

CANCER

Service Line Snapshot 2018

CANCER

LANDSCAPE

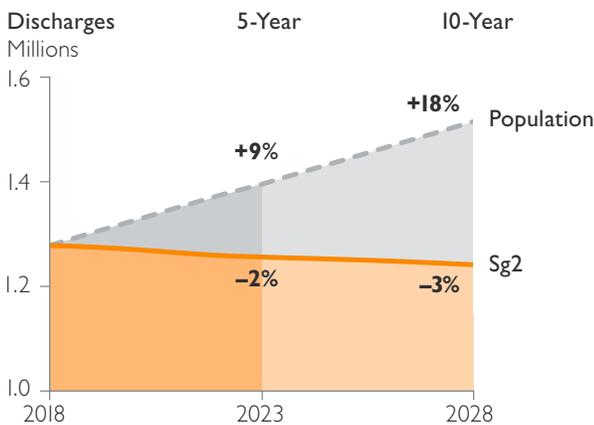
Growth in the aging and cancer survivor populations, along with changing disease epidemiology, bolsters overall demand for cancer services, while innovative technologies expand care to new patient populations. Opportunities remain primarily in the outpatient setting as inpatient services shift out of the hospital and outpatient treatments offer new alternatives. Genetics will continue to yield growth, propelled by consumer interest and new vendors that are rapidly moving to develop tests for early identification and expanding use in treatment selection and monitoring. While consolidation and mergers have allowed health systems to expand their footprint, payer scrutiny and the shift to value through site-neutral payment and alternative payment models may cause providers to reevaluate future hospital-based expansion opportunities. To remain competitive, programs must seamlessly integrate innovation and technology, workforce, and acute and post-acute services while eliminating inefficiencies and unnecessary services.

TOP TRENDS

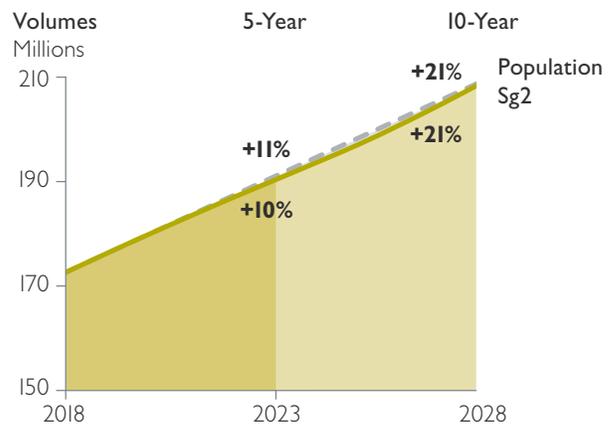
- New screening services (eg, low-dose CT, high-risk programs) create growth opportunities, but providers must solidify referral channels to capture downstream volumes.
- Competition for shrinking inpatient surgical volumes amplifies as population health initiatives, outpatient surgery and treatment alternatives lower incidence rates and surgical demand.
- Continued development of new chemotherapy drugs (eg, targeted therapies, immunotherapies) and expanded protocols increase demand for infused and oral treatments by adding new lines of therapy; their high cost, however, challenges the shift to value.
- Clinical validation and payer scrutiny accelerate new radiation therapy protocols (eg, hypofractionation, accelerated partial breast irradiation) for specific tumors, softening 3D conformal and intensity-modulated radiation therapy volumes in progressive markets. (Hypofractionation involves completing a course of radiation therapy with fewer, higher-dose treatments.)
- Hospital-based IP and OP services (ie, hospital-based forecast) and consolidated care on the hospital campus continue to be in demand, but providers must balance the benefits and risks of hospital-based care in light of future payer scrutiny around cost.
- Steady adoption of precision medicine (eg, molecular diagnostics, genetic profiling) continues, improving care delivery through patient-specific approaches to screening, diagnosis and treatment.
- Alternative payment model pilots continue to gather momentum; expect additional value-based payment models and continued emphasis on more cost-effective means (eg, oncology urgent care, care coordination, clinical pathways) for delivering care.

US MARKET FORECAST

Inpatient Cancer Forecast
2018–2028



Outpatient Cancer Forecast
2018–2028

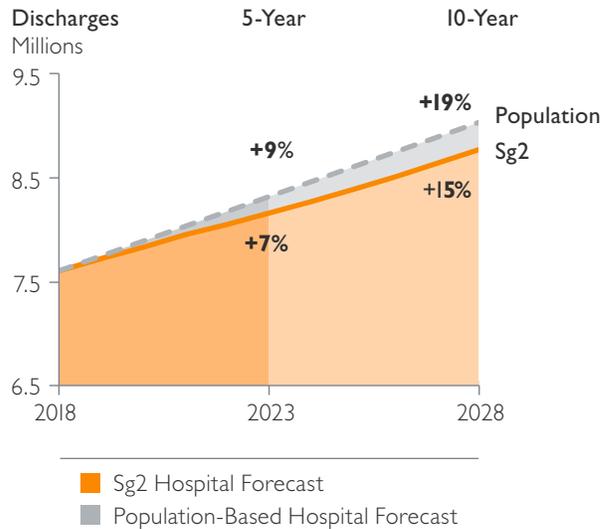


Note: Analysis excludes 0–17 age group. **Sources:** Impact of Change®, 2018; HCUP National Inpatient Sample (NIS). Healthcare Cost and Utilization Project (HCUP) 2015. Agency for Healthcare Research and Quality, Rockville, MD; OptumInsight, 2016; The following 2016 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2018; Sg2 Analysis, 2018.

ACTION STEPS TO DRIVE VALUE

- Build System of CARE connections across the care continuum. Identify strategies to address service gaps that challenge quality, erode patient experience and facilitate leakage.
- Create a patient-focused program through navigation, ancillary support services, survivorship clinics and integrated palliative/hospice care.
- Make strategic workforce and technology investments that support growth, improve expertise and differentiate service offerings.
- Deliver tumor-specific multidisciplinary care by institutionalizing opportunities (eg, tumor boards, multidisciplinary clinics) that ensure collaboration with both independent and employed providers.
- Align analytics with the shift to value. Leverage them to measure clinical and financial performance and identify bottlenecks.
- Focus payment reform strategy on areas with the highest impact on cost, including site of care, redundant services, care pathways, hospital admissions and unnecessary services.

Cancer Service Line Hospital Forecast
2018–2028

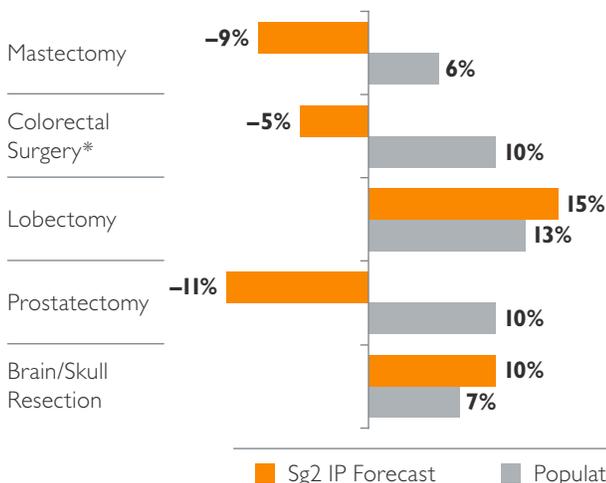


INCLUDED IN HOSPITAL FORECAST

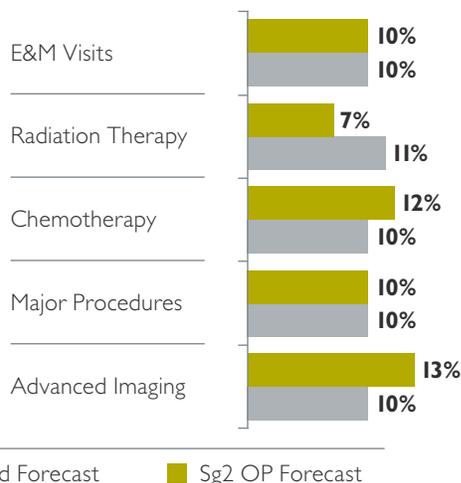
- IP discharges
- Visits—obs in HOPD
- HOPD procedures—major/minor

Note: Analysis excludes 0–17 age group. OP site of care includes hospital outpatient department (HOPD) only. OP volumes include major and minor procedures and observation (obs) visits. **Sources:** Impact of Change®, 2018; OptumInsight, 2016; The following 2016 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2018; Sg2 Analysis, 2018.

Inpatient Procedure Forecast
2018–2023



Outpatient Procedure Forecast
2018–2023



*Colorectal surgery includes large bowel resection and major therapeutics procedures. **Note:** Analysis excludes 0–17 age group. Inpatient procedure forecast includes the Brain/CNS, Breast, Colorectal, Lung and Prostate Cancer CARE Families. Advanced imaging includes positron emission tomography, CT and MRI. CNS = central nervous system; E&M = evaluation and management. **Sources:** Impact of Change®, 2018; HCUP National Inpatient Sample (NIS). Healthcare Cost and Utilization Project (HCUP) 2015. Agency for Healthcare Research and Quality, Rockville, MD; OptumInsight, 2016; The following 2016 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2018; Sg2 Analysis, 2018.

● **Anticipate the Impact of Change**

Sg2, a Vizient company, is the health care industry's premier authority on health care trends, insights and market analytics.

Our analytics and expertise help hospitals and health systems achieve sustainable growth and ensure ongoing market relevance through the development of an effective System of CARE.