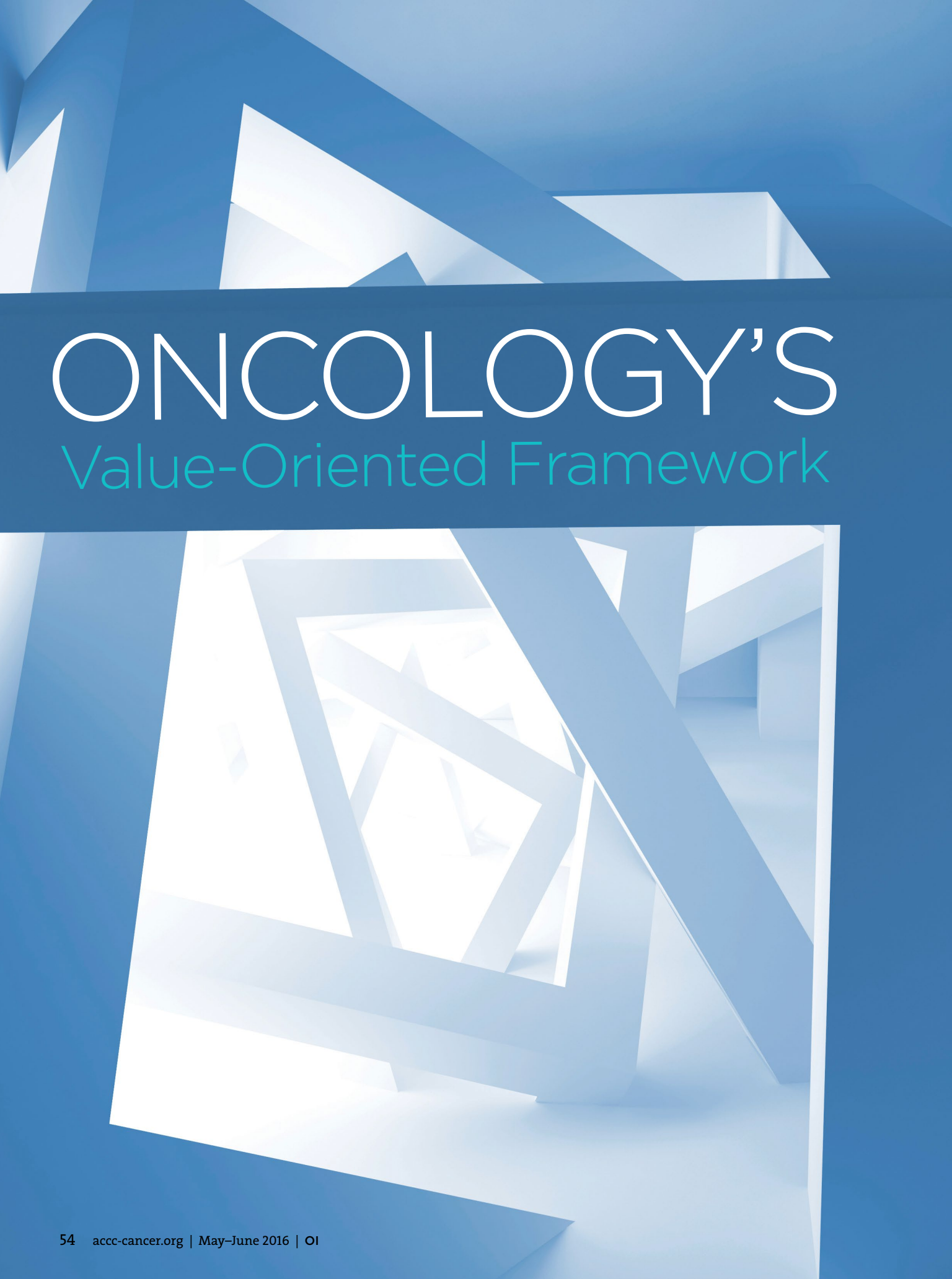

ONCOLOGY'S
Value-Oriented Framework

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In our previous article, "Strategic Planning: A Roadmap to Follow to Ensure a Successful Oncology Service Line" (July-August 2015 *Oncology Issues*), we established a case for oncology-specific strategic planning. The discussion largely focused on the uniqueness of the cancer service line within the broader hospital portfolio, as well as some actionable tips for engaging the organization in planning. What was absent from that preliminary discussion was the framework by which hospitals can make strategic decisions in oncology and see them through to implementation. A number of excellent strategic planning tools have been published by consultancies and academia, but we have found that they often lack the necessary specificity for oncology and, more importantly, do not fully address the all-important question for healthcare organizations—how do we plan for an uncertain, value-based future? The following article addresses this question directly and advances an approach that we have found beneficial for framing the appropriate strategic questions, forecasting the impact of a value-based transition, and designing and implementing positive, future-oriented strategy for oncology service lines.

Emerging Process for Planning

The traditional model for strategic planning, as depicted in Figure 1, page 56, involves self-evaluation, articulating a vision, determining resource requirements, and then implementation. This strategic planning model is well-suited for a static environment because—absent any significant macro-level changes—most organizations are good at assessing and mitigating program gaps. However, this model begins to break down when the national, regional, and local healthcare landscape begins to shift and organizations are faced with new complexities as they evaluate their legacy planning process. With this complexity, a new step emerges in the process (Figure 2, page 57),

> The changes in the healthcare industry require a re-examination of all the beliefs, attitudes, resources, and processes that define the business of oncology and our approach to caring for patients with cancer.

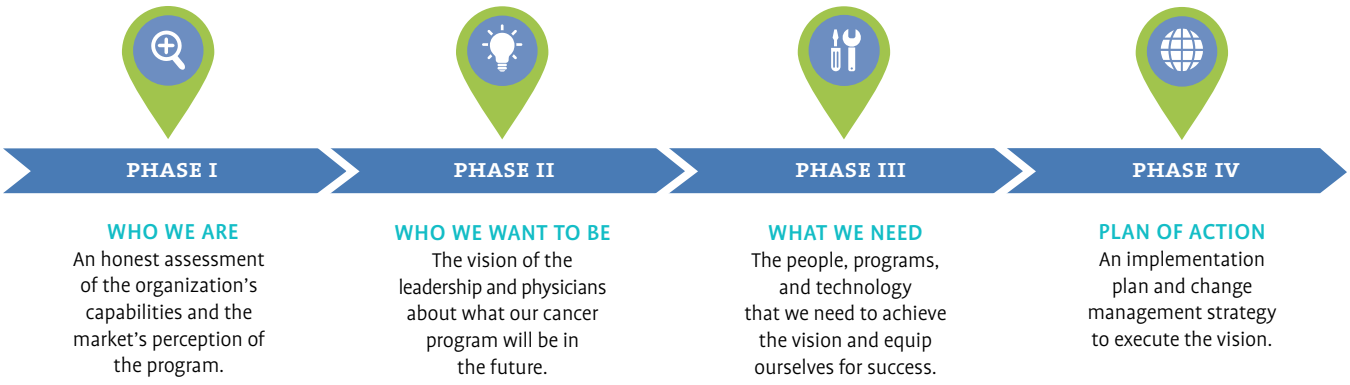
along with new questions such as:

- Are we asking the right questions of our current capabilities?
- Are we all aligned with "who we want to be" in the value-based world?
- And most importantly, what future are we planning for and how does that affect the infrastructure, human capital, technology, and services we need to succeed in cancer care?

The future-oriented process for cancer program strategy places a new lens on everything we do in planning. The questions we should be asking include:

- How does the expectation for value-based care change the way we assess our current capabilities and organizational readiness? (Phase I)
- How do we craft our vision as payers, patients, and regulatory agencies change the way we have traditionally done business? (Phase II)
- What does our oncology service line look like in a value-oriented ecosystem, and how quickly can we transition? (Phase III)
- How do we prepare for a new reality, and what tools, processes, partners, and leadership do we need to get from here to there? (Phase IV)

Figure 1. Traditional Process for Cancer Planning



- What does a value-based strategy require of us financially and operationally as we attempt to prioritize, sequence, and implement transformative changes within our cancer program? (Phase V)

What the Future Holds

Many of the cancer programs that we work with express a feeling of "paralysis" when it comes to preparing for the value-based future of healthcare. Their perception is that forecasting for this future is equivalent to "fortune-telling," and for that reason they are delaying the reimagining and redesign of their cancer programs. While this reaction to uncertainty is understandable, and prevalent, we strongly believe that delaying value-based readiness is a mistake for long-term program success. No single expert has the answer for "what the future holds," but many have expressed informed, directional opinions to support strategic planning and organizational adaptation.

The ACCC Institute for the Future of Oncology released its predictive recommendations in the fall of 2015, outlining what their forum believes to be the trends that will shape oncology. Among them were continued consolidation and integration of providers, evidence-based and patient-participatory clinical care, data-equipped multidisciplinary teams, and value-based pricing and reimbursement.[1] While this was a cancer-specific forecasting exercise, other publications like Deloitte's "Lens into the Future" support the Institute's findings with CEO commentary on the future of healthcare. Interviews with these leaders revealed unanimity on the forces that will change healthcare in coming years, among them:[2]

- Fundamental change in the way hospitals are paid
- A migration to ambulatory care
- Integrated care delivery networks
- A new mindset of "consumerism" as patients become discerning customers of the cost and quality of their healthcare product.

If the consensus of our thought leaders in the C-suite and the cancer industry is that transformational change is imminent, then the question we face is not "what does the future hold?" but rather, "how do we prepare for it?"

Planning for Value

The changes in the healthcare industry require a re-examination of all the beliefs, attitudes, resources, and processes that define the business of oncology and our approach to caring for patients with cancer. This assessment can be politically sensitive, financially burdensome, and logistically overwhelming for the physicians and administrators responsible for the continuity and success of the oncology service line. For these reasons, we believe that a framework is helpful. A value-based planning framework assists with prompting the right questions, soliciting honest reflection, and formulating strategies for the future.

Environmental Review

The value-based framework begins with an environmental review. In this phase of planning, the cancer program should capture candid feedback and all of the classic planning information, including competitive landscape, market share, organizational strengths and weaknesses, program performance—and a few novel elements, such as payer market maturity (i.e., Where are local payers with oncology-specific alternative payment models [APMs]? Are they involved in pilot projects for APMs? Do they have risk-based contracts with physicians or hospitals?), delivery network capabilities at a tumor-specific level, and technology and data sophistication.

Value-Based Strategy

The environmental review informs the beginnings of the strategic planning process, and the unifying question of "who do we want to be in the value-based world?" This question is typically expressed as a "vision statement," but in its most basic form it should be a broadly-endorsed and inspiring expression of the

Figure 2. Emerging Process for Cancer Planning

program's ambition and value proposition. The substance of a cancer program's aspirations will differ based on size, location, and community need, but the frameworks for evaluating a path forward share many commonalities.

The general value-based framework is oriented around the value-based readiness of the cancer program's Organization, Resources, Network, and Population (Figure 3, page 58).

Organization. This sphere addresses the value-based readiness and capabilities needed from the cancer program's leadership, governance structure, physician engagement and alignment, and design of collaborative culture and incentives. This category is evaluated first because without visionary leadership, an engaged medical staff, and a cultural shift in cancer care delivery, the rest of the program strategy is meaningless. Succeeding in the value-based cancer environment of 2020 will require an unprecedented leadership toolkit, organizational agility, and service-line integration. Further, it will demand that physicians are aligned under the common objectives of the program, and that incentives are aligned under a value-based framework in a manner that encourages shared success for the provider, physician, and patient.

Resources. This sphere evaluates the infrastructure, competencies, and processes that will serve as enablers for a value-based care architecture. As the organization evaluates its current program against the needs of the future, a significant amount of planning and work will need to be done with respect to care standardization and measured utilization; process optimization; multidisciplinary collaboration; patient engagement; data-integration and management; and optimized access to personalized medicine, technology, and care settings. The Resources sphere is wide-ranging, but serves to frame the distinct programmatic and capital investments that will be required to successfully transition to value-based care.

Network. This sphere assesses the care delivery structure and partnerships that characterize a cancer program that can succeed in value. It recognizes that cost and quality will reward organizations that scale services across an integrated care delivery network, leverage shared best practices, and build relationships with non-traditional stakeholders. Network planning should evaluate health system competencies, delivery network design, payer and employer engagement, affiliations, and financial ventures. Succeeding in the value-based environment will require that the strategic plan look beyond the four walls of the cancer program and engage the entire integrated delivery network in designing a transparent, synergistic, and competitive cancer program.

Population. This sphere evaluates the unique needs of cancer program constituents and the value-based products that can best manage their care. As Deloitte noted in their "consumerism" feedback, patients are increasingly sophisticated in directing their care toward a healthcare product that is centered on their needs—be they cost or outcome-focused.[2] The biggest challenge for cancer programs is determining how to invest in a value-based, patient-centric product while managing an awkward and unpredictable transition to risk-based reimbursement. The Population strategy sphere seeks to address this quandry by examining risk stratification, consumer engagement, product design and transition, high-risk patient management, and program financial planning. These elements, along with those of the Organization, Resources, and Network spheres, produce a scorecard and roadmap that inform the strategies, tactics, priorities, and investments necessary to achieve value-based program success (Figure 4, page 59).

Investment & Implementation

The final phases of value-based strategic planning involve development of the financial business case and implementation plan. As many early adopters have discovered, preparing for value-based care is a resource-intensive process that is made even more untenable as hospital margins continue to contract. Cancer program leadership is responsible for evaluating the projected impact on patient caseloads, utilization, and financial contribution emanating from the proposed strategies, and deter-

mining whether it justifies the contemplated programmatic and capital investments. This analysis is complicated by the uncertain timeline of value-based reimbursement transition, but as evidenced by CMS' proclamation earlier this year, we can expect more than 50 percent of payments to account for quality and cost by 2018.[3]

The implementation of value-based care design is the subsequent challenge once a strategic plan and business case are complete. Many sound strategies have floundered without commitment to execution and follow-through on the organizational, resource, network, and population imperatives for change. Successful implementation involves:

- Project champions
- Accountable deadlines
- Frequent engagement with patients
- Physician-led change management.

Scaling the Framework

The caveat to value-based strategy is that "one size does ***not*** fit all." Our value-based framework is flexible, and scalable, but must be tailored to the individual environment and size of the cancer program (see Figure 5, pages 60-61). Many of the value-based framework's modules produce starkly different tactics, depending on the size of the program, the market it serves, and the aspirations of the service line. In future articles we will investigate the value-based planning approach for cancer programs of varied size and scope, addressing essential elements for success. This process will cover smaller community cancer programs having new cancer caseloads of less than 500 per year, all the way through large community-academic cancer programs with 2,500+ annual cases. These articles will build upon the value-based framework and speak to the tailored, actionable steps that every cancer program—regardless of size and scope—can take towards value readiness.

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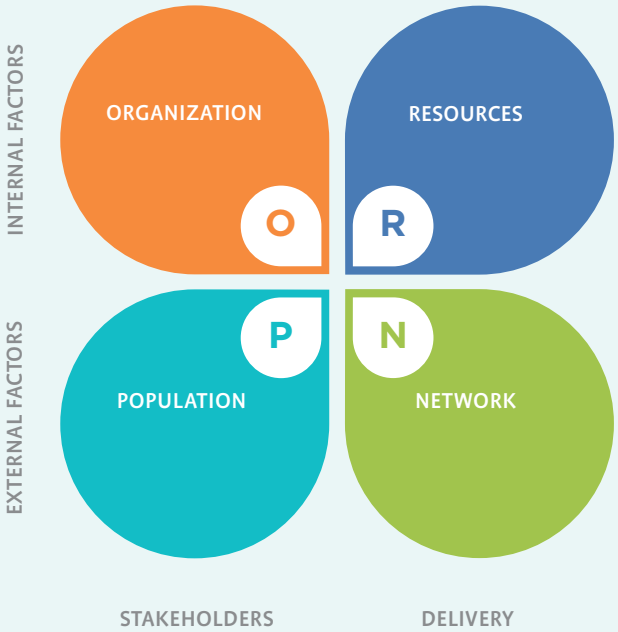
Figure 3. Value-Based Planning Framework



ORGANIZATION

- What collective vision are we working towards?
- What leadership and governance structure is necessary to lead in value?
- How are physicians engaged in the value-based goals of the enterprise?

RESOURCES

- What systems allow for visibility into cost and quality?
- How has care been standardized and navigated to improve value?
- What capital and program investment is required to succeed in the value-based model?

POPULATION

- Who is the customer in 2020 (i.e., patients, employers, payers)?
- What unique value proposition resonates with the customer?
- How do we assess and manage cancer population risk?
- What specific positioning do we adopt relative to competitors?

NETWORK

- What is the optimal level of integration in the care delivery model?
- How do we collaborate with payers to succeed in the market?
- Which partner institutions will lend us scale (i.e., the size and scope of the partner institution) and care competency?
- How are we managing specialty care with our partners?

Figure 4. Strategic & Tactical Planning

VALUE-BASED READINESS →

ORGANIZATION	BASIC	TRANSLATIONAL	MATURE	CANCER 2020 STRATEGY
Leadership		●		
Program governance	●			
Institutional commitment		●		
Physician alignment		●		
Compensation model			●	
Medical staff profile	●			
Collaborative cultural		●		
RESOURCES				
Care standardization			●	
Process optimization			●	
Personalized medicine	●			
Multidisciplinary & navigated care		●		
Disease-focal points	●			
Information technology		●		
Facilities & equipment		●		
NETWORK				
System standardization		●		
Care delivery network		●		
Payer engagement			●	
Employer engagement		●		
Care access	●			
Value-based partners		●		
Academic affiliations	●			
POPULATION				
Risk stratification	●			
Consumer engagement		●		
Product design			●	
Product transition	●			
Screening & surveillance			●	
High-risk population management			●	
Population virtual budget			●	

STRATEGIES

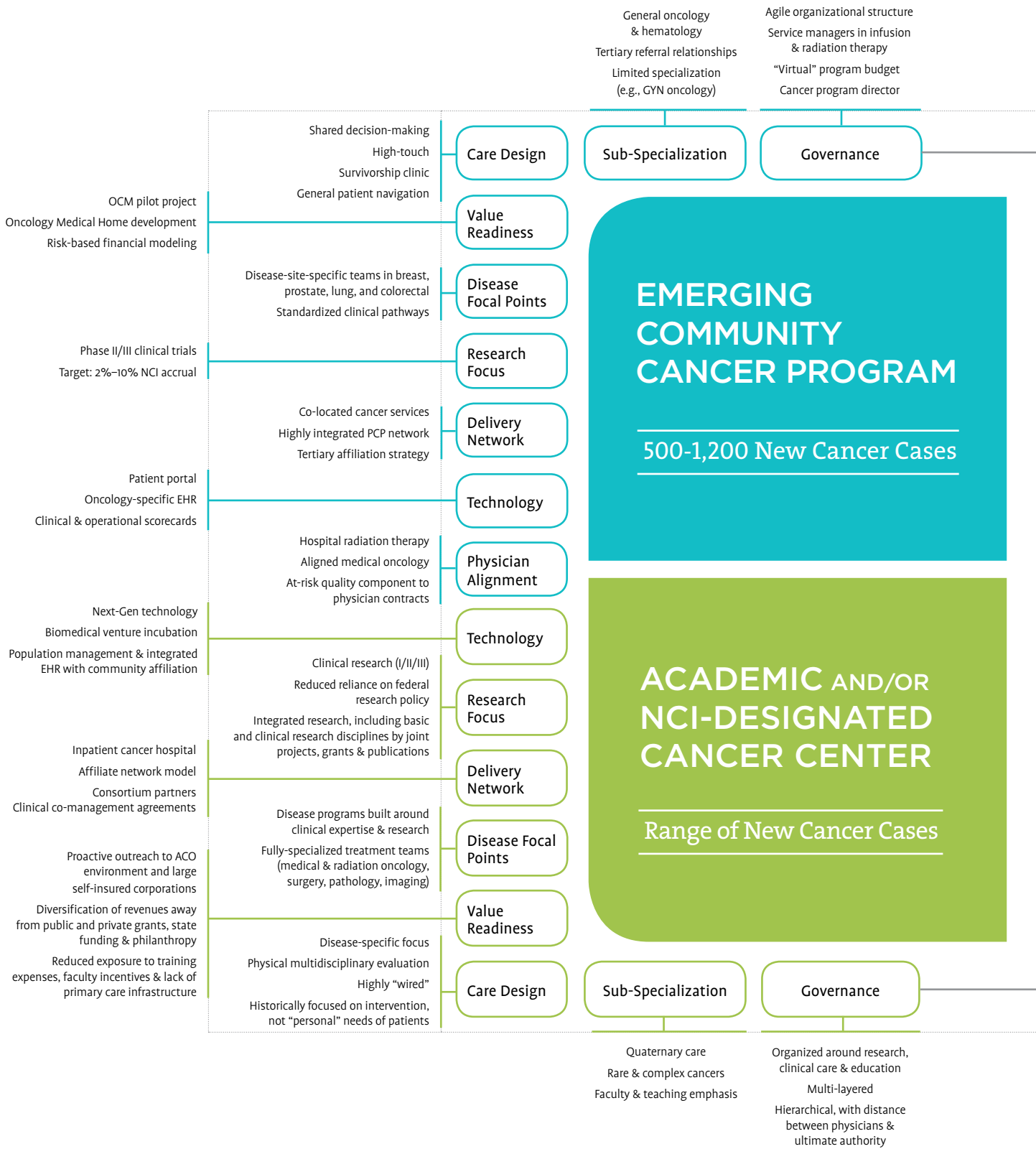
TACTICS

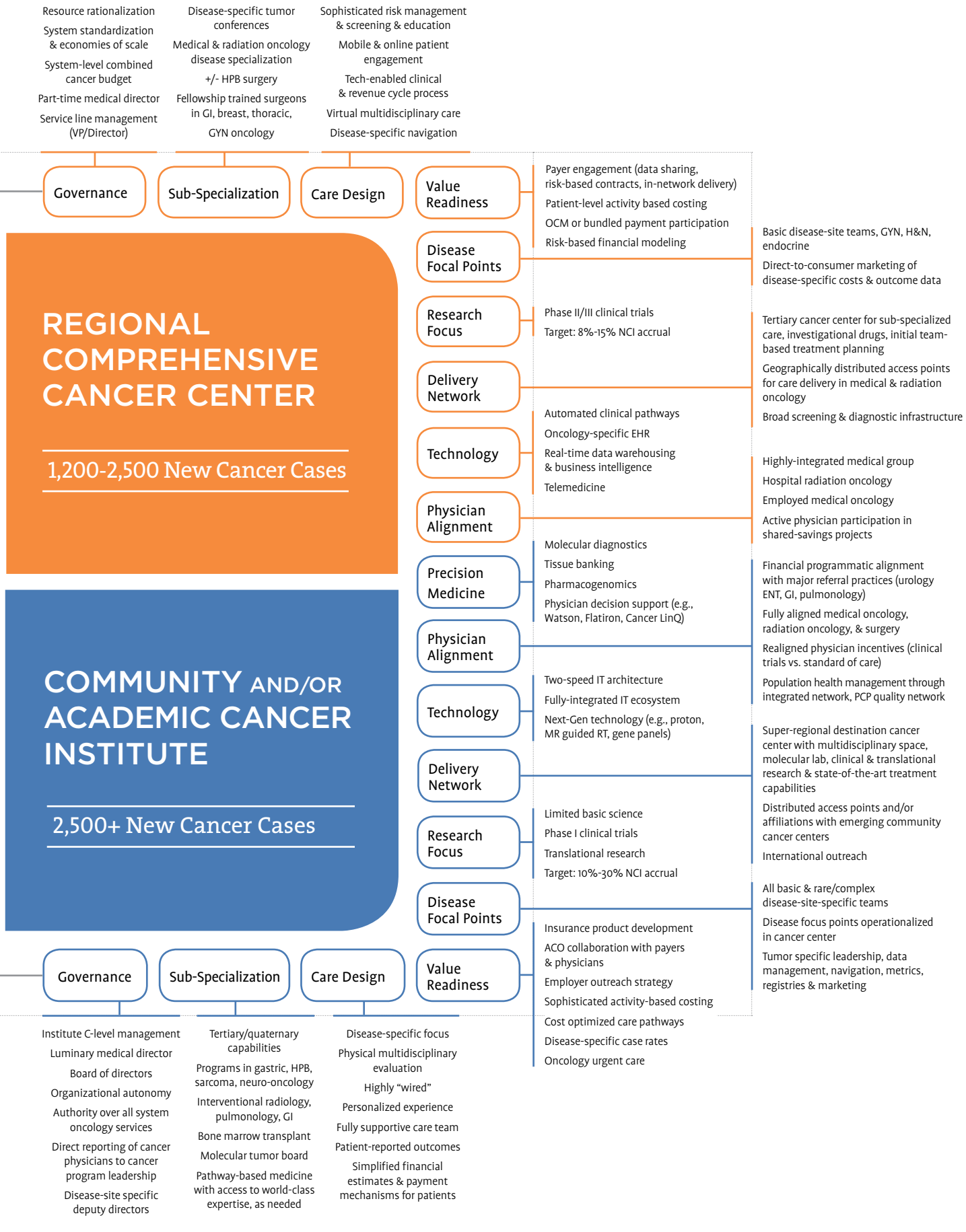
PRIORITIES

TIMELINES

INVESTMENTS

Figure 5. Value-Based Growth Matrix




Resource rationalization
System standardization & economies of scale
System-level combined cancer budget
Part-time medical director
Service line management (VP/Director)
Disease-specific tumor conferences
Medical & radiation oncology disease specialization
+/- HPB surgery
Fellowship trained surgeons in GI, breast, thoracic, GYN oncology
Sophisticated risk management & screening & education
Mobile & online patient engagement
Tech-enabled clinical & revenue cycle process
Virtual multidisciplinary care
Disease-specific navigation
Governance
Sub-Specialization
Care Design
REGIONAL COMPREHENSIVE CANCER CENTER
1,200-2,500 New Cancer Cases
COMMUNITY AND/OR ACADEMIC CANCER INSTITUTE
2,500+ New Cancer Cases
Value Readiness
Payer engagement (data sharing, risk-based contracts, in-network delivery)
Patient-level activity based costing
OCM or bundled payment participation
Risk-based financial modeling
Disease Focal Points
Basic disease-site teams, GYN, H&N, endocrine
Direct-to-consumer marketing of disease-specific costs & outcome data
Research Focus
Phase II/III clinical trials
Target: 8%-15% NCI accrual
Delivery Network
Tertiary cancer center for sub-specialized care, investigational drugs, initial team-based treatment planning
Geographically distributed access points for care delivery in medical & radiation oncology
Broad screening & diagnostic infrastructure
Technology
Automated clinical pathways
Oncology-specific EHR
Real-time data warehousing & business intelligence
Telemedicine
Physician Alignment
Highly-integrated medical group
Hospital radiation oncology
Employed medical oncology
Active physician participation in shared-savings projects
Precision Medicine
Molecular diagnostics
Tissue banking
Pharmacogenomics
Physician decision support (e.g., Watson, Flatiron, Cancer LinQ)
Physician Alignment
Financial programmatic alignment with major referral practices (urology ENT, GI, pulmonology)
Fully aligned medical oncology, radiation oncology, & surgery
Realigned physician incentives (clinical trials vs. standard of care)
Population health management through integrated network, PCP quality network
Technology
Two-speed IT architecture
Fully-integrated IT ecosystem
Next-Gen technology (e.g., proton, MR guided RT, gene panels)
Delivery Network
Super-regional destination cancer center with multidisciplinary space, molecular lab, clinical & translational research & state-of-the-art treatment capabilities
Distributed access points and/or affiliations with emerging community cancer centers
International outreach
Research Focus
Limited basic science
Phase I clinical trials
Translational research
Target: 10%-30% NCI accrual
Disease Focal Points
All basic & rare/complex disease-site-specific teams
Disease focus points operationalized in cancer center
Tumor specific leadership, data management, navigation, metrics, registries & marketing
Value Readiness
Insurance product development
ACO collaboration with payers & physicians
Employer outreach strategy
Sophisticated activity-based costing
Cost optimized care pathways
Disease-specific case rates
Oncology urgent care
Governance
Sub-Specialization
Care Design
Institute C-level management
Luminary medical director
Board of directors
Organizational autonomy
Authority over all system oncology services
Direct reporting of cancer physicians to cancer program leadership
Disease-site specific deputy directors
Tertiary/quaternary capabilities
Programs in gastric, HPB, sarcoma, neuro-oncology
Interventional radiology, pulmonology, GI
Bone marrow transplant
Molecular tumor board
Pathway-based medicine with access to world-class expertise, as needed
Disease-specific focus
Physical multidisciplinary evaluation
Highly "wired"
Personalized experience
Fully supportive care team
Patient-reported outcomes
Simplified financial estimates & payment mechanisms for patients