

CANCER

Service Line Snapshot

CANCER

SERVICE LINE LANDSCAPE

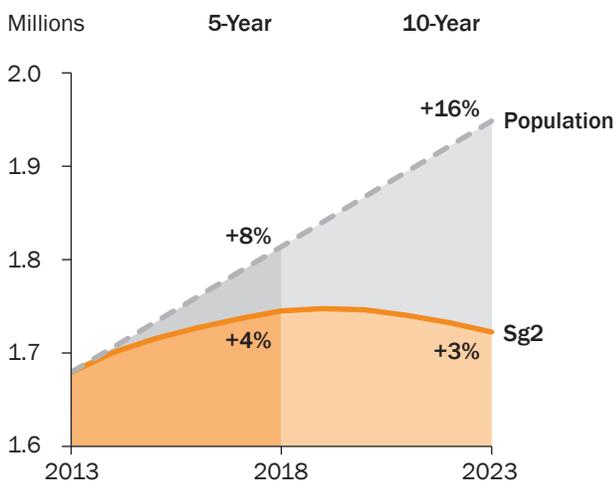
Demand for cancer services is growing, driven by an aging population and continued advances that expand diagnostic and therapeutic options. This growth will be especially pronounced in the outpatient setting. As demand grows, however, so does competition for cancer services. Looking to capture these volumes, academic and community hospitals alike are increasingly investing in oncology through cancer center construction, technology purchases and physician practice acquisition. However, these investments are unlikely to yield sustainable gains unless they are part of an integrated oncology program that seamlessly transitions patients through the care continuum, from screening and diagnosis through survivorship and end-of-life care. As payers move to hold provider systems more accountable for the total cost of care, providers that can document high-quality, cost-effective care will be best positioned to capture future demand. Strategies that enhance multidisciplinary care coordination (eg, robust health information technology, multidisciplinary clinics) and appropriately curtail unnecessary utilization (eg, oncology medical homes, clinical pathways, palliative care) hold the key to long-term, value-driven volume.

TOP TRENDS

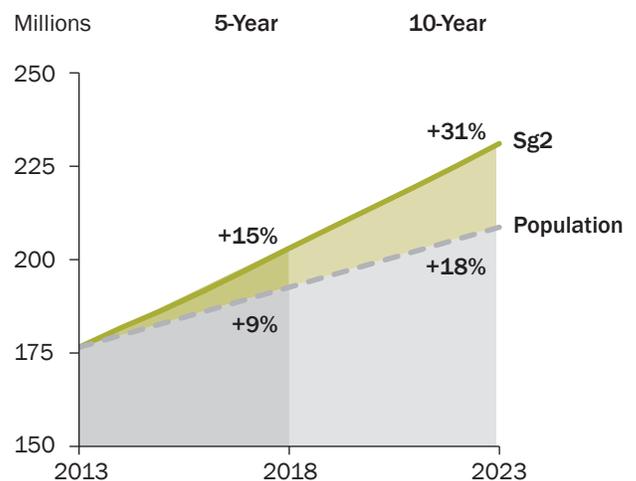
- Inpatient growth will be strongest for surgical procedures. Medical admissions for cancer complications will soften as improved outpatient coordination and end-of-life services keep patients out of the hospital.
- Effective hospital/oncologist alignment continues to be key to program growth and performance.
- Strong referral channels that provide patients and referring physicians seamless access to a multidisciplinary care team are critical to volume growth.
- Patient-centered services, such as survivorship, patient navigation, cancer rehabilitation and integrative medicine, are becoming increasingly important for program accreditation and differentiation.
- Value-driven oncology-specific payment pilots, such as bundled payment, oncology medical homes and accountable care organizations, are proliferating across the country.

US MARKET FORECAST

**Inpatient Cancer Discharges
2013–2023**



**Outpatient Cancer Volumes
2013–2023**



Note: Analysis excludes 0–17 age group.

Sources: Impact of Change® v13.0; NIS; PharMetrics; CMS; Sg2 Analysis, 2013.

ACTION STEPS TO DRIVE VALUE

- Evaluate your patients' journey through the cancer care continuum as they move from screening through diagnosis, treatment and post-acute care. Identify strategies to fill service and quality gaps that impair the patient experience, threaten quality and lead to patient leakage.
- Build alignment models with cancer specialists that support tumor-specific multidisciplinary care.
- Collaborate with oncologists to develop evidence-based protocols that standardize care delivery where appropriate.
- Create a patient-centered, coordinated cancer program through patient navigation, ancillary support services, survivorship programs and integrated palliative/hospice care.
- Investigate innovative payment models to prepare for upcoming payment reform.

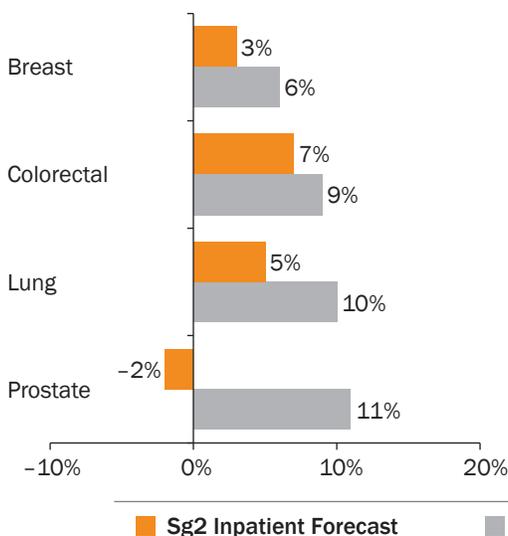
BENCHMARKS

Standard Performer Benchmarks for Value Indicators for Select Tumor Types, Large Community Hospital Peer Group

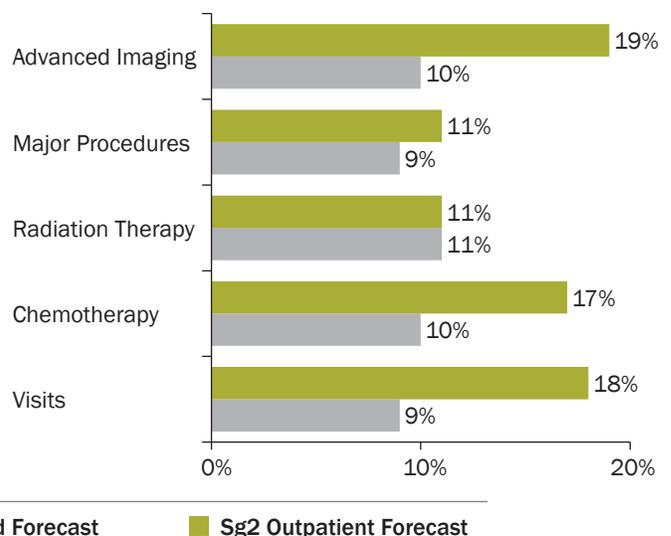
| | ALOS (Days) | Variable Direct Cost per Case | 30-Day Readmissions |
|-------------------|-------------|-------------------------------|---------------------|
| Overall Cancer | 5.9 | \$7,251 | 12.5% |
| Breast Cancer | 2.5 | \$4,881 | 5.3% |
| Colorectal Cancer | 8.1 | \$9,217 | 14.3% |
| Lung Cancer | 6.8 | \$7,550 | 14.9% |
| Prostate Cancer | 2.9 | \$4,826 | 3.5% |

ALOS = average length of stay. Sources: Sg2 Comparative Database, 2013; Sg2 Analysis, 2013.

Inpatient Cancer Discharges for Select Tumor Types 2013–2018



Outpatient Cancer Volumes by Procedure Type 2013–2018



Note: Analysis excludes 0–17 age group. Advanced Imaging includes computed tomography, magnetic resonance imaging and positron emission tomography. Visits includes evaluation and management, urgent, emergent and observation visits.

● Anticipate the Impact of Change

Sg2 is the health care industry's premier provider of market data and information. Our analytics and expertise help hospitals and health systems understand market dynamics and capitalize on opportunities for growth.

5250 Old Orchard Road
Skokie, Illinois 60077

847.779.5300

Sg2.com

MK-581-E-0513

