

Maximizing Financial Performance in Oncology



ASSOCIATION
of CANCER
EXECUTIVES

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The '*Why/What*' slide?

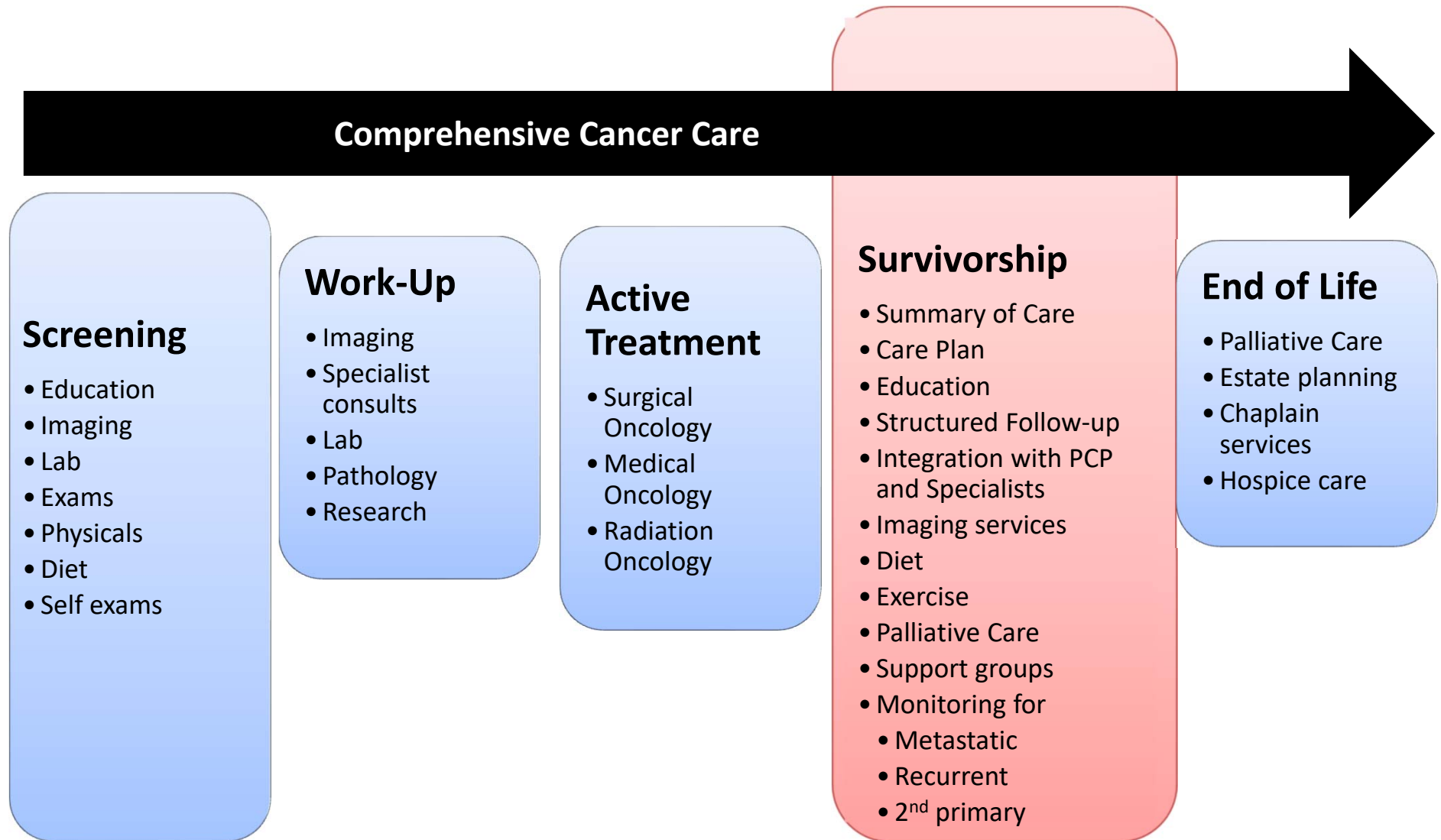
- *Why* are you here?
- *What* do you want to gain?
- *What* are the financial challenges?

- Rules of this session:
 - Questions
 - Honesty
 - *Under grad vs. Grad school*

Who are the customers?:

- Has changed from physician driven
- Typical administrator:
 - Business
 - Nursing
- Separate clinical background from operations/Finance – Sometimes difficult
- *“No experts of Oncology, only within”*
- Frequent goal of administrators in large health systems:
 - MHA programs teach them to...
 - MBA

Changing Structure: *A Department to Service*



Great Patient Care is an Understood! Now how do we pay for it? Hospital Capital expenditure & Operations/Finance What is said? what is reality?

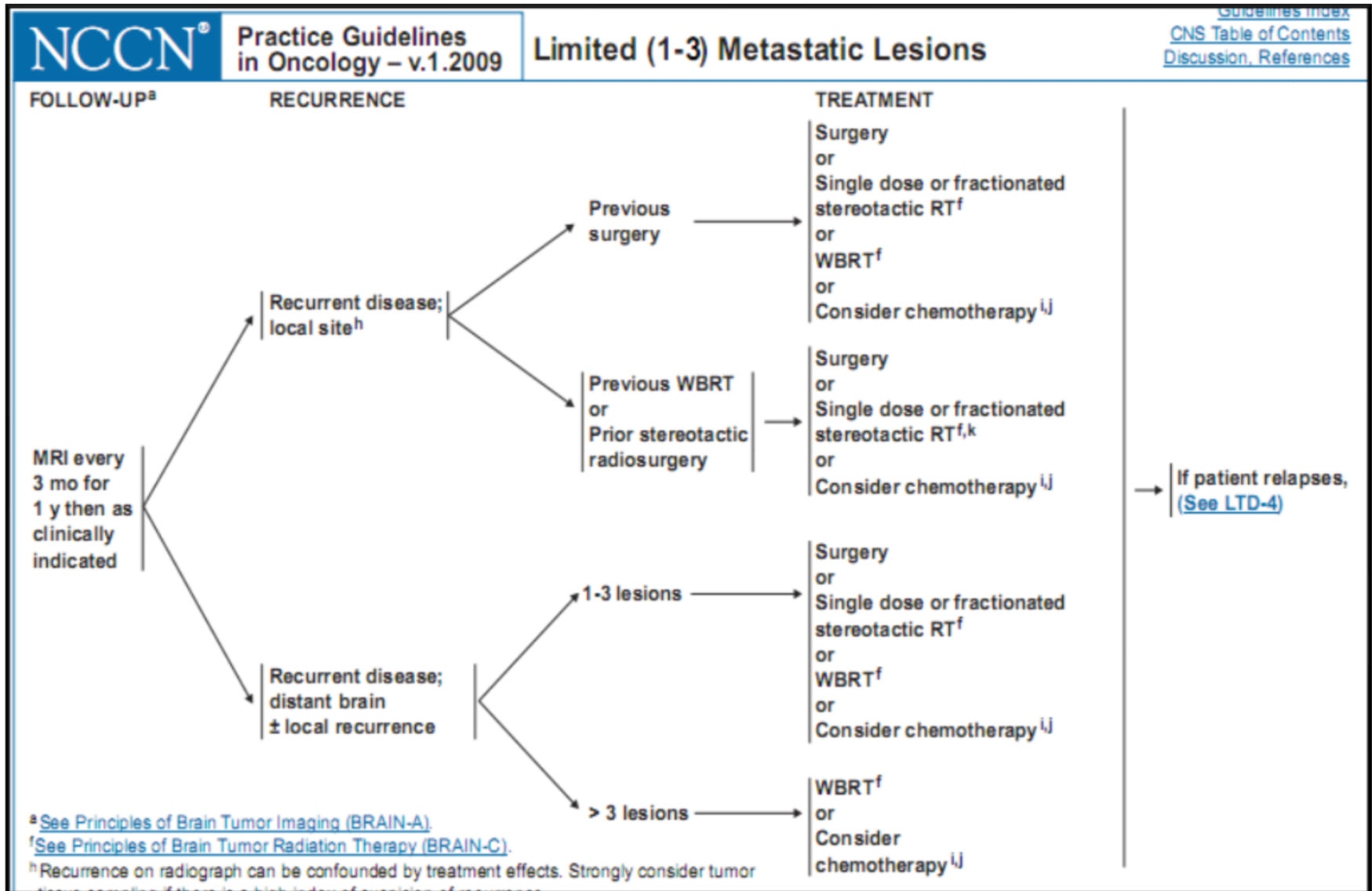
- ROI – How is this defined in your organization? How can you manage, if you don't measure?
- Financials – What do you get? Trends?
 - More importantly What do you need??
 - Total revenues
 - Total Expenses
 - Broken down by Service line - Oncology
 - Further broken down by
 - Specialty – Rad, Med, Surg
 - Ancillary
 - Interventional
 - Down Stream

How Acuity Impacts Us and How We Can 'Impact' Acuity

- Co-Morbidities and Major Co-Morbidities have a significant impact on Reimbursement
- However, often the difference between whether we are reimbursed for a patient with a Co-Morbidity or not can depend on the specificity with which the Doctor dictates his notes.
- For Example:
 - “Patient is confused” vs. “Tests indicate patient has Metabolic Encephalopathy”
 - “Patient is Short of Breath” vs. “Patient is in acute respiratory failure”
 - “Recommend Dialysis” vs. “Patient is in End Stage Renal Disease”
 - “Patient is overweight” vs. “Patient has a BMI > 40”

Clinical Documentation Integrity Specialists assists docs in most appropriately documenting the patients condition

Payment example: Our future?



Typical expansion considerations between 'new vault' vs. 'buyout' vs. 'renovate':

- Cost of vault often unknown to decision makers
- Educating to fit existing vault important
- Renovate driven often by competition
- Additional LINAC, when? Better to extend hours vs add
 - China runs 24/7 Radiation Oncology
 - What about IORT?
 - What about Protons?
- The Onc conundrum:
 - Referral based medicine

Rad Onc Practical Comparisons

- What is the breakeven number of Patients per day under treatment for Radiation Oncology?
- Rad Onc Heavy Fixed Costs/Heavy Profits beyond
- Correct Staffing Numbers, Do staff meet all criteria, Pt. Care, Documentation, Financials
- Cost Planning for Capital Equipment
- Linac - \$5M Tx Planning Comp. \$350-400K
- Avg RTT/Physicist/How many RNs?
- Consider Staffing Model
- Financial Counseling 30Tx/day basis

Med Onc Practical Comparison

- Single Drug Purchasing Agent or Shopping Market?
- What are the top 10 Profitable Payers/Dx
- What are the bottom 10 Profitable Dx/Payer
- Is the problem a Dx or a Payer? Payer Mix?
- What are supply costs?
- What are the scheduling issues?
- Numbers of nurses/acuity volume correct?
- Staffing Model?
- Financial Counselor is critical

Med Onc Details

- Pt Count – 1st Hour Chemo indicator
- New Pt Count
- Provider Production/Salary or Private Practice?
Earning their keep? Motivation?
- Revenue by:
 - Procedures
 - E&M
 - Chemo Admin
 - Drugs
 - Lab

Surgery/Interventional

- What are the top 10 most profitable services?
- Any losses? Worth Continuing?
- What is the culture?
- Bad Debt? How managed?
- Total Service Line reviewed? By who? Results?
- How often are financials trended and presented?

Share Results of Financials

- Our experience is that when all know all contribute
- Physicians on Board?
- Administration Supportive?
- Finance Involved?
- Business Office Integral?
- What are the positive trends?
 - How are they enhanced
- What are the negative trends?
 - How are they minimized?

Questions / Discussions:

