



2009 CANCER CENTER BUSINESS SUMMIT



**Coping with New Economic Realities:
Positioning for Future Success**

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The Adolphus Hotel • Dallas, Texas



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The 2009 Survey: How Are You Coping With Today's Economic Realities In Oncology?

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Coping Strategy #1

Expense/Overhead Reduction





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Coping Strategy #2

Revenue Enhancement/Diversification



Coping with New Economic Realities: Positioning for Future Success



Coping Strategy #3

Merge/Consolidate/Affiliate





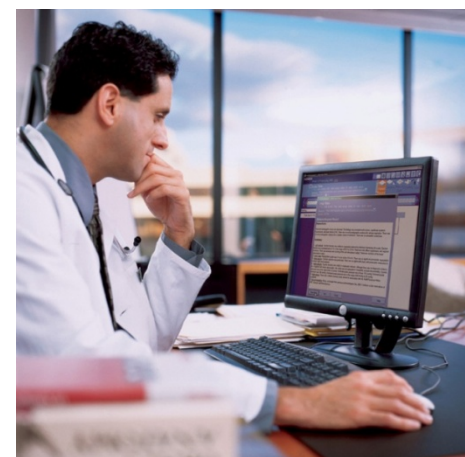
Survey Responses

- Respectable response rate (n = 80+)
- Majority from private practice (74%)
- Other categories, hospital-affiliated; AMC-affiliated; PPMC-affiliated (26%)
- Single Specialty Oncology; Multi Specialty (Onc Only); Multi Specialty (Onc +Others)
- Results are for private practice with comment from other categories where material differences



Re: Adoption of EMR

- Yes, have adopted EMR = 63%
- No, have not adopted EMR = 37%
- No, but plan to adopt next 12 mos = 72%
- $63\% \text{ now} + (0.72 \times 37\%) \text{ planned} = 90\%$
- Conclusion: Adoption of EMR by this time next year = 90%





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Re: Expense/Overhead Reduction

Category	Last 12 Months	Next 1-3 Years
Aggressive (>25%)	8%	7%
Moderate (10-25%)	23%	38%
Somewhat (<10%)	55%	40%
None	14%	15%
Hospital Response		
Aggressive (>25%)	11%	22%
Moderate (10-25%)	44%	33%
Practice v. Hospital Aggressive + Moderate cost cuts	31% v. 55%	45% v. 55%



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Expense/Overhead Reduction Rank Order

What Measures Over Last 12 Months?	What Measures Over Next 1 to 3 Years?
Decreased discretionary spending	Decrease discretionary spending
Re-negotiated supply/vendor contracts	Re-negotiate supply/vendor contracts
Reduced admin staff, hours or comp	Reduce health insurance or other employee benefits
Reduced non-physician clinical staff, hours or comp	Reduce admin staff, hours or comp
Shifted patients to alternate settings if unable to pay	Reduce space rental/costs
Reduced physician-owner comp	Reduce physician-owner comp



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Expense/Overhead Reduction Compare to Hospital/AMC Response

Markedly higher response vs.
private practice to these measures:

Hospital	Academic Medical Center
Decrease discretionary spending	Reduce admin staff, hours or comp
Re-negotiate supply/vendor contracts	Reduce non-physician clinical staff, hours or comp



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Expense/Overhead Reduction Conclusion

Event	Impact on Revenues
Revised ESA guidelines	-15%
2010 Medicare MD fee schedule (assumes 50% Medicare patient load)	-10%
Total revenue impact	<u>-25%</u>
Reduce expense "Somewhat" (<10%) to "Moderate" (10% to 25%)	15%
Difference, assuming revenue to expense \$ for \$	<u>-10%</u>
Or stated otherwise...	



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Expense/Overhead Reduction Conclusion

...you can't cost cut your way to prosperity





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Re: Revenue Enhancement/Diversification

Category	Last 12 Months	Next 1-3 Years
Aggressive = significant growth	17%	12%
Moderate = some growth	46%	58%
Somewhat = maintain or slight decline	17%	17%
None	20%	13%
If none, then expect a decline in MD comp?	58%	100%



Revenue Enhancement/Diversification Rank Order

What Measures Over Last 12 Months?	What Measures Over Next 1 to 3 Years?
Improved revenue cycle management	Negotiate better reimburse terms with health plans
Negotiate better reimburse terms with payors	Improve marketing to /relations with referral sources
Improve marketing to/relations with referral sources	Improve revenue cycle management
Add/increase use mid-levels	Adopt evidence-based clinical pathways
Add new treatment equipment	Increase patient volumes
Add ancillary services	Add new treatment equipment



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Revenue Enhancement/Diversification Conclusion – Hot Buttons

- Improved revenue cycle management
- Negotiate better reimbursement rates with payors? How?
 - *Hint:* Adopt evidence-based clinical pathways
- Improve marketing to/relations with referral sources? How?
 - *Hint:* Practice: merge with them
 - *Hint:* Hospital: hire them
 - *Hint:* Survivorship programs as “bonding” tool



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Re: Merge/Consolidate/Affiliate

Category	Response Rate
Yes, have recently concluded	10%
Yes, in active talks	15%
Yes, considering	<u>30%</u>
Yes, practice totals	55%
No, not applicable to us	45%
Hospital Response	
Yes, hospital totals	54%



Merge/Consolidate/Affiliate With Whom?

Category	Private Practice	Hospital
Physician/ group practice	45%	20%
Community hospital	33%	20%
AMC/Tertiary hospital	12%	40%
PPMC, other	9%	20%



Merge/Consolidate/Affiliate Conclusion

At 55% activity, it seems to be happening





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Thank You

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