

Strategic Case Study

Oncology Services Assessment

Situation



A large, regional health system initiates to position itself strategically to offer the community a wide breadth of community cancer care programming but encounters issues.

Successful physician alignment with numerous oncologists is critical to experiencing regional growth, sub-specialization, and strategic differentiation. This regional health system was hampered by a lack of economic and strategic alignment with a large group of independent medical oncologists which is a common issue in this sector. Although the physicians fully participated in select cancer center programs sponsored by the health system, the lack of practice integration created conflict and competitiveness across infusion services, growth initiatives, and care model innovation. Further, most of the care delivery in the community did not maximize available drug purchasing programs under eligible 340B programs which resulted in raising the overall cost of care in the community.

VMG Health Services Provided

- Growth Strategy & Development
- Value-Based Care Consulting
- Business Valuation
- Provider Compensation Valuation
- Real Estate Valuation
- Reimbursement Consulting/ Black Box Analysis

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Solutions



The regional health system retained VMG Health to perform a comprehensive service line assessment and recommend potential strategic affiliation options for the health system's consideration and the independent medical oncology practice's consideration. VMG Health completed various analytical frameworks to evaluate affiliation opportunities, including capacity planning, retail pharmacy sufficiency, value-based care and ACO waiver eligibility, combined growth opportunities, business combination models, and 340B cost savings.

Upon selection of a preferred practice affiliation model by the independent group practice and the health system, VMG Health completed several independent valuations connected to business enterprise value, provider compensation, assets, and value-based compensation programming.

Success



The parties signed a definitive agreement setting forth a plan for business combination and development of a single medical oncology group practice structure. A Professional Services Agreement (PSA) is the primary transaction vehicle to support the business combination strategy. The overall affiliation framework provides opportunities for community oncology providers to subspecialize, grow, and be remunerated for high-value care delivery. The regional health system has achieved greater scale to support growth and investment, full economic alignment across its oncology service, and an engaged group of providers co-leading medical administrative functions.



VMG Health can provide an assessment of your current situation and offer potential options for a course of action.