be an effective way to gain support. Such a report should include gross revenue (charges), deductions (the difference between what third-party payers say they will pay and what is collected), collections (actual cash), direct expenses (the program's direct costs, i.e., staff, commodities), indirect expenses (i.e., facilities charges, support services, capital equipment), and net income. Other data that may be included are the number of outpatients and inpatients the center sees, the number of inpatient discharges, the inpatient average length of stay (ALOS), the number of outpatient encounters, and collection rates.

Evaluate Existing Facilities and Plan for the Future

The strategic planning team is charged with evaluating the current status *and* future needs of the cancer program. The type, size, and location of the program's facilities will all be determined by the goals of the strategic plan. New facilities need to be created when current facilities are outdated, undersized, unable to accommodate new programs and technology, do not allow physicians and staff to deliver state-of-the-art care, or are not competitive with other institutions' facilities. A new facility can make a major statement about the commitment of the institution to cancer care.

Patients, physicians, and staff should have input into the facility's strategic planning and design process; but the community's needs should dictate the number, type, size, and location of the cancer program's outpatient centers.

Today, cancer care is migrating more and more from the inpatient to the outpatient arena. Dedicated oncology inpatient units provide the nursing expertise and supportive environment that characterize optimal cancer care. Hospital administrators need to recognize that patients with cancer have emotional and physical needs that are unique and different from other medical and surgical conditions. However, with the declining number of admissions and shorter stays for oncology patients, many small- to medium-size hospitals have either significantly downsized or closed their dedicated oncology units. This trend should be resisted if at all possible. Patients receiving treatment for cancer have needs only trained oncology personnel can fulfill. Special programs, such as bone marrow and stem cell transplantation and gynecological oncology, may justify dedicated beds or units as well.

The shift from inpatient to outpatient cancer care and competition with other cancer facilities have resulted in many hospitals building new outpatient cancer treatment centers. These new facilities should be sized according to both current patient volumes and programmatic growth projections. The services provided in the new facility should be as comprehensive as possible for the convenience of both the patients and the staff. Their design should emphasize ease of access, patient convenience, esthetic appeal and comfort, efficient care delivery, space for new technology, and areas for integrated care and educational programs.

New cancer care facilities are expensive and should be created to support the patient care goals of the program.

Make Technology Work for You

In today's consumer-driven market, keeping current with cutting-edge technology can be a challenge. A new or upgraded piece of equipment has always just been invented to do one more technique or procedure. Patients learn quickly about new developments in medical technology and often call hospitals when the media reports on new cancer information, screening tools, or equipment. Unfortunately, hospitals have less and less capital to spend on new technology.

Assessing current technology and determining what upgrades and/or replacements are necessary is an important part of the strategic planning process. Since the goal is to provide state-of-the-art care for your patients, the strategic planning team must evaluate the cancer program's strengths and determine how additional technology might enhance patient services and/or competitively improve the program's position in the market. Decisions should not be based on the need to acquire the latest health care "toy." For instance, only an adequate number of brain cancer patients would make the purchase of stereotactic radiosurgery equipment a prudent investment.

One approach to evaluating new technology may be the creation of a new department. For example, the Alexian Brothers Hospital Network in Elk Grove Village, Ill., chose to remove the burden of this issue from its strategic planners and now evaluates technology

through a new department: the Center for Medical Innovation (CMI). The CMI staff works with the hospital staff and administration to evaluate new technology and/or technology enhancements and determine how they will impact the patient, the hospital, and the cancer program.

Sometimes the use of an existing technology can change. For example, high-dose radiotherapy (HDR) is not a new technology and has primarily been used for patients with prostate cancer. Now oncology staffs across the country are evaluating HDR for use in their breast cancer programs. Since breast cancer is one of the most prevalent cancers in the country, patient volume will be high enough to support the new application.

Evaluating new technology can be one of the most challenging, as well as one of the most enjoyable, pieces of the strategic planning process. New advances in diagnostic and treatment technologies are one of the main reasons physicians are able to encourage cancer patients and their families, and stay optimistic themselves.

Focus on Clinical Research

Oncology research studies can be a valuable addition to a cancer program's services, depending on the program's size.

If a cancer program does not have an existing research program, the strategic planning team needs to answer several questions before deciding to create or participate in clinical trials:

- Will the institution make the financial commitment to the development and continued implementation of the program?
- Does the cancer program have a large enough patient population to support a research program?
- Are there medical oncologists, radiation oncologists, and other committed oncology physicians who will provide leadership and direction for a research program and refer patients to clinical trials?
- Is there qualified staff in the geographical area that can be hired to develop and manage the program?
- Does the institution have an accredited Institutional Review Board, and does it have the expertise to successfully run a cancer research program?
- What national cooperative groups should the institution join, and how will the decision be made?
- Do other hospitals in the market already have established research programs?
- Should the program be developed independently or in affiliation with an academic center?

If an institution already has an existing research program, the strategic planning team can help the program evaluate its status and grow. A plan should be developed to teach physicians who have not previously participated in clinical trials how to do so. The team should examine the type and number of the program's affiliations with cooperative groups and determine whether the program would benefit from working closely with the research program at an academic center. The possibility of applying for a National Cancer Institute Community Cooperative Oncology Program (CCOP) grant can also be explored. The team should find out if the center's oncologists support a CCOP affiliation and if they are willing to develop a strategy to attract pharmaceutical industry trials.

Most comprehensive oncology centers support a clinical research program. Clinical trials increase the treatment options that can be offered to patients and mark the center as a leader in the oncology health care market.

Summing Up

Successful strategic planning requires the involvement of the health professionals who will be impacted by the plan. Clear and open lines of communication with the institution's CEO, CFO, and other senior leadership is also critical. A good strategic plan should include a thorough analysis of the area's oncology market, the institution's organizational structures, ways to develop physician practices, trends in patient care, the reimbursement environment, current and future facility needs, new technology, and a summary of which clinical trials can enhance the cancer center's program. Such a plan, when well executed, can have a profound and direct impact on the success of any center that wants to provide quality cancer care.

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