Cancer Program Service Line Planning

Presenters:

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Cancer Program Service Line Planning

Session outline:

- Why an oncology service line organizational approach?
- The planning process.
- A case study as a practical example.
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◆ Session design:
  ◆ Advanced
  ◆ Practical

◆ Audience interests:
  ◆ Are you considering developing a cancer service line?
  ◆ How large is your cancer program?
  ◆ Why do you think you should develop the program into a service line (how will this organizational approach/strategy create value?)?
Learning objectives:

- How to assess a program’s service line eligibility.
- How to structure a planning process to create a service line.
- Learn by example.
Some basic planning assumptions about the future of cancer programs:

- Hospital/specialists relations will continue to grow in complexity and difficulty to manage.
- Continued cancer program financial challenges:
  - Reimbursement and margins continue to shrink.
  - Becoming more capital intensive; less capital available.
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- **Competition:**
  - More intense (among programs, between hospital and oncologists).
  - Market restructuring:
    - Practice consolidation.
    - Infusion therapy shifts.
    - For profit company development.

- **Technology growth:**
  - Many/more frequent introductions.
  - More capital intensive.
  - Increases in alternative/substitute technologies.
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♦ Program development:
  - Continued outpatient shift (feeds hospital/specialists competition).
  - Shifts to selected services development (can’t afford to be everything to everyone).
  - Physicians and for profits continue to enjoy ease and speed to market compared to hospitals.

♦ Cancer programs must:
  - Have decisive decision making agility.
  - Strategically directed and managed.
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Pre-1970

- Everyone was happy (well, almost everyone)!
- No real role for service lines.

1970 - 1980

- NCI driven (cancer centers)
- NIH/NCI introduce “Centers” concept.
- AMC’s begin to look at a program/center structure, primarily driven by NIH models in 1980’s.

1990’s

- Center of Excellence concept introduced early 1990’s
- Service Line concept introduced late 1990’s
- 1st generation concept outside of NCI/NIH
- Real confusion about the meaning, design, and intent.

2000 - 2010

- Increased competition.
- Significant $’l performance expectations.
- Little/no room for performance error.
- Next generation service line development.
- Significant investments in organizing.
- Few will get it right and endure.
Why Plan an Oncology Service Line?

- Address complicated organizations
- No Margin for error (financially!)
- Dynamic, changing environment
- Greater accountability
- Shorter time frames to plan
- Enhanced communications, participation, collaboration & decision making
- More competitive environment
- Complicated business, more integrated governance structure

Complicated business, more integrated governance structure
Greater accountability
No Margin for error (financially!)
Dynamic, changing environment
Shorter time frames to plan
Enhanced communications, participation, collaboration & decision making
More competitive environment
Address complicated organizations

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Benefits:

- Should improve financial performance.
- Provides the organization with self-concept, specific goals, guidance, and consistency of decision making.
- Improve decision making and decisiveness.
- Improves overall communications and coordination within the service line.
- Encourages innovation and change to meet the challenges of a complex and evolving environment.
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Potential Pitfalls:

◆ Inadequate or overly complicated process to create.
◆ Failing to involve the appropriate leaders in the process.
◆ Inadequately prepared or communicated business plan.
◆ Not identifying or addressing critical issues.
◆ Organization not ready for service line approach (establishing and managing expectations and performance).
◆ Failure to develop consensus/agreement among executive and program leaders.
◆ Lack of accountability in implementation.
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Essential Process Considerations:

- Be sensitive to and pay attention to the politics.
- Define the purpose of the model and gain acceptance.
- Form the Advisory Board executive committee early on and use it as a source of guidance.
- Update the Advisory Board routinely:
  - Describe and communicate the planning process and schedule.
  - Keep leaders appraised and provide a forum for discussions.
- Define and communicate roles and responsibilities of organization leadership.
- Review past strategies and identify successes and failures.
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- Oncology Service Line Applicability:
  - Academic medical centers.
  - Teaching hospitals and large cancer programs.

- Assessment Criteria:
  - Substantial critical mass (NCC, $’s, discharges).
  - Distinctive market and quality position.
  - Market size and growth potential.
  - Strong and positive regional reputation.
Assessment Criteria (continued):

- Multidisciplinary approach to care, communications, teaching, research, and communications.
- Medical leadership and innovation in service delivery.
- Cost effectiveness.
- Financial contribution to the organization.
- Culture supportive of service line approach and significant change.
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- Methodology; Planning and Structuring an Oncology Service Line:
  - Market opportunities and growth targets.
  - Product development.
  - Marketing strategies.
  - Financial and investment plans and strategies.
  - Strategic direction, strategies, growth.
- Organization and organizational development:
  - Administrator’s role/position description.
  - Administrator’s qualifications.
- E³ (Execution, Education, Expectations management).
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Strategic Business Planning Must Focus on core oncology service line elements.

Vision & Strategic Alignment

Services & Operations

Organization

Market
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- Services and technologies
- Capacity and facilities
- Care management
- Access and convenience
- Clinical research
- Referral relationships
- Coverage
- Regional affiliations and outreach relationships
- Specialists/hospital strategic relationships
- Market, marketing, and differentiation
- Structure for organization and leadership, and performance
- Web based data and information management
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**Fundamental Strategic Direction:**
Advance the program to a level as the regional leader & innovator.

1. **Services & Operations**
   - 1. A. Services enhancements (1, 2, 3)
   - 1. B. Facility design: services, physician offices, clinical research & support under one roof.
   - 1. D. Wellness and clinical research expansion.

2. **Market**
   - 2. A. Expand primary care base by 15% in SSA for program growth and increased regional orientation.
   - 2. B. Program differentiation based on regional expertise in multiple areas, education and resource advocate, and clinical research expertise.

3. **Organization**
   - 3. A. Multiple t physician practices, subspecialty depth, and at least a 20% increase in the number of physicians within seven years.
   - 3. B. Strategic relationship(s) with selected physicians required.
   - 3. C. Revised physician leadership model.

**Example:**
Plan Executive Summary
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◆ Organizational Climate:
  ◆ Change and risk taking encouraged?
  ◆ Service line organizational structure exist?
  ◆ Evidence that matrix management has been/will be accepted?
  ◆ Political considerations/likely acceptance (hospital and medical staff) for significant organizational change?
  ◆ Structured for successful implementation and expectation management?
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- Oncology service line mission and vision statements must:
  - Exist?
  - Be specific, realistic, challenged, and routinely visited/reviewed.
  - Represent consensus, buy in, and are shared and lived.
## Cancer Program Service Line Planning

### Example

<table>
<thead>
<tr>
<th>Summary of Cancer Program and Oncologists’ Services/Capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services/Components</strong></td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>ACCC Membership</td>
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<tr>
<td>ACOS Certification</td>
</tr>
<tr>
<td>Administrative Support</td>
</tr>
<tr>
<td>Affiliation with a regional or national program (Name?)</td>
</tr>
<tr>
<td>BAT - Ultrasound</td>
</tr>
<tr>
<td>Outpatient Program Model</td>
</tr>
<tr>
<td>Bags - Central Line Node</td>
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<tr>
<td>Bags - Chemotherapeutics</td>
</tr>
<tr>
<td>Bags - Ultrasound Model</td>
</tr>
<tr>
<td>Bone Marrow Transplant</td>
</tr>
<tr>
<td>Cancer Committee (not AGOS certified)</td>
</tr>
<tr>
<td>Cancer Program Annual Budget</td>
</tr>
<tr>
<td>Cancer Program Executive Committee (Non-Financial)</td>
</tr>
<tr>
<td>Cancer Program Foundation</td>
</tr>
<tr>
<td>Cancer Program Marketing Initiatives (Local, state)</td>
</tr>
<tr>
<td>Camera Endoscopy</td>
</tr>
<tr>
<td>Case Management and Clinical Pathways</td>
</tr>
<tr>
<td>COOP Participation or Sponsor</td>
</tr>
<tr>
<td>Certified Oncology Nurses</td>
</tr>
<tr>
<td>Chemotherapy - Outpatient Services</td>
</tr>
<tr>
<td>Chemotherapy - Outreach Clinic</td>
</tr>
<tr>
<td>Clinical Research</td>
</tr>
<tr>
<td>Community Education</td>
</tr>
<tr>
<td>Continuing Medical Education</td>
</tr>
<tr>
<td>Dedicated Acute Care Oncology Unit</td>
</tr>
<tr>
<td>Dedicated Outpatient Infusion Therapy (Outpatient?)</td>
</tr>
<tr>
<td>Disease Specific Programs (e.g., breast, prostate)</td>
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<tr>
<td>Enteral Nutrition Therapy</td>
</tr>
<tr>
<td>Family Support Group</td>
</tr>
<tr>
<td>Financial Counseling</td>
</tr>
<tr>
<td>Flow Cytometry</td>
</tr>
<tr>
<td>Free-standing Cancer Care</td>
</tr>
<tr>
<td>Gamma Knife</td>
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<tr>
<td>Genetic Assessment Job (referring, genetic testing)</td>
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<tr>
<td>Hyperbaric Oxygenation</td>
</tr>
<tr>
<td>Hyperthermia</td>
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<tr>
<td>Imaging-Feb CT Scan, mammography, nuclear, MR</td>
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<tr>
<td>Imaging-FIT</td>
</tr>
<tr>
<td>Inpatient Hospital Ward (Rehab) (Dedicated unit)</td>
</tr>
<tr>
<td>Inpatient Oncology Unit (Satellite Pharmacy)</td>
</tr>
<tr>
<td>Lymphedema Clinic (certified technician?)</td>
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<tr>
<td>Medical Imaging Program</td>
</tr>
<tr>
<td>Multidisciplinary review of newly diagnosed cases</td>
</tr>
<tr>
<td>Nutritional Counseling</td>
</tr>
<tr>
<td>Pain Management Service</td>
</tr>
<tr>
<td>Palliative Care</td>
</tr>
<tr>
<td>Patient Transportation</td>
</tr>
<tr>
<td>Pediatric Oncologist</td>
</tr>
<tr>
<td>Program Medical Director (Paid or Appointed)</td>
</tr>
<tr>
<td>Psychosocial Supportive Care (patient groups and/or individual counseling, outpatient groups and/or individual counseling, patients, families)</td>
</tr>
<tr>
<td>Quality Assurance</td>
</tr>
<tr>
<td>Radiation Oncology</td>
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<tr>
<td>Radiation Therapy - Brachytherapy (External)</td>
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<td>Radiation Therapy - Brachytherapy (Int. Beam)</td>
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<tr>
<td>Radiation Therapy - Brachytherapy (BrachySeed)</td>
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<tr>
<td>Radiation Therapy - Linear Accelerator (conventional)</td>
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<tr>
<td>Radiation Therapy - Linear Accelerator (Image-guided)</td>
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<tr>
<td>Radiation Therapy - IMRT (Intensively Modulated RT)</td>
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<tr>
<td>Radiation Therapy - Multi-leaf Collimator Linear Acc</td>
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<tr>
<td>Radiation Therapy - Radiation Surgery (body)</td>
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<tr>
<td>Radiation Therapy - Stereotactic Radiosurgery (brain)</td>
</tr>
<tr>
<td>Screening/Detection/Educational Services</td>
</tr>
<tr>
<td>Stem Cell Rescue Therapy</td>
</tr>
<tr>
<td>Still DNA Tests</td>
</tr>
<tr>
<td>Thoracic Oncology</td>
</tr>
<tr>
<td>Treatment Planning - 3D</td>
</tr>
<tr>
<td>Tumor Board(s)</td>
</tr>
<tr>
<td>Tumor Registry</td>
</tr>
<tr>
<td>Other: (Please list separately)</td>
</tr>
</tbody>
</table>

Source: Arvina Group, LLC 2004
2006: Arvina Group, LLC
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- Financial performance; a tool to measure:
  - Historical position.
  - Understand your risks.
  - Future success.
- How to measure?
  - ICD classification based.
  - Inpatient and outpatient.
  - Contribution margin and total margin.
  - By disease category.
  - Primary diagnosis only?
  - Allocate complicated cases by secondary diagnosis (to disease category).
  - Hematology included?
## Cancer Program Service Line Planning

### Marketing Mix

<table>
<thead>
<tr>
<th>Oncology Service Line Market Segment Profile</th>
<th>Strong</th>
<th>Medium</th>
<th>Weak</th>
<th>Comments</th>
</tr>
</thead>
</table>
| **Product**                                 | X      |        |      | Quality recognition by payors
|                                             |        |        |      | Outpatient component is not fully functional?
|                                             |        |        |      | Viable carve out |
| **Price**                                   |        | X      |      | Need to maintain/enhance packaged price, case rates
|                                             |        |        |      | Need to educate payors about differential pricing
|                                             |        |        |      | Outpatient component should contribute to future price competitiveness |
| **Promotion**                               |        |        | X    | Minimal investment in promotion in a competitive market
|                                             |        |        |      | Inadequate focus, direction, and targeting in promotional strategies |
| **Place & Channel'g**                       | X      |        | X    | Proximity to (AMC) difficult (high name recognition)
|                                             | Local  |        | Regional | Little regional payor awareness |

Marketing and market strategies must focus on promotion, place, and channeling.
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**Valuing Relationships with Specialists**

- Do you know the status of your relationships with specialists, cancer program physicians?
- Do you have an adequate complement of cancer program physicians?
- What is their loyalty to the hospital and cancer program?
- What are their needs and how well are they being met?
- Who is the cancer program builder(s)?
- What do we know about what the competition is doing and their ability to attract our cancer program?
- Are we/is our market vulnerable to for-profit entry?
- What is the specialists’ role in our cancer program marketing?
- What are the potential hospital/specialists points of partnership?
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- Affiliation/network goals and opportunities?
  - Joint venture $$$$$$
  - Clinic/physician practice $$$$
  - Program/service management $$$$
  - Clinical services $$$$
  - Affiliation $$
  - Clinical research $
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◆ Organizational structure:
  ◆ Advisory board:
    - Multidisciplinary and interdisciplinary.
    - Key leaders and stakeholders represented.
  ◆ Executive committee (of the Advisory Board):
    - Four to six members.
  ◆ Service line medical directors.
  ◆ Service line director.
Service Line Director:

Determine mix of line and staff functions:

- **Line** = operations, services, equipment/technologies, facilities, quality monitoring, regulatory compliance.
- **Staff** = program planning, strategy, business planning, marketing, clinical program physician relationships, referring physician relationships, advisory board and executive committee.

Clear position description (form follows functions).

Director must be capable of operating in a matrix organization (communications, organizational, and leadership skills) in most settings.
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Service Line Leadership Requirements

- Operational expertise and regulatory management
- Services, equipment, and technology planning
- Facility programming and planning
- Leadership (including governance relations)
- Strategic and business planning
- Financial planning and managed care contracting
- Quality/outcomes management
- Informatics, information, and the internet
- Outreach, prevention, and network management
- Organizational development and culture management
- Marketing
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Key Implementation Considerations

- Business plan approval (executive management, executive committee, advisory board).
- Successful execution = successful expectations and communications management.
- Assignment of responsibility and accountability into individual performance plans:
  - “Consequence” management
- Monitoring and discuss progress routinely:
  - Executive committee and advisory board.
  - Executive management.
- Review the business plan annually and periodically update it.
Case study and example:

- Oregon Health & Science University (Portland, OR) Oncology Service Line.
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ATTACHMENTS
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- The **Arvina Group, LLC** is a national health care management consulting firm with services tailored to meet the diverse and evolving needs of healthcare providers. Our firm is dedicated to recommending solutions that enhance financial viability of our clients.

- **Arvina Group, LLC** consultants are experienced professionals who are experts in management, planning, finance, forecasting and modeling, physician-hospital relationships, and cancer programs.

- **Arvina Group, LLC** approaches and service to clients have contributed to their success. Our clients encompass organizations of every size and specialty across the country, from small community hospitals and physician group practices to academic medical centers and large integrated delivery systems.
Nancy Lyle currently serves as the Associate Hospital Director for Strategic Planning & Business Development at Oregon Health & Science University’s Hospitals and Clinics. Ms. Lyle has over 27 years of administrative, planning/strategy, and clinical experience, including Vice President, Business Development; Director, Integrated Clinical Networks for a large health system in Houston, Texas; and various service line director positions. Her educational background includes receiving a BS Degree in Nursing from Ohio State University and Masters Degree in Healthcare Administration from the University of Texas.
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Joseph M. Spallina, FAAMA, FACHE, director and founder of the Arvina Group, LLC, has over 28 years of healthcare management, planning, and consulting experience. He has expertise in strategic planning, integrated delivery system design, clinical program planning and integration, and financial feasibility analyses. Mr. Spallina is a frequent speaker for professional societies and author of articles focusing on clinical program planning and integration. Mr. Spallina received his BA degree from the University of Rochester and his MBA from Syracuse University.