Growing Your Market Share: Tips for the Cancer Program Administrator

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by Teri U. Guidi, M.B.A.

Across the nation hospitals continue to see declines in inpatient volumes. As technology and science advance, the site of care moves steadily away from the traditional and costly setting of the hospital bed, and towards the more convenient and less expensive outpatient arena. To stay in business, hospitals must find more efficient ways to deliver care. To do so often means reaching further afield to capture patients. Like it or not, hospitals must compete for business just as everyone else.

Cancer program administrators are looking for ways to increase patient volumes and, thus, enjoy the increased revenue (at least theoretically) produced by that volume. Developing new offerings that attract patients from outside the primary service area is one way to achieve growth. Strengthening referral channels from outlying communities is another. Regardless of the strategy, cancer program administrators must determine if there is sufficient opportunity to warrant the effort. All it takes is knowledge of the market and a few tools to gather data. That knowledge comes from every aspect of daily life: newspapers, radio, and conversations with colleagues and neighbors. These sources can provide information about the community's impression of the various providers in the region, as well as what barriers (tangible and not) exist to interfere with patient flow to your program. The tools include

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your hospital's databases, purchased data sets, publications, and, of course, the wealth of data available on the Internet. Valuable data might include utilization figures, referral patterns, health plan enrollee population demographics, and a variety of benchmarks for comparison.

FIRST STEPS

Increasing the volume of patients treated in an infusion center, for example, can generate more revenue to a center and to other areas of the hospital, such as diagnostic radiology and laboratory. The first step to achieving this goal is to find out if there really are more patients "out there," and where they are. Only then can specific strategies be developed. Your own research and queries can alert you to the numbers of patients currently going to a competitor and to how many may be lured away with advertising or brought into your system by developing a satellite to generate more referrals. Determine if there is a specific population that would be attracted if a niche program were developed that made services more desirable.

Next, define your own boundaries. How far is too far to worry about? Are the boundaries defined in miles, by state lines, or by impassable geography? Are there multiple boundary sets for the service that you seek to grow?

Once the size of this universe is determined, identify all the competing services in the region. In our example, it is important to determine other locations where patients might go for outpatient chemotherapy. Examining the competing forces can help you decide if you truly wish to compete. After all, competing might mean the risk of losing another important relation-

ship for your institution. Direct competition with community medical oncologists for chemotherapy, for example, would risk the loss of their referrals for radiation treatment. In such cases, partnering might be a better strategy.

Next, the potential customer base must be estimated. Map out the zip code boundaries in the chosen region(s), and mark all the competing sites. There are multiple means to identify all competitive threats; use the hospital planning department, Internet searches, regulatory and licensing bureaus, and consultants, to name a few. Create an overlay map of the main roadways and physical barriers. Keep in mind that rivers and state lines can represent serious barriers, even though bridges and roads make them quite passable.

COLLECTING INFORMATION

You are now ready to gather the data. All you need to know is how much total volume is available and where that volume is currently going.

Data on actual cancer cases are, at best, a few to several years old; therefore, you will have to use a variety of sources to build best-guess estimates. State tumor registries can be very helpful in obtaining actual and relatively accurate cancer case volumes. Although the data will likely be a few years old, they can provide a good basis for estimating market share in order to calculate potential incremental growth. If your state registry will share data sorted by zip code and by primary reporting institution, you will have a fair indicator of market share for cancer in the area you defined earlier. If you can receive the data only by zip code (not uncommon), just compare your own registry data for

the applicable "class of case" groups to the total state data. Doing so will, of course, not help to rank order competitors' shares, but it will show your own share as compared to all others.

To estimate total available volume, use age-grouped population data and projections, which are obtainable from your county, state, or the U.S. Census Bureau. Apply age-adjusted cancer incidence rates from the American Cancer Society, or the National Cancer Institute's Surveillance, Epidemiology and End Results program (SEER) (Figure 1). If possible, it is highly desirable to "reality check" these numbers by comparing them to actual utilization figures. Although many people may question the accuracy of some of these various databases, there are several sources from which to purchase claims-based data on outpatient utilization, sorted in a variety of ways: CPT codes, ICD-9 codes, service lines, for example.

If you are tackling the job yourself, be sure to understand how the data are collected and manipulated. For example, if the data set comes from Medicare-only claims, adjust for your population/payer mix.

In our example of increasing infusion volume, the data set can be queried to determine the approximate number of chemotherapy encounters billed in your area during a particular time period. Check for local patterns of care to determine the average number of treatments per new cancer patient, and compare this number to the total available volume above. Assuming that roughly 50 percent of all newly diagnosed patients will undergo chemotherapy, you should be able to crosscheck the validity and fine-tune estimates of total cases available in the market.

Before you decide to continue your competitive strategy, ask yourself if there is enough "new business" available to capture from others to make the effort worthwhile.

Figure 1. Age-Grouped Cancer Incidence Rates

Age Group	Rate	Count	Population
00-04	20.15	34	168,759
05-09	12.25	22	179,596
10-14	13.44	25	186,021
15-19	27.62	53	191,911
20-24	99.04	186	187,800
25-29	139.83	260	185,943
30-34	155.62	291	186,999
35-39	166.07	277	166,800
40-44	220.72	318	144,073
45-49	350.06	428	122,265
50-54	524.39	585	111,558
55-59	845.42	873	103,262
60-64	1,168.12	1,113	95,281
65-69	1,597.52	1,424	89,138
70-74	2,112.29	1,541	72,954
75-79	2,316.29	1,287	55,563
80-84	2,502.75	910	36,360
85 and older	2,467.21	760	30,804

Rates are per 100,000 and age-adjusted to the 1990 U.S. standard.
Source: SEER* Stat public access CD-ROM, National Cancer Institute

What you now have is a complete picture of each zip code in the area: how many people live there, how many new cancers are expected to be diagnosed, and what share of those you and your competitors presently command. At this point, for ease of tabulation, you may want to roll the zip code data back into county or other groupings (Figure 2).

Before you decide to continue your competitive strategy, ask yourself if there is enough "new business" available to capture from others to make the effort worthwhile. Are the current patterns alterable, or are there insurmountable barriers?

Anecdote and intuition become important at this stage because there is no hard data to accurately

Figure 2. A Sample Hospital: Most Likely Volume Projections—All Cancers

	Total Volumes					Incremental Volumes			
	Current	Year 1	Year 2	Year 3	Year 4	Year 1	Year 2	Year 3	Year 4
Projected New Cases									
County A		285	288	290	293				
County B		9	9	9	9				
County C		311	314	317	320				
County D		73	74	75	76				
Outmigrations*		32	33	33	33				
Capture Rates—Percentage									
County A	1.1	1.1	1.1	1.2	1.2	0	5	5	5
County B	53.6	53.6	56.3	59.1	62.0	0	5	5	5
County C	74.2	74.2	77.9	81.8	85.9	0	5	5	5
County D	26.3	26.3	27.6	29.0	30.4	0	5	5	5
Outmigrations*	0.0	0.0	20.0	40.0	80.0	0	100	100	100
Projected Volumes									
County A	3	3	3	3	4	0	0	0	1
County B	5	5	5	5	6	0	0	0	1
County C	229	229	245	259	275	0	16	30	46
County D	19	19	20	22	23	0	1	3	4
Outmigrations*	0	0	7	13	27	0	7	13	27
Total	256	256	280	302	335	0	24	46	79

Assumptions
1. Geographic proximity and highway access reviewed to adjust market shares for existing competition and patient selection based on convenience.
2. Population growth based on U.S. Census Bureau data for particular year.
3. Cancer incidence based on American Cancer Society rates for particular year (no further growth).
4. Existing shares of cancer cases in each zip code remains unchanged.
5. *Outmigrations are cases from proximal zip codes of other counties.
   Based on interviews, we assume 80 percent of those can be recaptured over time.

Source: ELM Services, Inc.

predict the future. Remain conservative when estimating the rate at which you believe you can gain and grow your share of the total available volume. Assuming that you have conducted this exercise carefully and are confident in the source data, the resulting calcula- tions will help you know if and by how much you might turn up the volume.