



# Surviving and Thriving in Your Evolving Market

Sponsored by: **Net.Orange, Inc.**

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## Agenda

- Defining the market
  - Geography
  - Demand
  - Market share
- Profiling the competition
  - Gaps and opportunities
- Finding the niche



# Defining the Market

- Counties
- Zip codes
- Drive times



# County Maps



# Zip Code Maps



# Total Demand

Projecting Demand: Age Cohorts								
	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69
<b>Population</b>								
<b>County A</b>	76,246	114,368	75,902	113,853	56,820	85,229	46,554	69,831
<b>County B</b>	57,184	133,430	34,311	132,829	42,615	99,434	34,916	81,470
<b>County C</b>	114,368	152,491	80,058	151,804	85,229	113,639	69,831	93,108
...								
<b>Age Adj Incidence</b>								
<b>County A</b>	30.89	32.99	38.78	94.81	196.63	352.42	746.48	1201.92
<b>County B</b>	34.29	36.62	43.05	105.24	218.26	391.19	828.59	1334.13
<b>County C</b>	27.96	29.86	35.10	85.80	177.95	318.94	675.56	1087.74



# New Cases

Ten Year Projections: Population and New Cancer Cases											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Population</b>											
Primary	39,674	39,971	39,973	40,200	39,981	39,761	39,806	39,851	39,897	39,942	39,987
Secondary	43,597	43,536	43,611	43,621	43,660	43,699	43,747	43,795	43,843	43,891	43,939
Tertiary	78,768	78,880	79,198	79,526	79,655	79,784	8,050	80,317	80,583	80,850	81,116
<b>Total</b>	<b>162,039</b>	<b>162,387</b>	<b>162,782</b>	<b>163,347</b>	<b>163,296</b>	<b>163,244</b>	<b>91,603</b>	<b>163,963</b>	<b>164,323</b>	<b>164,683</b>	<b>165,042</b>
<b>New Cases</b>											
Primary	180.3	181.6	181.6	182.7	181.7	180.7	180.9	181.1	181.3	181.5	181.7
Secondary	198.1	197.8	198.2	198.2	198.4	198.6	198.8	199.0	199.2	199.4	199.7
Tertiary	357.9	358.4	359.9	361.4	362.2	363.0	363.8	365.0	366.2	367.4	368.6
<b>Total</b>	<b>736.3</b>	<b>737.9</b>	<b>739.7</b>	<b>742.3</b>	<b>742.3</b>	<b>742.3</b>	<b>743.4</b>	<b>745.0</b>	<b>746.7</b>	<b>748.3</b>	<b>750.0</b>



# Population and Case Data

- US Census Bureau: [www.census.gov](http://www.census.gov)
- State/Local DOH
- NCI SEER data: [seer.cancer.gov](http://seer.cancer.gov)
- ACS data: [www.cancer.org](http://www.cancer.org)

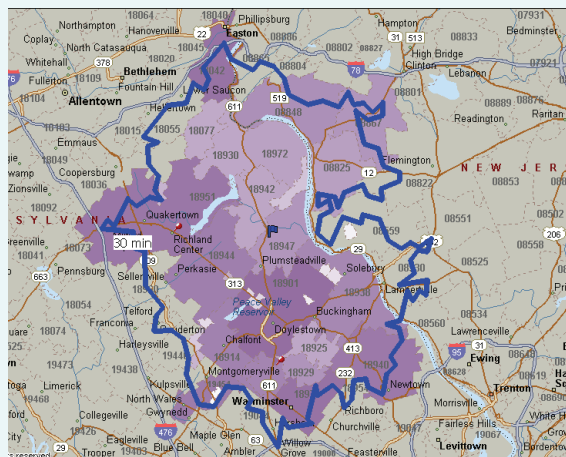


# Specific Demand

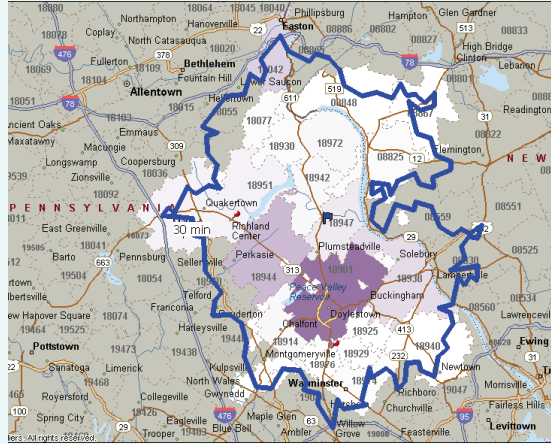
- Service mix
- Number of patients
  - ~ 75% need surgery
  - ~ 50% need medical oncology
  - ~ 60% need radiation oncology



# Case Map



## Share Map



## Profile the Competition

- Who are they?
- What do they offer?
- How well are they doing?



# Profiles

## Competitive Inventory/Technology Grid

<b>MEDICAL ONCOLOGY</b>					
Board certified (#) (heme and/or med onc)					
Bone marrow/Stem cell transplant					
Monoclonal antibodies					
Biologic Response Modifiers					
Vaccines – specify					
Other					



# Profiles (cont'd)

<b>RADIATION ONCOLOGY</b>					
Board certified (#)					
Linacs – any energy (#)					
Simulators (#)					
Dedicated CT (#)					
3-D planning					
3-D conformal therapy/MLC					
IMRT					
Brachytherapy: (specify, e.g. seeds)					
HDR					
Stereotactic radiosurgery					
Intraoperative electron beam					
Proton beam					
Gamma knife					
Radiofrequency ablation					
Other					



## Profiles (cont'd)

<b>SURGICAL ONCOLOGY</b>					
Gyn oncologist (#)					
Neuro oncologist (#)					
Urologic oncologist (#)					
Thoracic oncologist (#)					
H&N oncologist (#)					
Cryosurgery					
Endoscopy					
Laser surgery					
Photodynamic therapy					
Other					



## Profiles (cont'd)

<b>RADIOLOGIC IMAGING/INTERVENTION</b>					
Mammography (specify if digital)					
Ultrasound					
Computer aided detection (e.g R2)					
Nuclear Medicine					
MRI					
PET					
Stereotactic biopsy					
Teleradiology					
Electronic image storage					
Other					





## Profiles (cont'd)

<b>PATHOLOGY/LABORATORY</b>					
Cytopathology					
Flow cytometry					
Tumor markers					
Other					



## Profiles (cont'd)

<b>DEDICATED (ONCOLOGY-SPECIFIC)</b>					
Pharmacist (#)					
Dietitian/nutritionist (#)					
Enterostomal/wound therapist (#)					
Psychiatrist (#)					
Case manager (#)					
Social Worker (#)					
Pastoral care (#)					
Financial counselor (#)					



# Profiles (cont'd)

DEDICATED SERVICES/PROGRAMS					
O/P infusion and transfusion – hospital					
Dedicated i/p unit (# beds)					
Satellite clinics (note below sites and services)					
2nd opinion services – specify					
Genetic testing/Risk counseling					
Hospice/Respite					
Pain program					
Home chemotherapy					
Screening Services:					
Comprehensive (all cancers)					
Site-specific – specify					
Mobile					
Annual events					
Resource library					
Support groups					
Clinical research					
Cooperative groups – specify					
Pharmaceutical					
Cancer control					
Prevention					
Phase I-II					
Phase III-IV					



# Profiles (cont'd)

ACCREDITATIONS/AFFILIATIONS					
Academic affiliation – specify					
Residency/Fellowship in oncology related					
Amer. College of Radiology					
Amer. College of Surgeons					
Assoc. Community Cancer Ctrs.					



## Profiles (cont'd)

APC Number	APC Description	Total Payment	Number Patient Claims	Units of Service	Average Charge	Average Cost	Average Payment	National Average Charge
7043	Infliximab injection	\$2,164,688	896	38,640	\$188	\$36	\$56	\$173
80	Diagnostic Cardiac Catheterization	\$1,310,413	724	724	\$2,079	\$476	\$1,809	\$4,360
107	Insertion of Cardioverter-Defibrillator	\$1,199,785	72	72	\$3,049	\$699	\$16,663	\$8,263
301	Level II Radiation Therapy	\$838,852	683	7,269	\$419	\$85	\$115	\$521
332	Computerized Axial Tomography and Computerized Angiography without Contras	\$824,607	4,563	4,564	\$1,077	\$228	\$180	\$1,220
283	Computerized Axial Tomography with Contrast Material	\$787,113	3,124	3,124	\$1,233	\$261	\$251	\$1,445
260	Level I Plain Film Except Teeth	\$762,914	17,127	18,682	\$207	\$43	\$40	\$204
333	Computerized Axial Tomography and Computerized Angio w/o Contrast Material	\$754,130	2,521	2,521	\$1,365	\$289	\$299	\$1,725



## Profile Sources

- Membership organization listings
  - ACCC: [www.accc-cancer.org](http://www.accc-cancer.org)
- On-line web sites
  - ACS: [www.cancer.org](http://www.cancer.org)
- Purchased data
- Personal sleuthing



## Gaps & Opportunities

- Specific disease groups
  - Subspecialists
  - Specialty consult clinic
  - Specialized technology



## Gaps & Opportunities (cont'd)

- Complementary/supportive services
  - Navigators
  - Nutrition, psychosocial, etc.
  - High risk/genetics
  - Meditation, therapeutic massage, etc.



# Before You Commit

5 Year Pro-Forma							
	Investment	Year 1	Year 2	Year 3	Year 4	Year 5	5 Yr Total
<b>Gross Patient Services Revenue</b>							
Technical Services	\$ 2,100,000	\$ 2,205,000	\$ 2,315,250	\$ 2,431,013	\$ 2,552,563	\$ 2,682,604	\$ 11,603,826
Imaging Services	\$ 512,988	\$ 538,637	\$ 565,569	\$ 593,848	\$ 623,540	\$ 653,540	\$ 2,834,581
Professional Services	\$ 160,846	\$ 168,889	\$ 177,333	\$ 186,200	\$ 195,510	\$ 204,820	\$ 888,777
Research	\$ 67,385	\$ 70,754	\$ 74,292	\$ 78,006	\$ 81,907	\$ 85,812	\$ 372,343
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Deductions from Revenue	\$ 1,704,731	\$ 1,789,968	\$ 1,879,466	\$ 1,973,440	\$ 2,072,112	\$ 2,174,888	\$ 9,419,716
<b>Net Patient Service Revenue</b>	\$ 1,136,488	\$ 1,193,312	\$ 1,252,977	\$ 1,315,626	\$ 1,381,407	\$ 1,453,236	\$ 6,279,811
<b>Salaries, Wages, Benefits</b>							
Non-Physician Staff	\$ 497,520	\$ 497,520	\$ 562,520	\$ 562,520	\$ 562,520	\$ 562,520	\$ 2,682,600
Benefits	\$ 57,894	\$ 57,894	\$ 67,087	\$ 67,087	\$ 67,087	\$ 67,087	\$ 317,049
<b>Direct Expenses</b>							
Building/Occupancy	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 400,000
Marketing	\$ 20,000	\$ 20,000	\$ 10,000	\$ 8,000	\$ 5,000	\$ 5,000	\$ 63,000
Education	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 25,000
IT	\$ 38,520	\$ 46,224	\$ 53,158	\$ 58,474	\$ 61,397	\$ 64,321	\$ 257,773
Supplies	\$ 32,844	\$ 39,412	\$ 45,324	\$ 49,856	\$ 52,349	\$ 54,842	\$ 219,786
Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 2,300,000
<b>Total Direct Expenses</b>	\$ 1,191,778	\$ 1,206,051	\$ 1,283,089	\$ 1,290,937	\$ 1,290,937	\$ 1,293,353	\$ 6,265,208
<b>NET INCOME</b>	\$ (55,290)	\$ (12,739)	\$ (30,111)	\$ 24,689	\$ 88,054	\$ 152,120	\$ 14,603
<b>Cash Flow Adjustments</b>							
Plus: Depreciation	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 2,300,000
Less: Capital Start Up	\$ 2,300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Cash Flow, Total Cost, per Year</b>	\$ (2,300,000)	\$ 404,710	\$ 447,261	\$ 429,889	\$ 484,689	\$ 548,054	\$ 1,731,885
<b>Present Value of Cash Flow (Y1-Y5)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Present Value</b>	\$ -	\$ (568,115)	\$ -	\$ -	\$ -	\$ -	\$ -



# Know Your Sources

- Family medicine
- OB/Gyn
- Internal medicine
- Pulmonology
- Cardiology
- General surgery



## Finding a Niche

- Small community hospital ~ 1 hour from major metro area: thoracic surgeon
- Medium community hospital surrounded by big players: musculo-skeletal oncology surgeon
- Medium med onc practice with significant competition: pulmonologist
- Small med onc practice losing referrals to “famous” competitor: ethnic-focused approach



## Marketing Wisdom

- Keeping up with the Jones’
  - Won’t put you ahead unless you
    - Do it better and
    - Communicate it effectively
- Market wisely
  - Different messages and approaches for different audiences



## Two Secrets to Success

- Monitor on a regular basis
- Re-assess at least annually



## Questions & Answers



## Contact

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