

Hospital & Medical Oncology Practice Integration

A “win-win” for patients, providers, and hospitals by Kelley D. Simpson and Patrick S. Board

How do you build synergistic relationships among varying and competing entities—while providing patient-centric care, regardless of payer class? This is one of the greatest dilemmas facing the oncology community today. The most obvious of these challenges relates to outpatient infusion and injection services. While the majority of these services are still delivered in private practice hematology/oncology offices, hospital outpatient clinics also provide infusion services to cancer patients.

In the past, indigent care patients received infusion treatments in hospital clinics, while patients covered by public and private payers tended to receive infusion treatments in the physician office setting. Recent reimbursement changes—starting first with Medicare and now moving into the private payer arena—have affected this model of care and brought challenges to both care settings. In an era of shrinking reimbursement, today’s private hematology/oncology practices must attempt to provide more services for less money and with fewer staff and supportive care resources. Worse, insufficient payment for certain pharmaceuticals and anti-cancer treatments is threatening the financial viability of some private practices. On the other side of the equation, hospitals struggle to accommodate more patients within their infusion clinics and still provide a clinically equivalent care delivery setting.

To succeed, practices and hospitals must work together to help resolve these challenges. Throughout the country, joint ventures between these entities have shown that successful collaborations are possible. In our community, three private hematology/oncology practices and a hospital came together and developed an integrated model of care. This model has been in practice for approximately two years and has benefitted all parties involved—patients, physicians, and the hospital. Here’s our story.

Our Oncology Landscape

Union Hospital, located in the city of Terre Haute, Indiana, approximately 60 miles west of Indianapolis, is a regional, comprehensive 272-bed teaching hospital providing education and training to family medicine physicians, medical students, nursing students, and other allied health professions. Union Hospital serves the Wabash Valley inclusive of eight counties distributed between Indiana and Illinois with a population of approximately 450,000. Several physician provider groups in Terre Haute offer a range of hematology/oncology services, including: The Associated Physicians & Surgeons Clinic (AP&S), The Hope Center, and Providence Medical Group’s Coleman Cancer Center (see box on page 41).

In 2006, Union Hospital initially set to work with these providers, along with the hospital’s surgeons and radiation

oncologists, during strategic planning efforts for the new Hux Cancer Center, an 88,000-square-foot freestanding cancer center slated to open in February 2008. The oncology service delivery system that had evolved in the greater Terre Haute region could—arguably—have been best described as “fragmented.” This was particularly the case for medical oncology services, which were being delivered by multiple entities, resulting in a sub-optimal delivery structure. Specifically, there were no common care protocols, standards, registration and billing processes, and quality assurance measures for medical oncology services delivered in this region.

Initial efforts were focused on creating a common vision and synergistic relationship among the hospital, medical and radiation oncology providers and supporting medical staff, and allied health professionals with the goal of bringing about a heightened level of cooperation and care standardization for cancer patients and referring physicians in the region.

The first step in this process involved creating an Oncology Working Group comprised of hospital administrators, medical and radiation oncologists from all practices, surgeons, radiologists, pathologists, primary care physicians, and principals from Oncology Solutions, who acted as facilitators. The Oncology Working Group reported its recommendations regarding service line development to Union Hospital’s Board of Directors for final review and approval of the strategic plan. This group also developed a vision statement for the new cancer center: “An integrated, cohesive and economically viable comprehensive cancer program and care delivery system.” To make this vision statement a reality, the Oncology Working Group outlined a series of seven strategic initiatives and tactics:

1. Establish an integrated, modern freestanding cancer center
2. Form an oncology service line infrastructure with dedicated executive and medical directors
3. Align with existing oncology providers spatially and programmatically
4. Expand and promote surgical capabilities and subspecialty care
5. Develop at least one highly specialized and disease-site program
6. Purchase and use highly distinctive equipment and facilities
7. Establish a formal relationship to an NCI-designated center.

Collaboration Philosophy

The Oncology Working Group also developed an overriding collaboration philosophy for structuring medical oncology services as a distinct service. The goal: to provide a fully integrated, physician-oncologist care delivery system that was singly managed, consistent, comprehensive, and con-

The Players

The AP&S Clinic

www.apsclinic.com

This primary and specialty care medical/surgical practice has 20 specialties and has been in continuous operation for more than 90 years. Today, the clinic is comprised of nearly 80 providers and more than 500 staff. Each year, AP&S Clinic has nearly 300,000 patient visits throughout its clinic network.

The Hope Center

www.hopecancercenter.com

This freestanding cancer center provides state-of-the-art cancer and blood diseases care to the residents of the Wabash Valley in South Central Indiana and neighboring areas of Illinois. Housed in a modern facility designed to provide maximum convenience to patients, Hope Cancer Center also provides PET/CT services.

Providence Medical Group Coleman Cancer Center

Established in February 2007 through the efforts of Sang Huh, MD, and the Providence Medical Group, this freestanding center is a member of Translational Oncology Research International (TORI) through its collaboration with UCLA's Jonsson Cancer Center. The Coleman Cancer Center has collaborated with The Maple Center to bring integrative care to cancer patients in the Wabash Valley.

This was particularly important because the involved parties had limited experience with each other and limited prior collaboration. Second, under the purchased services model, the new cancer center would offer a comprehensive service line—including chemotherapy and non-chemotherapy infusion and injection services and pharmaceuticals. These services had not traditionally been a large part of Union Hospital's service line. To ensure that these services were fully functional at the opening of the new cancer center, the hospital would need to develop these core services under the hospital's existing quality and accreditation standards.

Strategic Goals

With this collaboration philosophy in mind, the Oncology Working Group developed a list of specific goals to accomplish their collaborative agenda. A total of 19 goals or tactics were identified and prioritized for completion. Several

key examples are listed below:

- Implementing a single patient registration, insurance verification, scheduling, billing, and collections process
- Developing a single mechanism for staff training and compliance with medical oncology quality assurance and utilization review programs
- Ensuring sole source compliance with Indiana State Department of Health and other accrediting and regulatory agencies, including but not limited to, the Healthcare Facilities Accreditation Program (HFAP)
- Establishing a sole source for all clinical documentation, reports, and medical records owned and maintained by Union Hospital, and establishing commonality with policies and procedures, as well as electronic medical record integration
- Carrying out enhanced competency and training requirements in compliance with Union Hospital's regulatory and accreditation standards
- Implementing shared pharmacy oversight through Union Hospital
- Using Union Hospital standards to establish a process for common monitoring and oversight of all medical oncology services
- Developing organ-site-specific programs
- Meeting HFAP Requirements for Chemotherapy Clinic Accreditation.

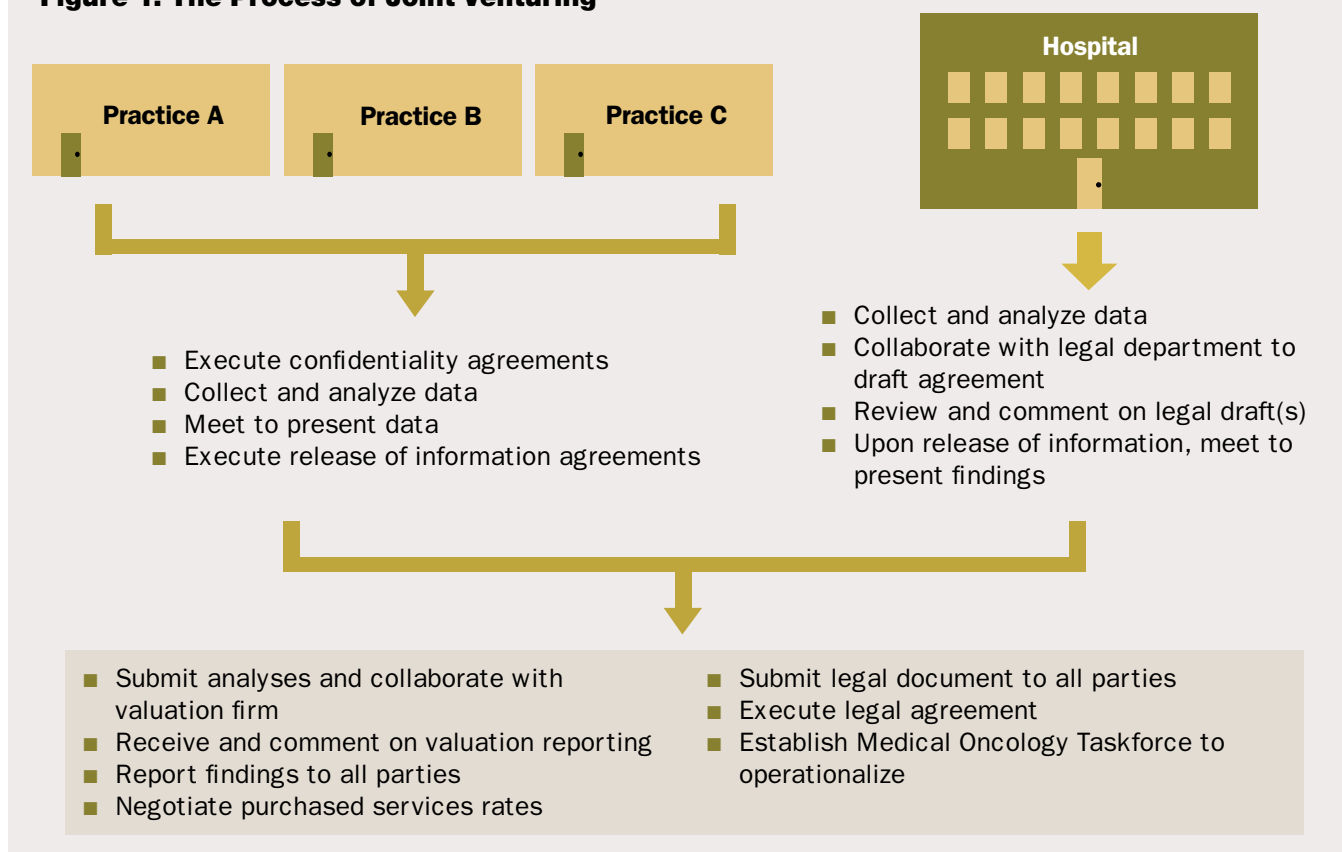
gruent with Union Hospital's clinical and programmatic accreditation and regulatory oversight for all patients—regardless of their ability to pay.

In late 2006—with the planned opening of the new cancer center still two years away—the hospital and three oncology practices looked for a solution to begin collaboration before the new facility was opened, a synergistic model for future oncology care in Terre Haute. This pre-facility planning was initiated with the understanding that the synergistic model would *not* bring all cancer care providers under one roof in the new facility. Some providers would be physically housed in the new cancer center; some providers would provide certain services in the new cancer center and other services in existing facilities; and still other providers would practice entirely outside of the new cancer center. Therefore, the impetus for planning was to facilitate collaboration for services across this continuum, non-dependent on an actual bricks-and-mortar facility.

After consulting with Union Hospital's legal counsel, the Oncology Working Group implemented a "purchased services model" to advance the overall objectives of the hospital and oncology practices. The initiative was unrolled incrementally based on two core concepts. First, all parties agreed that it was necessary to start strategic planning for medical oncology services *prior* to the opening of the new cancer center to ensure an effective organizational structure and a smooth transition once the new cancer center opened.

continued on page 42

Figure 1. The Process of Joint Venturing



The Purchased Services Model

Oncology Solutions, specializing in cancer services and facilities planning and implementation, worked with Union Hospital, the three oncology practices, legal counsel, and a valuation firm to execute this legal and financial model. (Figure 1 illustrates the series of events that occurred to reach agreement and ensure a “go” decision by all parties.)

The entire process—from initial conceptual discussions between the physicians and the hospital to valuation and analysis through execution of the signed legal agreements—took approximately six months. In its final form, the purchased services agreement involved the three practices each “supplying,” on a fair-market-value basis, the space, staff, supplies, and pharmaceuticals as a packaged service to Union Hospital. Union Hospital could now provide chemotherapy and non-chemotherapy infusion and injection services to patients on a consistent basis and regardless of payer class.

The new 88,000-square-foot Hux Cancer Center facility opened in the first quarter of 2008. Today the cancer center offers the most comprehensive and collaborative oncology service line within the Wabash Valley. Two of the three medical oncology groups have a presence in their own suites within the cancer center adjacent to radiation oncology, supportive care, breast center, PET/CT services, cancer program administration, and oncology data reporting for tumor registry and clinical research. All three medical oncology practices continue to operate in collaboration with Union Hospital to provide consistent, convenient outpatient injection and infusion services to patients within the region. These services are offered within three practice

locations at the Hux Cancer Center, The Hope Center, and the Coleman Cancer Center.

Union Hospital “purchases” chemotherapy and non-chemotherapy infusion and injection services from the practices, and delivers, bills, and collects for the services as hospital services. Under this agreement, physicians continue to bill and collect for all evaluation and management (E &M) and other related professional services as currently contracted. Services are bound by all applicable hospital-based regulatory accreditations and standards. Practices are reviewed by the Healthcare Facilities Accreditation Program (HFAP). Union Hospital’s cancer program executive director oversees outpatient medical oncology services as a component of the overall oncology service line at Union Hospital.

Risk and Rewards

As with any new business arrangement, certain risks must be considered. This scenario is particularly true for joint ventures between practices and hospitals. Hospitals and practices are sometimes competitors, and goals may not always align. Here is a look at some of the risks we considered at the inception of our joint venture.

Potential risks for practices:

- Lost revenue related to chemotherapy and non-chemotherapy injection and infusion services.
- Loss of control over payer contracts. Under the joint venture, practices are reliant on the hospital to negotiate future payer contracts.
- Uncertainty over the costs and reimbursement of new

anti-neoplastic agents entering the market. Often, these costs were not considered in the original appraisal for contracted services.

- Additional costs incurred for such activities as: staff training; staff registration, insurance verification and charge entry activities; hospital clean claims submissions and reconciliations timing; hospital mandated accreditation and compliance programs and activities; and more.
- Responsibilities related to the joint venture. Specifically, each practice must expend considerable staff time and resources to the terms outlined in the purchased services agreement. In addition, practices are reliant on the other partners for collective success.
- Loss of skill sets for the practices. In other words, as certain aspects of the practices' operations shift to the hospital, there is a loss of skill sets within the practice—for billing and collections services, as well as payer contracting and relations for the injection and infusion component of the business. Should the agreement change or should practices have to once again start billing and collecting as a physician practice, this loss of skills could be devastating.
- Loss of patients due to differing patient responsibility amounts (co-pays) under hospital-based versus private practice billing.

Potential hospital risks:

- Ability to collect from patients.
- Ability to negotiate favorable long-term payer contracts.
- A single-tiered pricing structure for services could put the hospital at significant negative financial risk if there is a shift in the existing practice payer mix. For example, if the indigent care mix sharply increases, Union Hospital may pay at a single-tiered rate that is quite high compared with hospital collection rates at the time of original valuation and contracting, thereby lowering the margin between hospital collections and payments to the providers at fair market value in an alternate payer structure.
- Reliance on various oncology practices to conform to accreditation and compliance standards and to provide physician leadership and integration of cancer programs.
- Reliance on various oncology practices to submit clean claims to the hospital for timely billing and collections.
- Potential loss of patients due to marketplace competition.

The Rewards

While the risks involved in hospital-practice joint ventures appear daunting, the rewards are many. After two years of collaboration, our joint venture has been successful on many fronts, including:

Patient care. Within a relatively brief time frame, providers from the three practices were able to meet the hospital's quality standards. While each practice, individually, provided high-quality services to its patients, the hospital's accreditation process ensured that clinically equivalent care was delivered across all sites involved in the joint venture. Consolidating chemotherapy service delivery meant that the patients treated in these locations were treated with experienced staff that performed these services every day. Today, injection and infusion services are offered at the

Hux Cancer Center, The Hope Center, and the Coleman Cancer Center. Finally, the joint venture between hospital and practices enhanced continuity of care to patients.

Financial stability. The practices carefully prepared their patients for the transition to becoming "hospital" patients for their infusions and injections. To date, there has not been a documented patient concern over any potential economic impact to the patient. In fact, Union Hospital's mission as a not-for-profit institution—coupled with its related charity care programs—has provided an outlet for patients in financial need. A side benefit to practices: the arrangement has reduced the amount of stress for practice staff—and patients—who before had to engage in challenging discussions concerning the cost of the patient's care.

Staff safety. Complying with hospital safety standards meant that practices upgraded evacuation systems and other procedures that increased staff safety.

Regional economic impact. Terre Haute is in a smaller market that competes with larger markets in Indianapolis, Chicago, and St. Louis to attract and retain medical specialists. Like many other areas of similar size nationwide, Terre Haute is seeing an increasing number of patients in financial distress. Coupled with the continuous downward pressure of reimbursement, there is concern over the preservation of professional oncology services in our area. This joint venture model has allowed physicians and the hospital to collaborate in a manner that allows patient care to occur in the most appropriate setting and for all parties to be fairly compensated for their services.

Looking Forward

The vision demonstrated by Union Hospital and the three competing medical oncology practices has yielded a new system that enhances patient care, improves safety of clinical practice, and creates a foundation upon which to build a more coordinated, comprehensive oncology service line for west-central Indiana and east-central Illinois.

And the joint venture detailed in this article is only the "tip of the iceberg." Subsequent to the development of this arrangement, two notable additional areas of collaboration have occurred. Union Hospital, AP&S Clinic, The Hope Center, Providence Medical Group's Coleman Cancer Center, and additional medical specialists in Terre Haute have partnered to develop a new radiation therapy treatment center within the new Hux Cancer Center that is managed by a new entity under contract with Union Hospital. Additionally, a new breast cancer disease team was formed to streamline the entire care process for the patients being screened and treated for breast cancer.

On a less positive note, readers may recognize that the joint venture discussed in this article falls within the general area of arrangements that the Centers for Medicare & Medicaid (CMS) has titled "billing under arrangements" or "per click agreements." In 2008, CMS issued new regulations that will impact the nature and form of these relationships. Stay tuned, as the authors anticipate working to determine how the benefits garnered through this type of cooperation may be preserved. 📌

Kelley D. Simpson, is a partner at Oncology Solutions, LLC, in Decatur, Ga. Patrick S. Board is chief executive officer of Associated Physicians & Surgeons Clinic, LLC, in Terre Haute, Ind.