

CCBS 2010

» Highlights from the Cancer Center Business Summit

The 2010 Cancer Center Business Summit was in high gear this year. The conference featured a broad range of topics including the National Practice Benchmark Survey, CCBS Survey Results, and a Payer-Provider Panel. In this issue, we are pre-

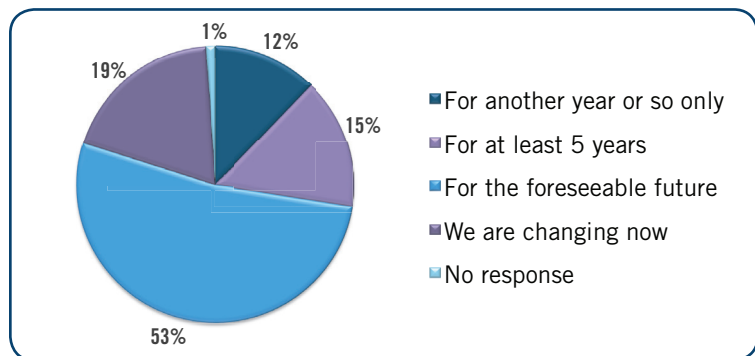
senting a few of the key learnings from those presentations; and in the next issue, we will feature two in depth viewpoints that regarding hospital affiliation models and Accountable Care Organizations.

The Annual National Practice Benchmark: A Survey of Community Practice Oncologists

This survey examines trends primarily in physician-owned community-based oncology practices. Developed by Oncology Metrics, the survey collects data from oncology practices to help practices manage in today's economically challenging environment. We present here a few key points from the presentation.

» Expected Change in Oncology Practices

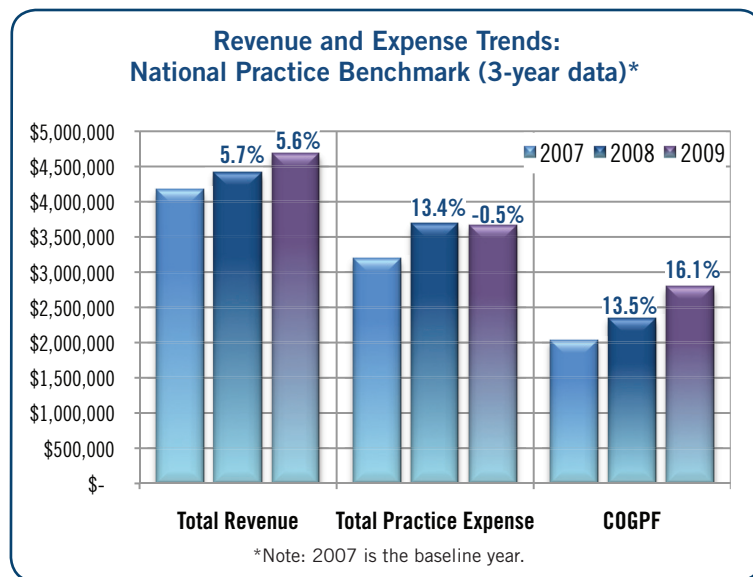
Respondents were asked "How long they expect their (current practice) structure to remain unchanged or viable?" Interestingly enough, 53% (n=189) said they expect their structure to remain viable in the foreseeable future, yet when adding the "we are changing now" (purple) and the "for another year or so only" (blue) segments, about one-third say they are looking at some form of change, thus indicating that many practices are indeed looking at and expecting change.



Source: Altos Solutions

» Revenue and Expense Trends

In the first set of bars representing Total Revenue, a steady 5% increase from year to year looks very promising. Yet, the middle set of bars representing Total Practice Expense show that from 2007 to 2008 Total Expenses grew dramatically, but less so for 2009. Perhaps this is reflecting the "tightening of the belt" and doing more with less. In the last set of bars, Cost of Goods Paid For (ie, Cost of Drugs) show that the rate of increase for drug spending continues to be significant from year to year and a challenge for practices.



Source: Altos Solutions

QUOTES FROM THE CCBS PROVIDER-PAYER PANEL DISCUSSION

"Pathways are definitely working, but maybe not at the pace everyone has hoped. It is working well in markets where there are both payers and physician groups that have some history of collaboration and there is already a built in trust."

-Kathleen G. Lokay, President, Via Oncology

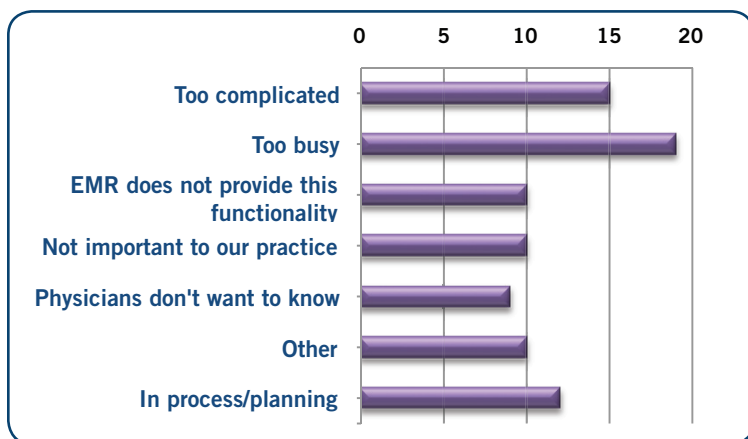
"As we put a pathways program in place at our practice, it wasn't because we said 'let's do something to benefit payers. We were saying we need to do what we do better.' We felt we had an ethical obligation to our patients to do better rather than to accept random variation."

-John Hennessy, MBA, CPME, Executive Director, Kansas City Cancer Center

OBR CONFERENCE COVERAGE

» Tracking Compliance

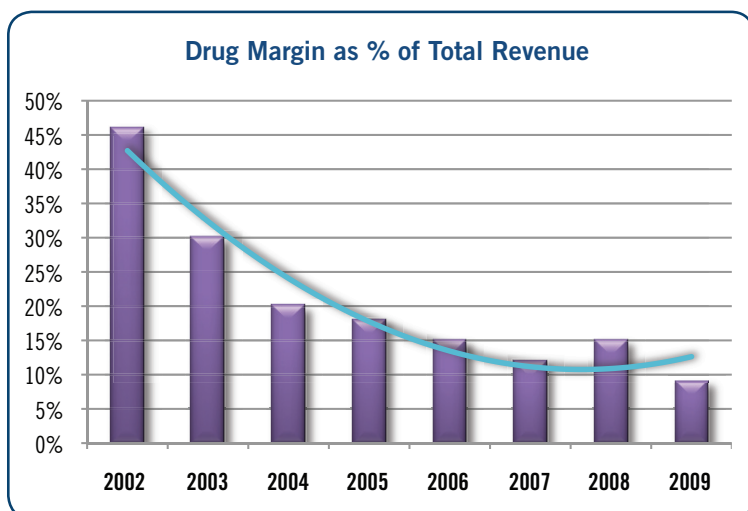
Although 80% of respondents indicated that they routinely use practice guidelines or clinical pathways, only 42% said that they routinely measure compliance. When asked “why”, physicians gave a variety of answers ranging from “too busy” or “too complicated” to “EMR does not provide this functionality.” Surprisingly, some of the respondents indicated that they “don’t want to know.”



Source: Altos Solutions

» Drug Margin as a Percentage of Total Revenue

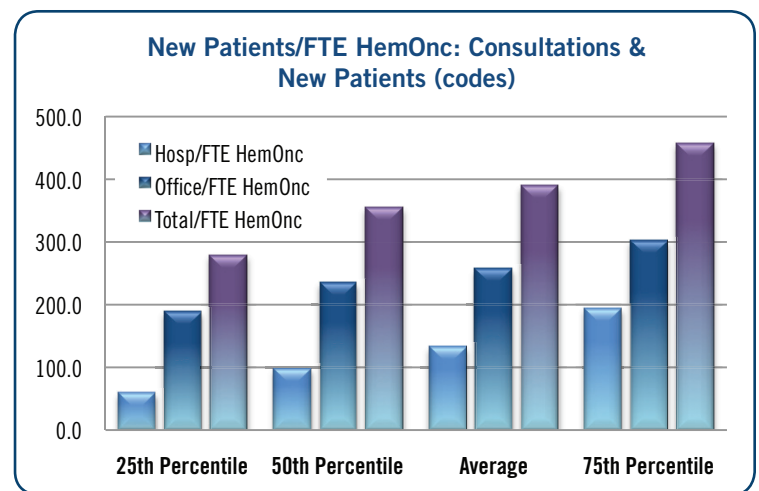
Over time drug margin is clearly shrinking, and while this isn’t new information, it is interesting to see where we have come since 2002. This change in drug margin is perhaps what is driving all changes occurring in the practice environment over the last 5 or 6 years.



Source: Altos Solutions

» New Patients per Full Time Equivalent Hem/Onc

New patient inflow into the practice provides the platform for financial success and drives all other services the practice renders. This graph, which is based on codes for consultations and new patients, illustrates that hematology/oncology physicians are actively seeing more patients in order to keep practices financially viable. The average in 2009 was 389 new patients per full time equivalent hematology/oncology physician per year. [cont. on pg 10 >>](#)



Source: Altos Solutions

QUOTES... (continued)

“An unexpected benefit of putting a pathways program in place has been when we meet with multi-specialty groups, especially primary care or surgical groups, their first question is ‘How do we know your practice provides quality care?’ We have been able to answer that question with ‘we adhere to clinical pathways, and it is a quality measure for us and they’re based on national standards. As a result, we can prove to you that we minimize variations in care, follow national standards, and wrap that all around quality metrics to evaluate the delivery of our care.’ That answer changes the tenor of the conversation and allows us greater credibility in the negotiation process.”

-Barry Russo, CEO, The Center for Cancer and Blood Disorders

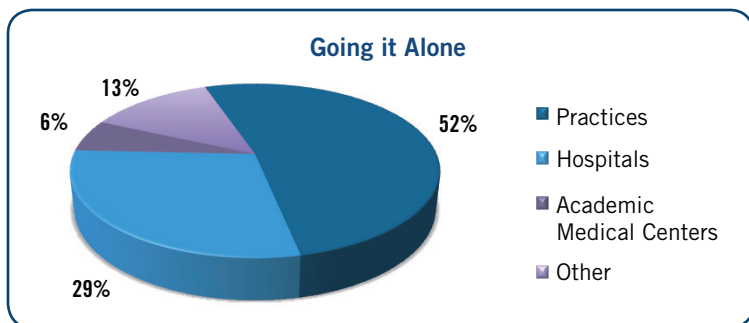
“We’ve been working aggressively in the past two or three years to move away from an environment dependent on drug margin and toward an environment dependent on E&M.”

-John Hennessy

The Annual Cancer Center Business Summit Industry Survey 2010

» Going it Alone

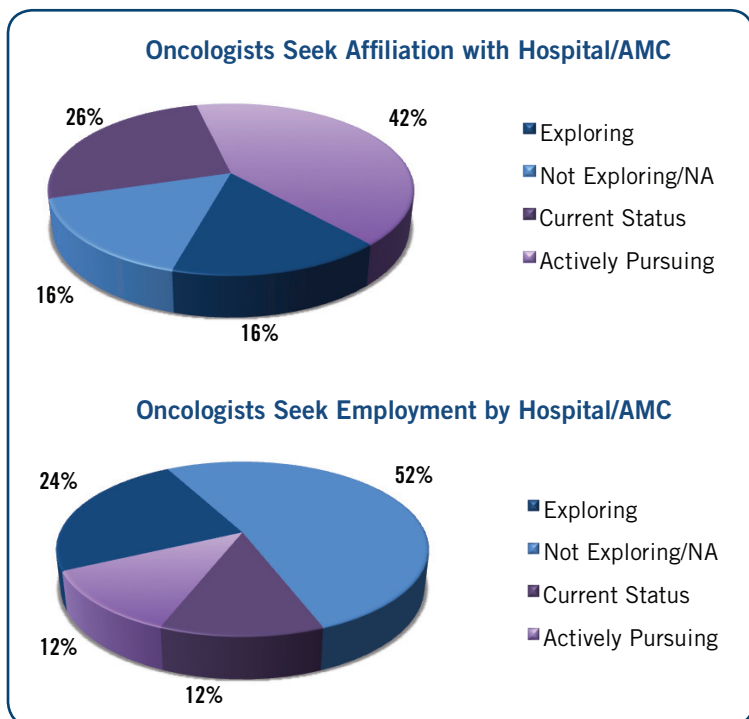
Regarding hospital affiliations, results from the survey indicate that 52% of oncology practices (n=86 respondents) intend to “go it alone.”



Source: Barkley R. US Oncology; Guidi T., Oncology Management Consulting Group

» Seeking Hospital Affiliations

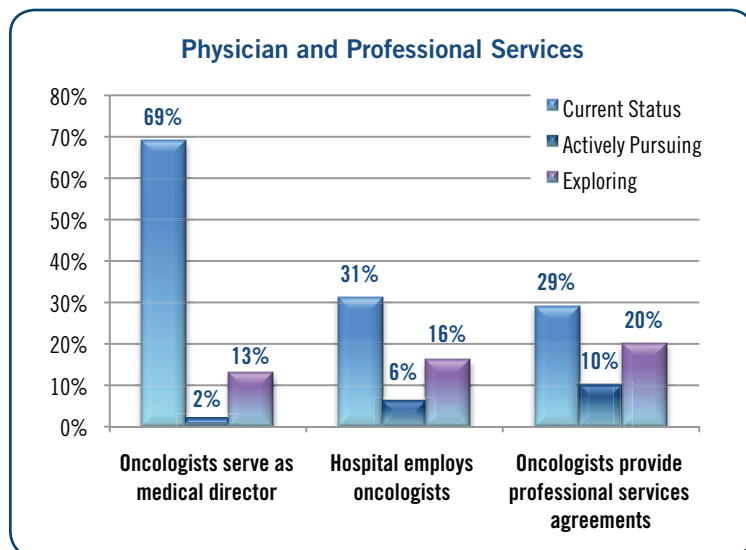
On the other hand, more than 70% of respondents are actively pursuing an affiliation with a hospital, but more than half are not interested in employment with a hospital.



Source: Barkley R. US Oncology; Guidi T., Oncology Management Consulting Group

» Professional Services Agreements

Most hospitals will offer medical directorships. Employment and professional services agreements exist in nearly identical numbers.

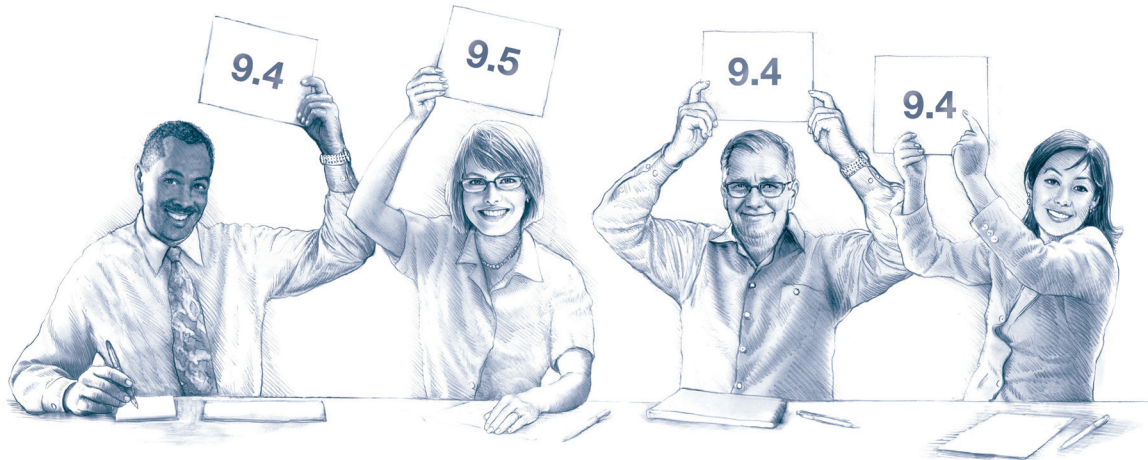


Source: Barkley R. US Oncology; Guidi T., Oncology Management Consulting Group

QUOTES... (continued)

“There are a lot of different ways to define value, and, while pathways may not be generating a lot of dollars right now, there are other ways that pathways can deliver value, including differentiating your practice, preparing your practice to be a designated practice to associate with a medical home, primary care practice, or Accountable Care Organization, or collaborating with your payers to move money out of drugs and into areas less vulnerable. There doesn't seem to be any place the healthcare system is going where something like a pathways program isn't integral to be successful in terms of quality and cost effectiveness.” -**Kathleen Lokay**

“There are two distinct hurdles to a pathways program: one, actually creating the pathways; two, implementation and execution. Following pathways isn't something you can just suggest to physicians, rather adherence should be mandated. This is a cultural change that is difficult to overcome. This change doesn't happen overnight; it is a laborious process. However, we have stuck with it and we have seen impressive buy-in in our program over time.” -**Marcus Neubauer, MD, Kansas City Cancer Center**



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