Published by Health Care Industry Committee

2019 Oncology Market Trends
Highlights and Key Takeaways for Suppliers and Service Providers

Oncology leaders must evolve their planning strategies to respond to increased demand, consumerism, and intensifying margin pressures. Advisory Board's webconference on 2019 Oncology Market Trends and the accompanying ready-to-use slides analyze how these and other trends are impacting demand for oncology services and offers insights on approaches to improving care management. This two-pager synthesizes highlights from the webconference and offers key takeaways for suppliers and service providers that work in the oncology space.

Three trends impacting the oncology service line

- **Rising cancer incidence and an aging population**
  - The oncology patient population is growing older and larger: the median age at cancer diagnosis is 66, and incidence is expected to rise 11% between 2017 and 2022.
  - Rising incidence will likely lead to increases in outpatient surgery volumes.

- **Patient consumerism**
  - Patients are shouldering a larger portion of rising health care costs, and are therefore "shopping" for providers to get the best care at the lowest cost.
  - Patients also have rising expectations for service, both in terms of care coordination and ease of access.

- **Growth of specialty pharmacies**
  - Cancer drugs are often very expensive, so oncology practices that open specialty pharmacies have a chance to capture extra drug revenue.
  - Infusion center-owned specialty pharmacies can also avoid roadblocks associated with working with external partners, such as poor care coordination and patient care delays.

Oncology practices are experiencing margin pressures as a result of several factors

- **Site of care management**: Medicare’s site-neutral payment policy significantly reduces reimbursements for off-campus hospital outpatient departments; commercial payers are also pushing patients to go to lower-cost sites of care.

- **Push towards value-based care**: public and private payers are using a variety of strategies and policies (e.g. MACRA, the Oncology Care Model, clinical pathways, prior authorizations) to push providers towards embracing value-based care models.

- **Shifting drug prices**: CMS is drastically reducing Part B drug reimbursements, therefore oncology practices can’t necessarily rely on consistent drug revenues anymore.

For many oncology practices, the high financial risk involved in remaining independent is pushing practices towards horizontal consolidation, with either other, larger practices or with hospitals.

If you have any questions, would like to discuss the content further with our researchers, or are interested in learning how you can share this content with your larger teams, please reach out to your organization’s Dedicated Advisor:

2) Medicare Access and CHIP Reauthorization Act.
Implications for Suppliers and Service Providers

1. To meet patients' rising expectations for service, oncology leaders will look for ways to enhance the patient experience. They will need to establish infrastructure to allow access improvement, such as programs that ensure coordinated care and double down on financial navigation services. Providers will also need to proactively identify and respond to patient needs. To identify patient needs, oncology leaders could use surveys; to respond to needs, they could integrate cross-service line specialties into care for an aging, polymorbid patient population.

   The rising expectations of service will change how providers think about the patient experience. Suppliers and service providers should consider how offerings can support providers' efforts to identify patient needs, improve care coordination, and improve the patient financial journey. Also, consider how your datasets could fill providers' information gaps in consumer behavior, competition, and process improvement.

2. As health care costs rise, oncology leaders will need to proactively respond to margin pressures. Organizations may do this by committing to care initiatives that improve quality and reduce costs, such as evidence-based care models and efforts to reduce avoidable emergency department utilization. Additionally, providers must minimize the financial impact of rising drug costs on the buy-and-bill model. Buy-and-bill drugs are typically expensive infused or injectable drugs used to treat diseases such as cancer. Because of the high expense of these drugs, oncology leaders need to implement waste reduction initiatives, train staff in prior authorization protocols, and improve patient payment collection.

   Suppliers and service providers should expect oncology practices to focus even more strongly on how product and service value propositions target costs without sacrificing quality. When working with cost-conscious providers, center your value propositions on how you can help your clients manage expenses, by reducing unnecessary ED use, care variation, or readmissions.

3. Oncology leaders must optimize their service footprint to meet the growing demand for high quality cancer care. Many will look to invest in new and emerging innovations and technologies. However, they will need to balance access, efficiency, and payer policies (such as site-of-care management) in their service placement decisions; some may do so by consolidating low volume services and creating system-level service line leadership and investment strategies. Finally, providers will likely seek opportunities to expand their programs' reach, either through partnerships with other institutions or through telehealth.

   Suppliers and service providers can be strategic partners to oncology practices looking to maximize access in a cost-conscious manner. Focus on the value your new products or services will bring an oncology practice from a system perspective versus a service line or facility perspective. Additionally, facility planners may be able to help oncology practices both rationalize their fixed asset strategies and expand their programs' reach through partnerships or new construction.

Suggested conversation starters:

1. How are you responding to rising demand from an aging population? How do you anticipate this shift will impact your supply needs?

2. What methods are you employing to appeal to more cost-conscious consumers? How do you envision vendors aiding in those efforts?

3. How are you thinking about patient experience? What information are you lacking to better identify and respond to patient needs?