



2021 Oncology Market Trends

Today's speakers



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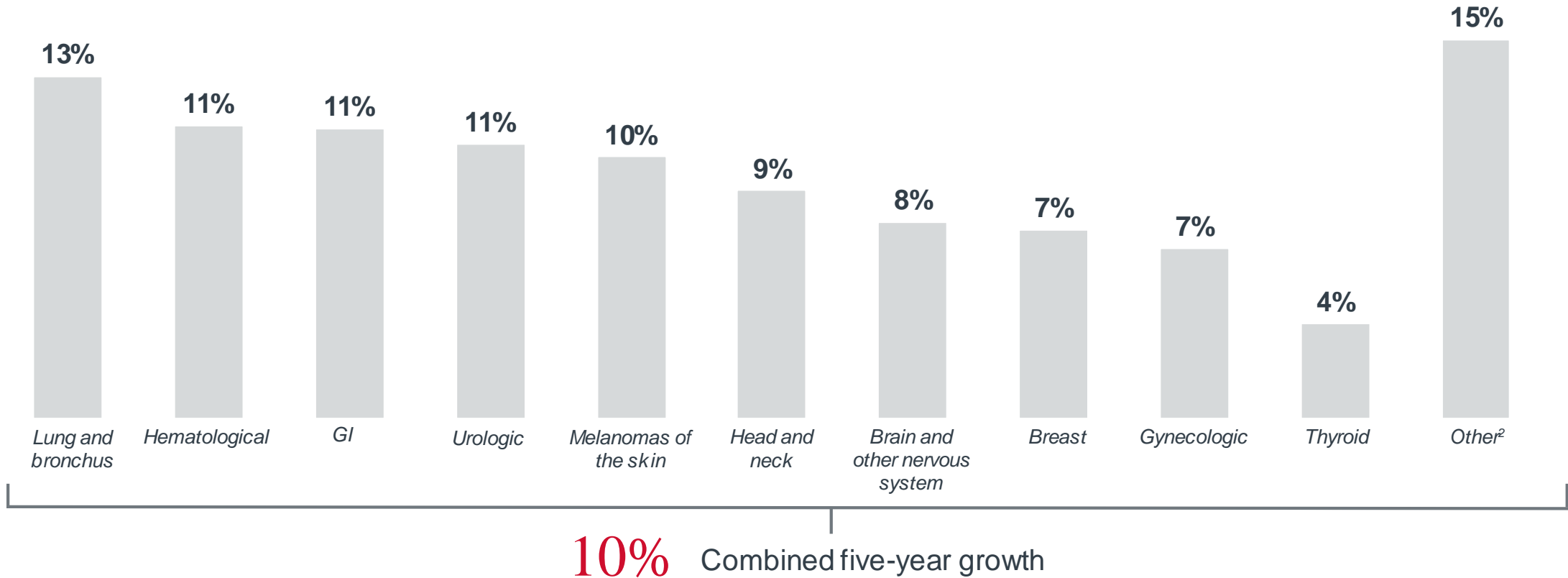
01

Service line outlook

Number of new cases expected to rise for all cancers

Cancer incidence five-year growth projections, by tumor site

National estimates¹, 2019-2024



1. Estimates are based on the CDC USCS database.

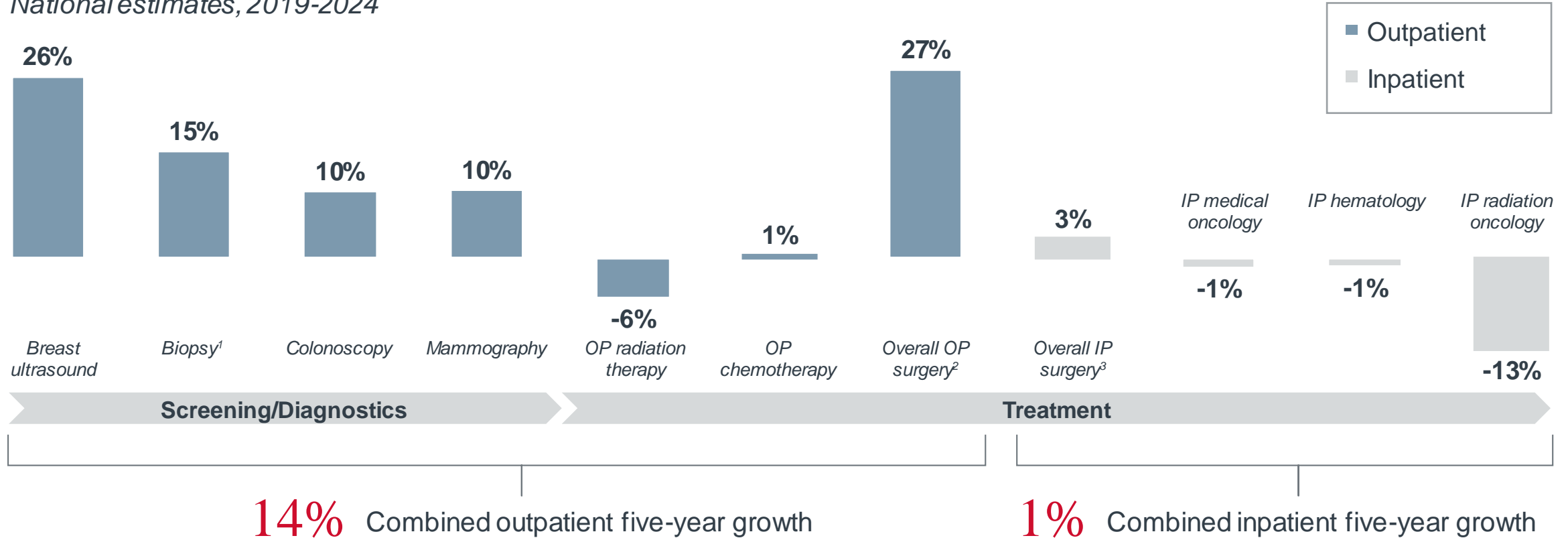
2. Includes Kaposi Sarcoma and mesothelioma.

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



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, neurological, thoracic, and urology tumor sites.

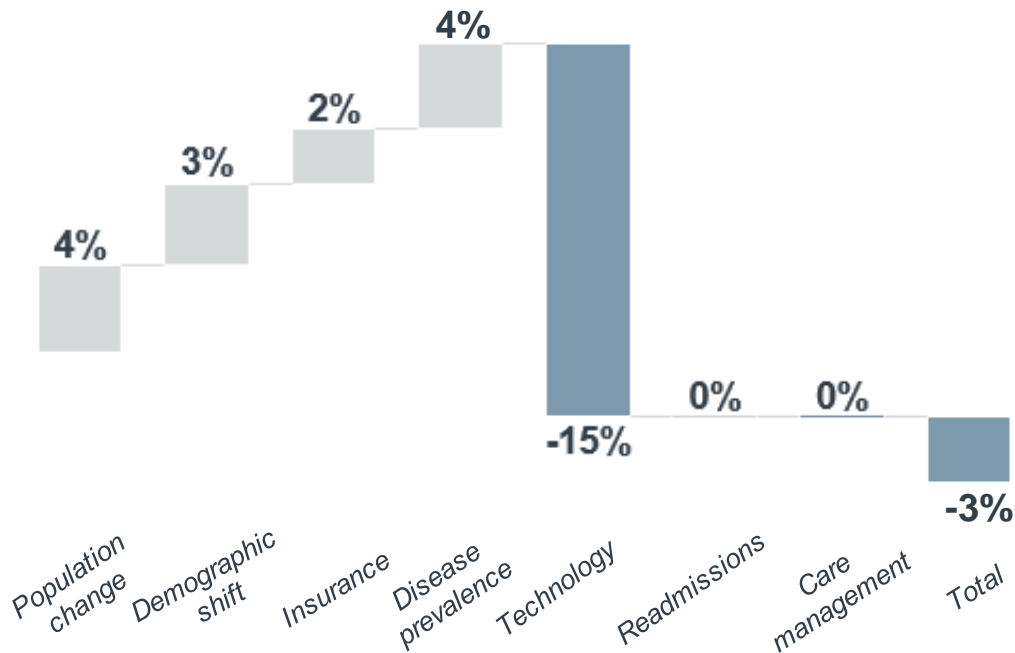
Source: Advisory Board's Market Scenario Planner.

Technology, care management to have biggest impact

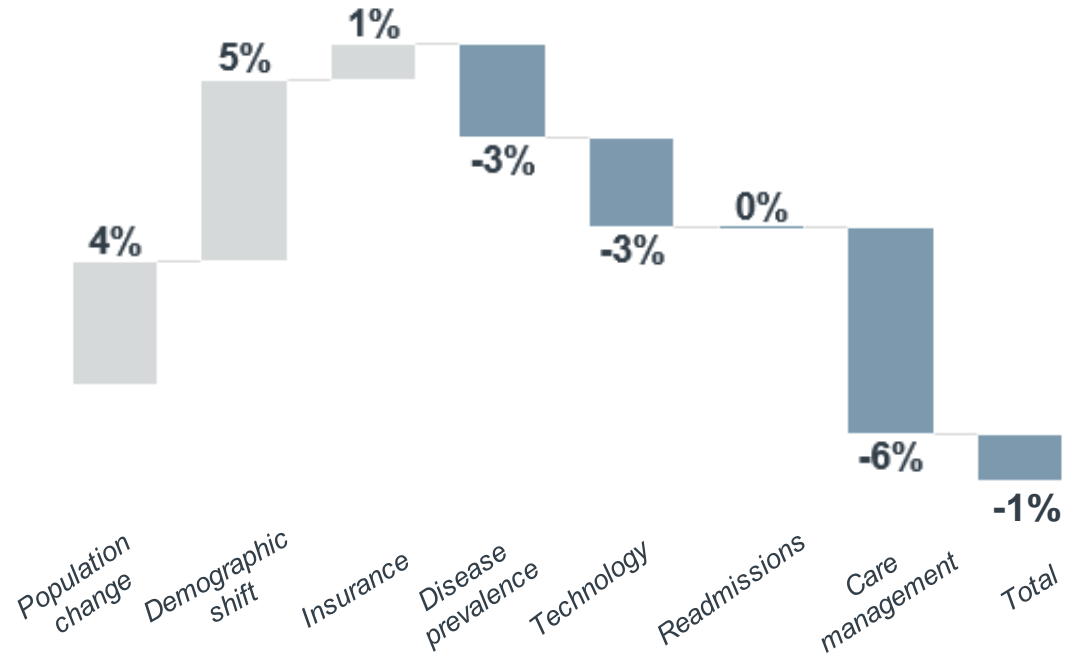
Oncology utilization volume growth drivers¹

National estimates, 2019-2024

Outpatient²



Inpatient³



1. 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.

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

02

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 necessarily mean limited leverage
- 8 Rationalizing services can no longer be avoided



 Download the complete Executive Briefing for more information

[Eight ways Covid-19 is transforming service lines](#)

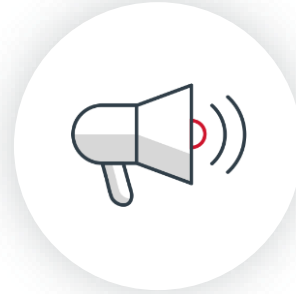
Covid-19 is changing cancer care demand and delivery

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

03

Oncology trends

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

Commercial payers' top oncology cost control strategies

CMS's top oncology cost control strategies



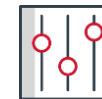
Shifting infusions to lower-cost settings



Cutting reimbursement directly



Requiring drug sourcing from specialty pharmacies (white bagging)



Testing value-based payment models



Increasing prior authorization requirements



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

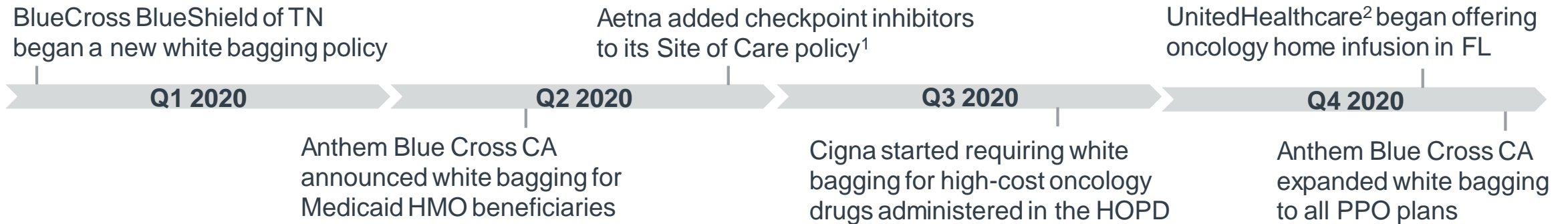
Site-of-care and white bagging policies are increasing

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



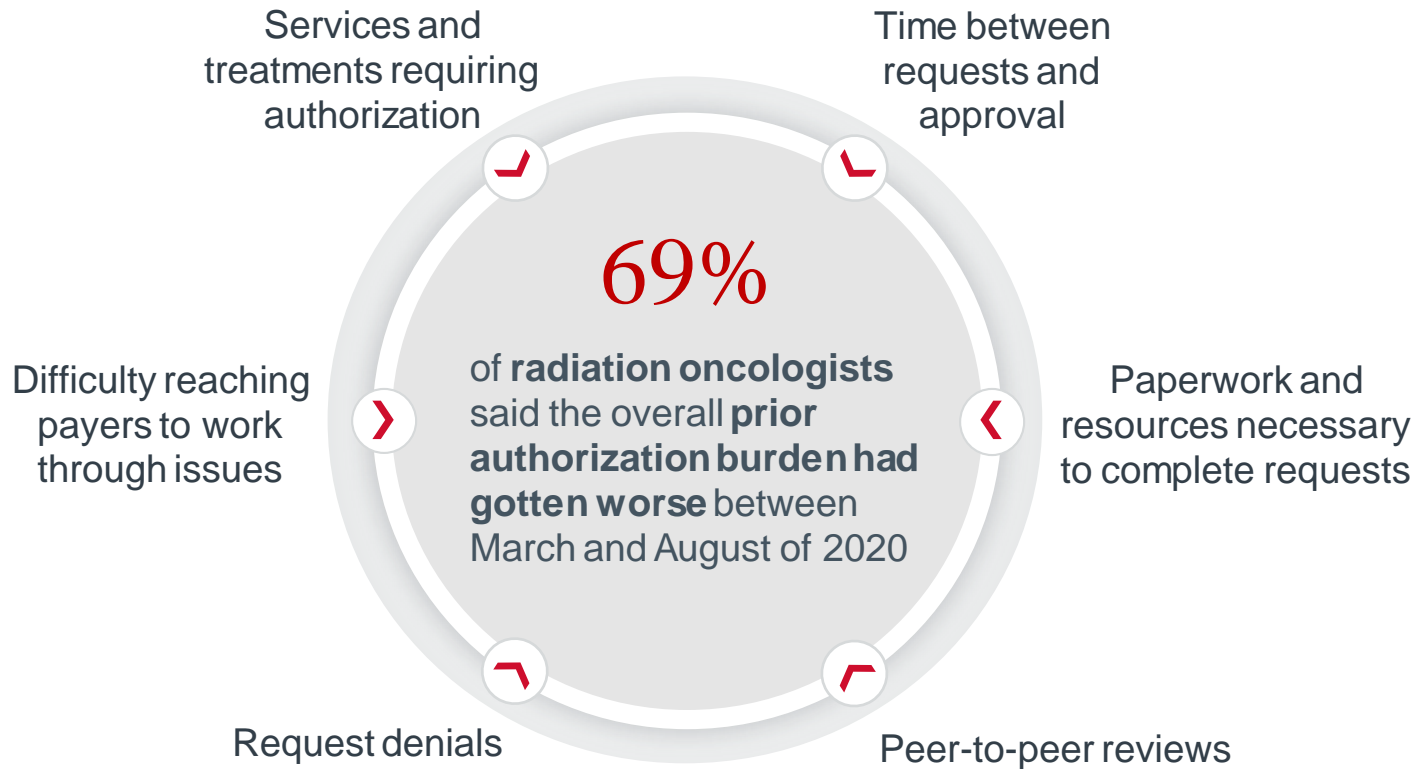
1. Requires the use of non-hospital facilities for infusions administered as monotherapy for maintenance.

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; "[7 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



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

Source: "Radiation oncologists urge Congress to advance bills that protect patient access to cancer care during the pandemic," ASTRO, <https://www.astro.org/News-and-Publications/News-and-Media-Center/News-Releases/2020/Radiation-oncologists-urge-Congress-to-advance-bil>

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



2023

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

- 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

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

New York Times

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

Bloomberg

“The Unexpected Side Effect of Covid-19: Collaboration”

HealthLeaders

Source: “A terrible price: The deadly racial disparities of Covid-19 in America,” *New York Times*, <https://www.nytimes.com/2020/04/29/magazine/racial-disparities-covid-19.html>;
“Biden’s health equity task force to spotlight social disparities,” *Bloomberg*, <https://news.bloomberglaw.com/health-law-and-business/bidens-health-equity-task-force-to-spotlight-social-disparities>;
“The Unexpected Side Effect of Covid-19: Collaboration,” *HealthLeaders*, <https://www.healthleadersmedia.com/innovation/unexpected-side-effect-covid-19-collaboration>.

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 Δ

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 who 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

Survivorship & EOL¹ care

40% Δ

Higher breast cancer mortality rate among **Black women** compared to white women

Source: "LGBTQ people with cancer fact sheet", ACS, <https://www.cancer.org/content/dam/cancer-org/cancer-contrd/en/booklets-flyers/lgbtq-people-with-cancer-fact-sheet.pdf>; "Limited English-language proficiency may affect frequency of screening mammograms", ASCO, <https://ascopost.com/news/october-2020/limited-english-language-proficiency-may-affect-frequency-of-screening-mammograms/>; "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?CDC>; Racial and socioeconomic disparities in bladder cancer survival", NCBI, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7821748/>.

1. End of life care.

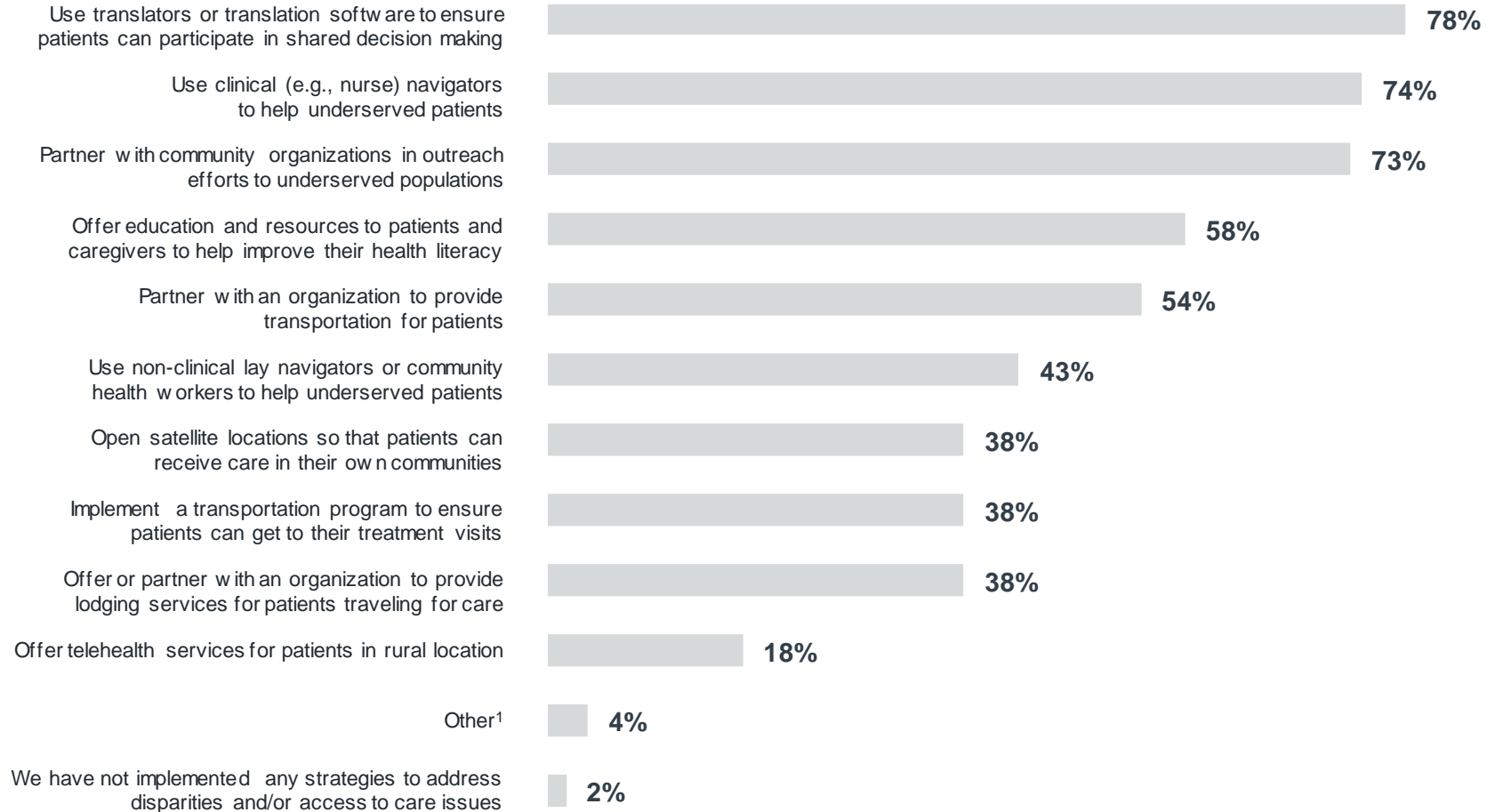
One-off initiatives to tackle disparities aren't enough

2019 Trending Now in Cancer Care Survey

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

Percentage of respondents

n=120



1. E.g., low-cost dental clinic, Spanish speaking financial advocates.

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

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



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

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

NEXT STEPS

01

Assemble a team to support the oncology service line leader in integrating health equity into oncology strategy

02

Understand what health system or external resources are available to support making health equity a strategic priority for the oncology service line

03

Assess current oncology health equity efforts and how those could be rolled up into a more holistic strategy



 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 COE¹ 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*, [Bloomberg.com](#); "OneOncology Expands to Southern California with the LACN joining the platform," *OneOncology*, [OneOncology.com](#); 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



MSK¹ 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

Source: "AccessHope Looks to Build Cancer Care Network," *LA Business Journal*, <https://labusinessjournal.com/news/2020/nov/09/access-hope-looks-build-cancer-care-network/>; "Carrum Health First to Launch Bundled Cancer Care for Employers in Collaboration with Memorial Sloan Kettering," *Carrum Health*, <https://www.carrumhealth.com/carrum-health-first-to-launch-bundled-cancer-care/>; "City of Hope Launches AccessHope," City of Hope, <https://www.cityofhope.org/news/city-of-hope-launches-accesshope>.

1. Memorial Sloan Kettering.

Population health managers rapidly expanding

Market presence of senior-focused population health managers

Organization	Total locations and recent growth
ChenMed	<ul style="list-style-type: none"> • 75+ centers across 10 states • Added 19 centers in second half of 2020
Oak Street Health	<ul style="list-style-type: none"> • 89 centers across 13 states • Opened 28 new centers in 2020
Iora Health	<ul style="list-style-type: none"> • 48 locations in 7 states • Expects to build 15-20 new clinics a year



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

Source: "ChenMed's 2020 Review," ChenMed, <https://impact.chenmed.com/>; "Our Practices," Iora Health, <https://www.iorahealth.com/practices/list-of-offices/>; "Our Locations," Oak Street Health, <https://www.oakstreethealth.com/locations>; "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

01

Identify, and regularly assess, the degree to which each type of non-traditional competitor has already entered your market and likelihood of future entrants

02

Estimate the potential impact each type of non-traditional competitors could have on your market and your cancer program's business specifically

03

Evaluate viable options to respond to each type of non-traditional competitor if they pose a threat (e.g., compete, partner, acquire)



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.

