2021 Oncology Market Trends
Today’s speakers

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2021 Oncology Market Trends
01
Service line outlook
Number of new cases expected to rise for all cancers

Cancer incidence five-year growth projections, by tumor site

National estimates\(^1\), 2019-2024

- Lung and bronchus: 13%
- Hematological: 11%
- GI: 11%
- Urologic: 11%
- Melanomas of the skin: 10%
- Head and neck: 9%
- Brain and other nervous system: 8%
- Breast: 7%
- Gynecologic: 7%
- Thyroid: 4%
- Other\(^2\): 15%

Combined five-year growth: 10%

1. Estimates are based on the CDC USCS database.
2. Includes Kaposi Sarcoma and mesothelioma.

Source: Advisory Board’s Cancer Incidence Estimator.
Outpatient service volumes also expected to increase

Oncology utilization volume five-year growth projections, by service

National estimates, 2019-2024

- 26% Breast ultrasound
- 15% Biopsy
- 10% Colonoscopy
- 10% Mammography
- 27% OP radiation therapy
- 3% OP chemotherapy
- 1% Overall OP surgery
- 3% Overall IP surgery
- -1% IP medical oncology
- -1% IP hematology
- -13% IP radiation oncology

14% Combined outpatient five-year growth

1% Combined inpatient five-year growth

Source: Advisory Board’s Market Scenario Planner.

1. Includes biopsies from breast, colorectal, gynecologic, head and neck, hematological, hepatobiliary/pancreatic, musculoskeletal, neurological, skin, soft tissue, thoracic, and urology tumor sites.
2. Includes key surgeries for breast, colorectal, gynecologic, head and neck, hematological, hepatobiliary/pancreatic, musculoskeletal, skin, soft tissue, thoracic, and urology tumor sites.
3. Includes key surgeries for breast, colorectal, gynecologic, head and neck, hematological, hepatobiliary/pancreatic, musculoskeletal, neurological, thoracic, and urology tumor sites.
In our forecasts, we also accounted for the economic impact Covid-19 on 5-year utilization. We expect volumes to be suppressed for select services, especially those of a more elective nature, due to factors including (a) decreases in employment and insurance coverage; (b) increases in cost-sharing provisions in health-benefit designs; and (c) greater price sensitivity among consumers.

1. Includes outpatient chemotherapy and radiation therapy only.
2. Includes inpatient medical oncology, hematology, and radiation oncology only.

Technology, care management to have biggest impact

Oncology utilization volume growth drivers

National estimates, 2019-2024

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2. Includes outpatient chemotherapy and radiation therapy only.
3. Includes inpatient medical oncology, hematology, and radiation oncology only.

Source: Advisory Board’s Market Scenario Planner.
Mid- to long-term demand impacts of Covid-19

**Volumes**

- Continued avoidance of cancer screenings and primary care may suppress cancer treatment volumes in the near-term and elevate them in the mid- and long-term
- Potential increase in late-stage cancer cases because of delays in diagnosis and treatment could change treatment patterns in the long-term

**Continuum of care**

- Accelerated shift of infusions out of the hospital to freestanding centers and physician practices
- Expansion of patient and provider interest in oncology home infusion prompts growth of pilot programs
The impact of Covid-19 in 2021
Eight ways Covid-19 is transforming service lines

1. Covid-19 will make supply and demand uneven and unpredictable
2. Changes to the upstream ecosystem will disrupt referral source mix
3. Site-of-care shift of specialty services from the hospital will accelerate—but also fragment
4. Specialty telehealth is here to stay—and it fundamentally changes the geographic boundaries of competition
5. Pre-pandemic staffing models will no longer support service line success
6. Hospitals and health systems should not take any physician relationships for granted
7. Limited cash for capital purchasing does not necessary mean limited leverage
8. Rationalizing services can no longer be avoided

Download the complete Executive Briefing for more information
Covid-19 is changing cancer care demand and delivery

Top THREE impacts

Supply and demand

- Care avoidance and capacity to manage screening backlog will continue to impact downstream utilization
- Delayed screenings and primary care will likely result in more late-stage cancer diagnoses

Site-of-care shift

- Payers are using growing patient desires for safety and convenience to justify continued patient steerage from HOPDs to freestanding sites and private practices
- Pandemic boosted patient, provider, and payer interest in home infusion

Specialty telehealth

- Providers anticipate telehealth will be a permanent part of cancer care delivery
- Increasing patient exposure to telehealth is changing their expectations for convenient care
- Virtual second opinions are altering the competitive landscape
Three trends impacting the oncology market

01 Payers are doubling down on a subset of oncology cost control strategies

02 Urgency is mounting to elevate health equity to be a strategic priority

03 Non-traditional competitors may disrupt traditional oncology business
## Payers doubling down on select cost control tactics

<table>
<thead>
<tr>
<th>Commercial payers’ top oncology cost control strategies</th>
<th>CMS’s top oncology cost control strategies</th>
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<tbody>
<tr>
<td>Shifting infusions to lower-cost settings</td>
<td>Cutting reimbursement directly</td>
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<tr>
<td>Requiring drug sourcing from specialty pharmacies (white bagging)</td>
<td>Testing value-based payment models</td>
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<tr>
<td>Increasing prior authorization requirements</td>
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### WHAT TO WATCH

*Biosimilars could become more important part of commercial payers’ cost control strategies as wave of biologic patents expires in the coming years*
Site-of-care and white bagging policies are increasing

RECENT TRENDS IN SITE-OF-CARE AND WHITE BAGGING POLICIES

87% of health system pharmacy leaders reported an increase in payer required use of non-HOPD settings for infusions across 2019 and 2020

84% of health system pharmacy leaders reported an increase in payer required white bagging for infusions across 2019 and 2020

Select commercial payer oncology site-of-care and white bagging policy changes in 2020

- BlueCross BlueShield of TN began a new white bagging policy
  - Q1 2020
  - Anthem Blue Cross CA announced white bagging for Medicaid HMO beneficiaries
- Aetna added checkpoint inhibitors to its Site of Care policy
  - Q2 2020
- Cigna started requiring white bagging for high-cost oncology drugs administered in the HOPD
  - Q3 2020
- UnitedHealthcare began offering oncology home infusion in FL
  - Q4 2020
- Anthem Blue Cross CA expanded white bagging to all PPO plans
  - Q4 2020

1. Requires the use of non-hospital facilities for infusions administered as monotherapy for maintenance.
2. Advisory Board is a subsidiary of UnitedHealth Group. All Advisory Board research, expert perspectives, and recommendations remain independent.

Source: "Select oncology medications are being added to the Site of Care management program," Aetna; "Oncology Home Infusion Program," UnitedHealthcare; "Specialty Medical Injectables with Reimbursement Restriction," Cigna; "Anthem PPO added to specialty medication policy," California Medical Association; "Key Facts about our specialty pharmacy changes," BlueCross BlueShield of Tennessee; "Infusion Site of Care Survey," Pharmacy Executive Forum; Advisory Board.
The burden of prior authorization continues to grow

Increasing prior authorization challenges for oncology providers

- Services and treatments requiring authorization
- Time between requests and approval
- Difficulty reaching payers to work through issues
- Request denials
- Peer-to-peer reviews

69% of radiation oncologists said the overall prior authorization burden had gotten worse between March and August of 2020

Impact on cancer programs

- Patient care delays and cancellations and subsequent patient dissatisfaction
- Provider dissatisfaction and burnout
- Need for more full-time employees dedicated to managing prior authorization

CMS remains focused on reimbursement cuts and APMs

Reimbursement cuts

CMS already took steps to cut drug reimbursement under the Trump administration, and the Biden administration seems poised to build on these policies.

Policies
- 340B cuts (Implemented)
- Most Favored Nation Model (Pending)

Impacts on cancer programs
- Lower Medicare reimbursement
- Possible loss in drug revenues
- Potential for greater financial risk

Alternative payment models

CMS is likely to move forward with the alternative payment models that have already been proposed in the oncology space.

Policies
- Radiation Oncology Model (Finalized)
- Oncology Care First Model (Proposed)

BLOG POST
What cancer programs need to know about Medicare’s 2021 final rules
Biosimilars could play bigger future role in cost control

Oncology biosimilar market outlook

2021

- 17 approved oncology biosimilars for 6 reference products¹
- Biosimilars sell for 10%-40% less than reference products

2023

- 20 oncology biologics reaching patent expiration
- These represent $20B in global expenditures

Signs biosimilars will become a larger part of commercial payers’ oncology cost control strategy

- No changes to biosimilar laws or regulations
- Approved biosimilars launch without legal challenges
- Biosimilar pricing and rebate terms are preferable to reference products
- Patient experience for biosimilars is comparable to reference products

¹ Reference products include Avastin (bevacizumab), Epogen (epoetin-alfa), Herceptin (trastuzumab), Neulasta (pegfilgrastim), Neupogen (filgrastim), and Rituxan (rituximab).

Source: Ferreri D. “As Patents Expire, Oncology Biosimilars Poised to Expand, Authors Say.” Center for Biosimilars.
Strategies to succeed under payer pressures

**NEXT STEPS**

**01**  
Consider responses to payer site-of-care and white bagging policies, including:  
• Accepting freestanding-level reimbursement to keep patients in the HOPD setting  
• Opening a freestanding site or investing in home infusion to keep patients in your system  
• Negotiating lower infusion reimbursement in exchange for continued buy-and-bill sourcing

**02**  
Make necessary technological and staffing investments to ensure increasing prior authorization complexity has little impact on patient experience and outcomes, staff engagement, or cancer program financial sustainability

**03**  
Stay up to date on the Biden administration’s efforts to control health care costs, and consider scenario planning potential repercussions of policies with oncology-specific impacts

**04**  
Monitor oncology biosimilar market and corresponding payer policies and prepare for potential operational and financial impacts
Urgency to tackle health inequities mounting nationally

**Changing expectations**
- Growing public awareness of and desire to address health inequities
- Health care employees increasingly expect organizational commitment to equity

**Growing resources and support**
- Expanded funding opportunities
- More opportunities to partner on health equity initiatives and share resources
- Clinical workforce primed for change

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“A Terrible Price: The Deadly Racial Disparities of Covid-19 in America”

*New York Times*


*HealthLeaders*

“Biden’s Health Equity Task Force to Spotlight Social Disparities”

*Bloomberg*

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Disparities documented across cancer care continuum

Health disparities or inequities are used to describe differences that are socially determined and/or deemed unnecessary, avoidable, or unjust.

Social determinants of health are non-clinical factors affecting health outcomes, such as economic stability, education, nutrition, physical environment, social context, and health care access.

Prevention
1.5x △
Higher tobacco and alcohol use in LGBTQ population, creating higher risk for certain cancers.

Early detection
27% ▼
Lower likelihood of getting a screening mammogram for women who only speak Spanish compared to English speakers.

Diagnosis & treatment
50% ▼
Lower likelihood of receiving chemotherapy for metastatic bladder cancer patients with low socioeconomic status compared to those with high socioeconomic status.

Surviviorship & EOL1 care
40% △
Higher breast cancer mortality rate among Black women compared to white women.

Source:
- "Patterns and trends in age–specific Black-white difference in breast cancer incidence and mortality", CDC. https://www.cdc.gov/mmwr/volumes/65/wr/mm6540a1.htm
- "Racial and socioeconomic disparities in bladder cancer survival", NCBI. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7621748/

1. End of life care.
One-off initiatives to tackle disparities aren’t enough

### 2019 Trending Now in Cancer Care Survey

What strategies do you use to address health care disparities and/or access issues?

<table>
<thead>
<tr>
<th>Percentage of respondents</th>
<th>n=120</th>
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</table>

#### Use translators or translation software to ensure patients can participate in shared decision making: 78%

#### Use clinical (e.g., nurse) navigators to help underserved patients: 74%

#### Partner with community organizations in outreach efforts to underserved populations: 73%

#### Offer education and resources to patients and caregivers to help improve their health literacy: 58%

#### Partner with an organization to provide transportation for patients: 54%

#### Use non-clinical lay navigators or community health workers to help underserved patients: 43%

#### Open satellite locations so that patients can receive care in their own communities: 38%

#### Implement a transportation program to ensure patients can get to their treatment visits: 38%

#### Offer or partner with an organization to provide lodging services for patients traveling for care: 38%

#### Offer telehealth services for patients in rural location: 18%

#### Other:

| Other | 4% |

We have not implemented any strategies to address disparities and/or access to care issues: 2%

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Source: “2019 Trending Now in Cancer Care Survey,” Advisory Board.

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1. E.g., low-cost dental clinic, Spanish speaking financial advocates.
Health equity must be integrated into oncology strategy

Select reasons to make health equity a strategic priority

• Growing cancer program accountability for **outcomes and costs** under risk-based payment models

• Existing disparities in patient experience may impact ability to **attract and retain cancer patients**

• Many oncology **accreditation programs**\(^1\) have standards related to addressing health disparities

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Dimensions of a cancer program health equity strategy

- Governance
- Goals
- Data collection
- Data analysis
- Staff training
- Holistic care
- Workforce diversity, equity, and inclusion
- Social needs and community outreach

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1. E.g., Commission on Cancer (CoC), National Cancer Institute (NCI).

Source: “Maturity Model for Reducing Health Disparities,” Advisory Board.
Tackle health equity more strategically within oncology

<table>
<thead>
<tr>
<th>NEXT STEPS</th>
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<tbody>
<tr>
<td>01</td>
<td>Assemble a team to support the oncology service line leader in integrating health equity into oncology strategy</td>
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<tr>
<td>02</td>
<td>Understand what health system or external resources are available to support making health equity a strategic priority for the oncology service line</td>
</tr>
<tr>
<td>03</td>
<td>Assess current oncology health equity efforts and how those could be rolled up into a more holistic strategy</td>
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Download the diagnostic tool for more information

Maturity Model for Reducing Health Disparities
Non-traditional competitors may disrupt oncology

NON-TRADITIONAL COMPETITORS WITHIN ONCOLOGY

Oncology physician management platforms
Examples:
• US Oncology
• OneOncology
• GenesisCare

Oncology COE\(^1\) programs
Examples:
• Mayo-Walmart COE
• AccessHope
• MSK Direct

NON-TRADITIONAL COMPETITORS OUTSIDE ONCOLOGY

Population health managers
Examples:
• ChenMed
• VillageMD

Convenient care providers
Examples:
• CVS Health
• CityMD
• One Medical
• 98point6

1. Center of excellences.

Source: “Innovative Players Shaping Care Delivery Competition,” Advisory Board.
Physician management platforms growing their footprint

138%
Increase in OneOncology locations from 62 in 2019 to 148 in 2020

$300M
Amount GenesisCare plans to spend on expansion in the US after acquiring 21st Century Oncology

What makes oncology attractive to private equity

- Fragmented market
- Overcrowding of investors in other sub-specialties
- Increasing demand for oncology services

What makes private equity attractive to private practices

- Decreased administrative burden
- Access to management and marketing expertise
- More sophisticated IT infrastructure
- Increased negotiating power
- Ability to expand clinical offerings
- Financial stability

Potential impact on traditional oncology business

Increase in competition for hospital-based cancer programs and remaining independent private practices

Source: “21st Century Oncology to Join Australia’s GenesisCare in a Partnership to Increase Access to High Quality Cancer Care in U.S.”, Bloomberg;
“GenesisCare Expands to Southern California with the LACN joining the platform,” OneOncology;
“OneOncology: Vincent Kickirillo, “The Role of Private Equity Sponsor’s in Oncology”,
ACCC 46th Annual Meeting & Cancer Business Summit.
Oncology COE programs becoming more scalable

CASE EXAMPLE
City of Hope launched AccessHope to provide cancer decision support to employers in Oct. 2020

Services
- Virtual diagnosis and treatment plan consultation, recommendations on possible clinical trials, and coordination with local oncologists

Payment
- Mix and cost of diagnosis and treatment planning services negotiated with each employer
- Any cancer treatments provided billed to insurance as fee-for-service

CASE EXAMPLE
MSK\(^1\) partnered with Carrum Health to provide a cancer care bundle to employers in Feb. 2021

Services
- In-person treatment for breast and thyroid cancers
- Virtual diagnosis, treatment planning, and coordination with local oncologists for other cancers

Payment
- Diagnosis and treatment services packaged into single, upfront payment for employers

Potential impact on traditional oncology business
Diversion of patients with employer-sponsored insurance away from cancer programs not offering employer COE programs


\(^1\) Memorial Sloan Kettering.
Population health managers rapidly expanding

### Market presence of senior-focused population health managers

<table>
<thead>
<tr>
<th>Organization</th>
<th>Total locations and recent growth</th>
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<tbody>
<tr>
<td>ChenMed</td>
<td>• 75+ centers across 10 states</td>
</tr>
<tr>
<td></td>
<td>• Added 19 centers in second half of 2020</td>
</tr>
<tr>
<td>Oak Street Health</td>
<td>• 89 centers across 13 states</td>
</tr>
<tr>
<td></td>
<td>• Opened 28 new centers in 2020</td>
</tr>
<tr>
<td>Iora Health</td>
<td>• 48 locations in 7 states</td>
</tr>
<tr>
<td></td>
<td>• Expects to build 15-20 new clinics a year</td>
</tr>
</tbody>
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### Potential impact on traditional oncology business

Shift in referral patterns to cancer programs or other specialists who refer to cancer programs

### Sample population health manager strategies for specialty care referrals

**ChenMed**  
shifts market share to high-performing hospitals and specialists

**VillageMD**  
contracts with specialists to accept sub-Medicare rates for Medicare Advantage patients

“ChenMed’s 2020 Review,” ChenMed  
“Our Practices,” Iora Health  
“Innovative Players Shaping Care Delivery Competition,” Advisory Board
Disruptors offering care where and when patients want

Value proposition of convenient care providers

Retail clinics
• One-stop shop
• Minimal out-of-pocket obligation

Urgent care
• Convenient and quick access

Concierge medicine practices
• Personalized care and guidance on-demand
• Customer-centered business model

Virtual care
• 24/7 access
• Minimal out-of-pocket obligation

18% of consumers reported using an alternative site of care\(^1\) as their main source of primary care in 2019

Potential impact on traditional oncology business
Change in patient expectations for convenience and service; Shift in referral patterns to cancer programs or other specialists who refer to cancer programs

\(^1\) Includes urgent care centers, concierge care, retail clinics, and “different places”.

Source: “2019 Updates in Primary Care Consumer Preferences,” Advisory Board; “Innovative Players Shaping Care Delivery Competition,” Advisory Board.
## Start scenario planning for competitive disruptors now

### NEXT STEPS

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<tbody>
<tr>
<td><strong>01</strong></td>
<td>Identify, and regularly assess, the degree to which each type of non-traditional competitor has already entered your market and likelihood of future entrants</td>
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<tr>
<td><strong>02</strong></td>
<td>Estimate the potential impact each type of non-traditional competitors could have on your market and your cancer program’s business specifically</td>
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<tr>
<td><strong>03</strong></td>
<td>Evaluate viable options to respond to each type of non-traditional competitor if they pose a threat (e.g., compete, partner, acquire)</td>
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Download the decision guide for more information

Criteria to evaluate oncology disruptors
Key strategic takeaways for cancer programs

01 Start identifying viable strategies to move infusions out of the HOPD setting while keeping them in your system to satisfy site-of-care policies from commercial payers and prepare for leaner margins as a result of CMS reimbursement cuts and payment reform efforts.

02 Elevate health equity to a strategic priority for the cancer program and integrate it into broader oncology strategy in order to effectively tackle health disparities throughout the cancer care continuum in the face of increasing national attention and pressure.

03 Start scenario planning potential strategies to remain competitive in the face of increasing non-traditional competitors that threaten to disrupt the traditional oncology business – even if they are not currently active in your market today.