2019 Oncology Service Line Outlook

What will drive (or slow) oncology growth in the next five years? Here’s our oncology team’s take.

### Inpatient Growth 2018 – 2023

- Population growth/shift and disease prevalence: +5.8%
- Technology adoption: -3.0%
- Insurance changes: +1.8
- Care management: -6.2%
- Total: -1.6%

### Outpatient Growth 2018 – 2023

- Population growth/shift and disease prevalence: +10.7%
- Technology adoption: -9.3%
- Insurance changes: +2.5%
- Care management: +0.0%
- Total: +3.8%

### RATIONALE

#### Inpatient & Outpatient

**Population growth/shift and disease prevalence**

- Aging population: One in five Americans will be over 65 by 2030.
- Prevalence: The number of people living with a cancer diagnosis is expected to reach almost 19M by 2024 compared to 14.5M in 2014.

- Incidence: Cancer incidence projected to increase as the population ages, with lung and GI cancer growing the fastest. Annual incidence of lung cancer expected to grow by 24.4% to 289,300 cases, while GI cancer incidence expected to grow by 21.6% to 313,900 by 2028.

**Technology adoption**

- Increasing use of new targeted drugs and immunotherapies, which are typically given after initial chemotherapy has failed, creates new treatment possibilities.
- Potential rise in oral chemotherapy use could reduce infusion volumes in the future, though few oral drugs currently marketed as replacements for standard infusion therapies.
- Hypofractionation and increased use of advanced radiation therapy technologies, which often require fewer treatments per patient, will reduce overall volumes.

**Insurance changes**

- Expanded insurance coverage may increase cancer screenings, leading to possible rise in diagnoses.
- Increased scrutiny on HOPD infusions and 340B program may affect outpatient infusion volumes due to declining reimbursement and profitability.

**Care management**

- Increased use of palliative care may reduce utilization, such as inpatient medical admissions and other lines of treatment.
- Changes to breast and prostate cancer screening guidelines may lead to volume declines.
Where should oncology service lines focus their growth efforts this year? Here are the three things our oncology team says you need to get right.

1. **Improve access across the continuum**

Cancer patients navigate a fragmented health care system. Oncology leaders have long understood the importance of care coordination and wraparound services like palliative care and psychosocial support. Yet few have made the necessary investments to ensure that patients are well served throughout all phases of care, from primary prevention and treatment and screening to treatment, survivorship, and, when necessary, palliative care.

Completing the care continuum involves proactively identifying patient needs and responding with appropriate interventions. For example, keeping patients informed of their treatment options and financial responsibility at all stages of treatment and integrating non-oncology specialties into cancer care will help boost outcomes, improve the patient and physician experience, and reduce costs by lowering care variation and enabling patient triage to the most appropriate care settings.

2. **Proactively respond to margin pressures**

A nearly 40% increase in cancer costs per Medicare patient per year from 2004-2014 is simply one symptom of an overarching increase in financial pressure in oncology programs. Oncology leaders must respond proactively to these margin pressures to ensure their programs remain sustainable; three strategies to do so include: implementing standard care pathways, drug cost management, and patient financial navigation.

Leaders should commit their programs to care initiatives that improve quality while keeping costs down. For example, programs can reduce avoidable ED use and hospitalizations by identifying utilization drivers and investing in urgent symptom management. Second, minimizing the impact of rising drug costs on a “buy and bill” model is key. Implementation of waste reduction initiatives and clinical protocols to use lower-cost drugs are two tactics to help reduce the financial burden. Finally, dedicated financial navigation staff can improve patient payment collection, whether through realistic payment plans or site-of-service collections.

3. **Optimize service footprint**

In an environment of mergers, expensive new technologies, and site-of-service restrictions, hospitals need to carefully consider their distribution of services. Program leaders should keep three strategies in mind:

- Strategize investment into new and emerging innovations by focusing on proven, not speculative, value and ensuring investments fit into broader system priorities.

- Maximize access across the organization’s service area, consolidate low-volume complex services, and consider payer site-of-care policies to balance access, efficiency, and payer trends in service placement decisions.

- Seek opportunities to expand your program’s reach into non-traditional markets without a large capital outlay, through approaches like affiliations and telehealth.