

Executive Guide:

Top 5 Risks to Your Lab & Proven Ways to Achieve Success

While 2015 marked a year of monumental change in healthcare, the wild ride shows no signs of slowing down in 2016. This expanded executive guide outlines some of the most pressing risks currently facing labs, as well as real-life stories and action plans to help innovative organizations take the first steps towards success and growth in 2016.

Risk #1: Treating Every Client the Same

Healthcare is a service-first industry, and this will never change. What has changed, however, is that the same clients you may have worked with for years now expect an entirely new level of attention from your team. Hospitals, health systems, and providers are under mounting pressure to provide each stakeholder with personalized service, which in turn puts pressure on labs to deliver the same individualized attention to provider clients. Ignoring this massive shift in client expectations is a sure step to an early retirement.

Personalizing the healthcare experience is the new goal of all healthcare providers. Too often, small issues slip through the cracks, turning in to large problems down the road.

Real-Life Success Story

North Memorial Health Care (NMHC), a leading clinical and pathology lab located in Robbinsdale, MN, realized that in order to keep up with healthcare's shift from volume to value, they needed to address internal processes first. North Memorial activated a healthcare-specific technology solution that enabled them to drill into the root cause of client issues and proactively implement personalized action plans for at-risk clients across their organization. Within 10 days of activating their new solution, NMHC Customer Services logged a client complaint and assigned it to the correct supervisor for follow-up. The supervisor did his due diligence, appropriately logged the issue, and marked the client at-risk before their quarterly review meeting. NMHC went in to the meeting with a client at-risk and came out with a client reference, saving a \$150,000 account in the first month of their strategic action plan.

Risk #2: Focusing on Surviving, Not Thriving

Everyone is now aware of the massive reimbursement changes wreaking havoc across the industry. Yet too often, these changes lead to spur-of-the-moment operational adjustments driven by panic. In order for labs to create a lasting, sustainable growth plan, they must confidently make decisions that support long-term objectives. While shaving down costs may be a logical step for some, leading laboratories that

aim to thrive will make the appropriate investments in technology, human capital, and education to propel their business forward.

Setting a lab up for long-term growth means implementing sustainable and scalable processes across the organization. It also requires taking a step back from the action and assessing current workflows, looking for areas of inefficiency that may require revision or elimination all together.

Real-Life Success Story

One of the largest clinical laboratories in the world, with locations across the U.S., Europe, and the Pacific, faced this same dilemma. The lab activated an organization-wide platform to facilitate communication and collaboration, unify provider profiles around the world, and set clear benchmarking expectations on a global scale.

Breaking down these silos enabled the lab to identify what esoteric tests each provider sent to rival laboratories, and map those tests to organization-owned labs in the area. The lab put a process in place of sending high-dollar tests to in-network labs, saving millions of dollars over the years.

Risk #3: Falling Victim to Data Silos

Labs are no doubt flush with data. The typical lab has upwards of five systems, each housing various fragments that make it impossible to instantly access a holistic view of each provider. The strain of these data siloes shows up in wasted resources – including time, money, and people. Client interactions get logged on post-it notes to avoid the slog of systems; weeks are spent manually compiling reports. The end result is that strained client relationships progress to “crisis mode” because too much time transpires while hunting down data. Gaining a unified, real-time, and transparent view across IT solutions and various departments is the foundation for delivering consistent, personalized service to each client.

Real-Life Success Story

Having access to a holistic view of all patient and provider data sets an entire organization up for success. Alere Toxicology is one of the fastest-growing toxicology laboratories in the world, but their rapid expansion and multiple acquisitions left the lab with several different LIS, billing, and clinical systems in play.

Integrating these systems into one holistic location, eliminating duplicative records, and streamlining data entry workflows made life easier for employees across Alere. Client Services can now pinpoint at-risk clients from anomalies in their organization profiles. Executives are afforded with a global, real-time view of operations, allowing them to confidently make decisions throughout the organization. And Alere's

Operations team can associate all tests back to correct billing records without manual work, allowing them to process over 90,000 transactions with zero errors in a span of 3 days.

Risk #4: Running Your Business In Arrears

In the highly competitive lab space, it's astonishing that client issues often go unresolved for months. That's because many labs conduct operational reviews only once or twice each quarter. By the time issues are uncovered, the client may have already taken its business elsewhere. To provide prompt, individualized service to each provider, labs must collapse the issue tracking and resolution cycle. Team members must gain immediate access to all client communications and activities. Understanding business performance in real-time, with up-to-the-moment analytics and dashboards, enables labs to make decisions based on data, not assumptions. Building a metrics-based foundation for your organization is a fundamental building block of a winning 2016 strategy.

Real-Life Success Story

Sometimes, establishing the strategic foundation of proactive business decision-making means overhauling outdated, antiquated processes. One of the world's largest and most established reference labs, located in Cleveland, OH, understood that addressing the root cause of operational challenges meant creating a standard baseline of client service expectations throughout their network of labs.

Using an industry-leading CRM built specifically for the healthcare space, the lab was able to unveil proactive service guidelines that resulted in better results – without more resources. The Client Services team also implemented marketing campaigns designed to notify providers in real-time about test changes and critical results, making the lab indispensable to their clients. Having a proactive process in place allows the lab to address problems head on – sometimes even before the client knows there is an issue – drastically reducing the resolution cycle.

Risk #5: Ignoring the Patient

Most labs utilize numerous systems designed to better manage their relationships with physicians. But what about optimizing relationships with patients? Only a handful of innovative labs have created an Enterprise Master Patient Index (EMPI), which tracks patients throughout the continuum of care and ensures that a specific individual receives the right treatment based on his or her test results. Additionally, with the rise of high deductible health plans, now is a critical time for laboratories to proactively manage their billing processes – which oftentimes means collecting fees directly from patients. With the intelligence gleaned from an EMPI, labs that may otherwise write off millions of dollars each year in

uncollected testing fees are able to identify patients with unpaid bills and proactively direct these patients to finance personnel upon their arrival to the laboratory.

Real-Life Success Story

Data-focused laboratories have the ability to focus on the patient through indicators such as critical results, necessary re-draws, or billing issues. St. Vincent Seton Specialty Hospital, an acute, long-term hospital laboratory, realized that focusing on the patient was the easiest way to provide long-term value to their provider clients. St. Vincent rolled out a process to educate physicians and providers with the knowledge to order the right tests at the right time – reducing unnecessary or repetitive testing.

With up-to-the-moment analytics available via their healthcare relationship management platform, St. Vincent is able to track which physicians order repetitive tests despite normal results, which were order the highest number of unnecessary tests, and which order the highest number of unreimbursed tests. Tracking these critical metrics, and engaging with physicians to change their ordering behaviors, resulted in St. Vincent reducing unnecessary testing by over 6.5%. This reduction means lower operating costs, lower FTE expenses, and increased patient satisfaction.

Perspectives From the Experts:

Robert Michel, *Editor-in-Chief, The Dark Report*

“One major risk for clinical laboratories in 2016 is failure to understand the pace at which reimbursement will move from primarily fee-for-service to primarily value-based and budgeted reimbursement. It is essential that labs recognize this dynamic in the healthcare marketplace and have both financial and clinical strategies in place to deliver lab testing services that add value to patients, physicians, and payers. It is true that this transition away from fee-for-service will take several more years. It is equally true that it will take time for clinical labs to create and implement new value-added services that meet the needs of integrated clinical care and personalized medicine.”



Rick Cooper, *Manager, McDonald Hopkins Healthcare Practice*

"I think the greatest risk for a lab is that it is viewed as a commodity and not as a critical asset in the healthcare system as it evolves. A successful lab will have one or more distinguishing capabilities such as a unique proprietary test, a strong ability to collect, collate, analyze and distribute actionable data to different end users, a strong and preservable geographic



position, a scope of services and geographic coverage that distinguishes it in the marketplace or demonstrably higher quality and cost effective services."

Brad Bostic, *Founder & CEO, hc1.com*

"If there's one thing that healthcare executives learned in 2015, it's that the industry isn't for the faint of heart. From value-based care to increased transparency for patients, the very nature of how healthcare is being delivered and what patients expect is rocking the industry to its core. With 2016 will come more disruption as leading healthcare organizations use cloud technology to transform vast amounts of data into insight and action leaving behind the antiquated, reactive healthcare status quo. Those who understand the role that data will play in healthcare, and take steps to harness the vast amounts of data available, will find that they are positioned to compete and win for decades to come."



Jondavid Klipp, *Publisher, Laboratory Economics*

"Lab test claim denials and underpayments are rising, especially for molecular tests and advanced pathology services. The ability to submit clean claims and monitor and follow-up on denied or underpaid claims, which has always been a challenge, has become even more critical to lab success."



Conclusion

2016 will undoubtedly bring more change and challenges for the laboratory industry. There has never been a more critical time for labs to take the steps necessary to build the foundation for lasting growth. Follow **@hc1_HRM** on Twitter for more strategies and solutions from some of the country's most innovative healthcare organizations.