



# 3 CRITICAL RULES **FOR SURVIVING** **IN 2017**

YOUR LAB'S GUIDE TO THRIVING IN  
TODAY'S HEALTHCARE LANDSCAPE

3 CRITICAL RULES FOR SURVIVING IN 2017

# Introduction



It is no surprise that healthcare is in a state of flux. 2016 was a year of ongoing change, and there is more pressure than ever on the industry to meet the demands of savvy consumers while balancing new regulations. For laboratories, these changes have resulted in an overwhelming need to do more with less while finding new ways to grow.

## **The simple facts are that:**

- According to Modern Healthcare, new CMS rules may cut almost \$5.4 billion in lab test fees over the next 20 years.
- The Protecting Access to Medicare Act (PAMA) and Medicare Access and CHIP Reauthorization Act (MACRA) will further drive down lab test prices.

With less revenue coming from reimbursements and more consumers footing the bill for diagnostic testing, counterbalancing lost revenue while better serving providers and patients is not optional – it is a must. The good news is that the typical lab houses an abundance of clinical and business data that has become the foundation for thriving in 2017 and beyond.

A renewed dependence on technology means that it's now easier than ever for labs to unlock the power of this data and in turn embrace the “new rules” for survival. This whitepaper explores three critical rules innovative laboratories must take into account to combat these drastic changes and take proactive steps towards thriving in 2017 and beyond.

### 3 CRITICAL RULES FOR SURVIVING IN 2017

## Rule #1: Cutting Costs by Precisely Understanding Workflows



While it's easy to jump the gun on cost cutting by blindly laying off FTE's, these types of 'quick fixes' often backfire, creating service issues that only exacerbate underlying problems.

The new rule for cost cutting requires labs to understand their workflows in minute detail in order to identify precisely where changes need to be made. For today's labs, so much time is spent gathering data, receiving incoming calls, and searching through paper records that it can be a stretch to even make it to actual operational tasks.

Additionally, while a lab may already employ several systems such as LIS, billing, and case tracking solutions, the challenge lies in unifying this data to uncover trends and challenges in real-time.

For example, tracking workload volume and turnaround times by the hour and day of the week allows lab directors to accurately visualize the busiest times for business. Staffing directors can then use this data to increase FTEs during peak hours or when turnaround times are lacking. Rearranging FTE hours streamlines internal processes and increases efficiency across the entire team.

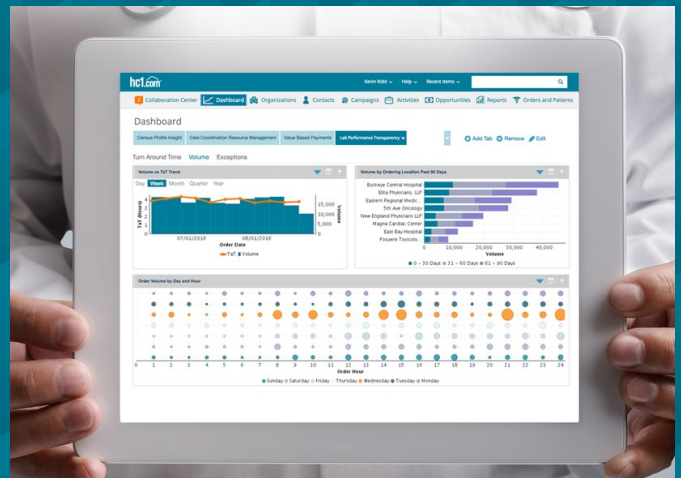
Lab-specific CRM solutions make it possible for labs to:

- Integrate various data – including both clinical and business data – into a single location.
- Automate and streamline everyday internal process.
- Quickly visualize where operational breakdowns are occurring.



## BEFORE

Lab data is scattered across endless silos



## AFTER

Act upon a holistic, real-time view of your workflow

By pinpointing specific areas of improvement and focus, more can be accomplished and with fewer resources. If, in fact, a lab sees that overstaffing occurs or that redundant work is taking place, clear staffing decisions can be executed rather than blind guesswork.

### REAL-WORLD EXAMPLE: How Cleveland Clinic Overhauled Workflows and Reduced Issue Resolution Time by 60%

At Cleveland Clinic Laboratories, critical and urgent test reporting was spread across ten separate laboratory campuses, resulting in communication silos. Laboratory leaders knew the only way to decrease turnaround time and issue resolution time was to optimize critical workflows across the entire organization.

**BEFORE:** Disconnected test reporting throughout the entire Cleveland Clinic Laboratory organization resulted in time-consuming issue management processes and follow up.

**AFTER:** By streamlining these processes into a lab-specific CRM platform, Cleveland Clinic Laboratories has increased transparency, accuracy, and compliance across all locations. As a result, issue resolution time on a single case has decreased from an average of 15 hours to just 5 hours.



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## Rule #2: Automating Quality & Utilization Management

CLIA-certified labs are not strangers to the ongoing quality inspections required to remain in operation. It is not uncommon for labs to shut down any initiatives outside of its core testing processes for a few months prior to an inspection in order to gather and report on key performance indicators (KPIs).

Bottlenecks often occur when IT resources or analysts are called in to sift through the immense amounts of data produced by labs to come up with usable reports and metrics.

These ‘hindsight’ metrics often include:

- Total number of resolved customer issues
- Average time-to-resolution
- Overall policy adherence
- Clearly documented defect occurrences

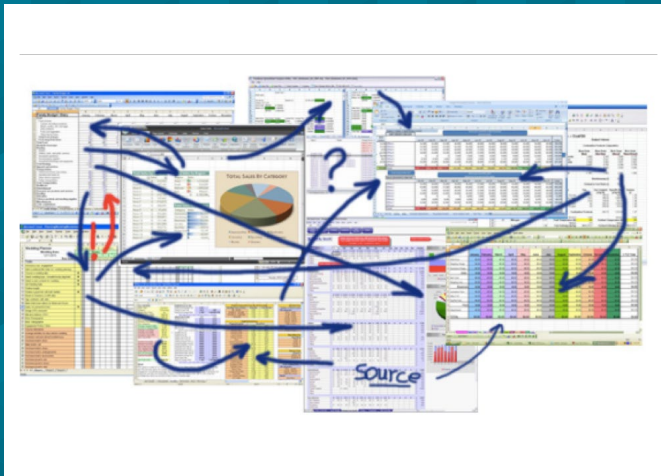
Rather than relying on time-consuming, manual processes in order to understand lagging KPIs, a lab-specific CRM can automatically translate data into insight and trends that are available via real-time dashboards. Additionally, it is possible to then take immediate action based on any findings and track those actions within the lab-specific CRM so that all stakeholders are able to view exactly what steps are being taken to tackle the issue.

Now, instead of sifting through large data files or stagnant Excel sheets, quality managers can quickly export real-time trend reports. These dashboards can help labs streamline documentation processes across departments, proactively track issues and red flag events, and increase efficiency and productivity. Labs are now armed with the data necessary to plan for and pass regulatory events or inspections – without needing to put other aspects of business on hold.

Another significant aspect of quality is reducing operational waste. According to Harvard Business Review, clinical waste accounted for over 14% of total healthcare spending in 2015 – spending that could be easily reduced with cost-effective processes or procedures. Utilization is a strategy that many labs know they should embrace but are unsure where to start.

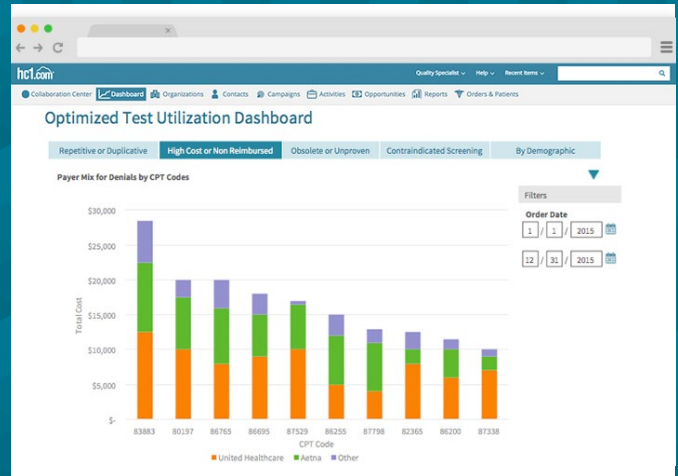
Utilization practices measure over-utilized, under-utilized, antiquated, or unreimbursed tests to guide labs and their ordering physicians towards new ordering practices. This helps cut back on sub-optimal ordering, instead delivering the right test to the right patient at the right time.

For example, test and blood utilization practices can have a dramatic impact on the overall patient experience. When patients have to be called in again and again for multiple tests and draws, the patient sentiment drastically dips. Using real-time utilization insight, laboratories can educate providers on an individual level, establishing themselves as an accredited, valued partner to physician clients.



## BEFORE

Key metrics are buried in dozens of manual reports



## AFTER

Visualize up-to-the-minute performance metrics

### REAL-WORLD EXAMPLE: How Sonora Quest Labs Eliminated 4 Hours a Day in Performance Report Work While Optimizing Utilization Practices

For Sonora Quest Laboratories (SQL), a Quest JVL located in Arizona, lab leaders knew that in order to provide the highest level of service to their clients they had to embrace new business practices.

**BEFORE:** Data had to be manually entered, retrieved, analyzed, and distributed across multiple platforms and solutions – resulting in hours of work. Clients were ordering duplicate tests and stand-alone assays instead of pre-defined screens, resulting in high volumes of under-reimbursed tests.

**AFTER:** SQL ingested multiple data sources into their healthcare-specific CRM to create detailed, real-time dashboards. This visibility has enabled SQL to reduce the labor necessary to pull their daily performance report from 5 hours a day to just 45 minutes a day, increasing overall employee efficiency by 85%. These holistic dashboards have also been instrumental in tracking provider ordering patterns and utilization metrics. SQL was able to identify providers with the highest under-reimbursed test volume and work with these accounts individually to educate them on more cost-effective test ordering processes.

With automated processes and procedures in place, labs can finally focus on critical quality checks and important workflows. With sophisticated test utilization measures in place, labs can truly establish themselves as credible partners to their physician and patient clients.

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## Rule #3: Boost Reimbursements with Real-Time Analytics



There are two ways laboratories can approach declining reimbursement rates:

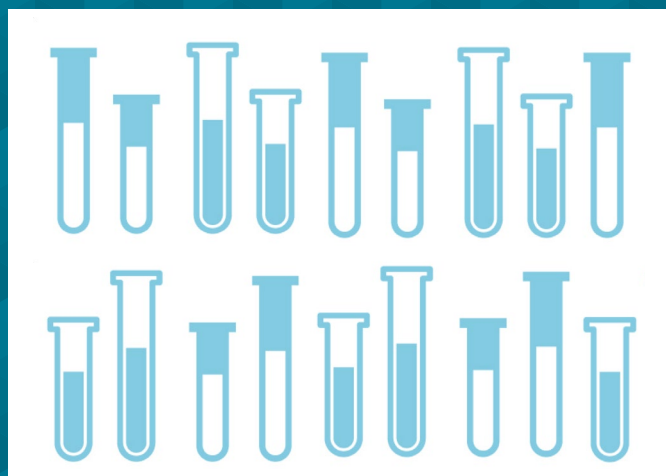
1. Watch helplessly while trying to reactively build a client base or patch holes in faulty processes.
2. Proactively use data-backed analytics to maximize the reimbursements coming in from existing accounts.

Sometimes it seems as though insurance payors spend a majority of their time figuring out how not to pay for tests. Many labs now know exactly which tests will never be reimbursed. So why do some labs still let their providers order these tests?

Maximizing reimbursements is possible by:

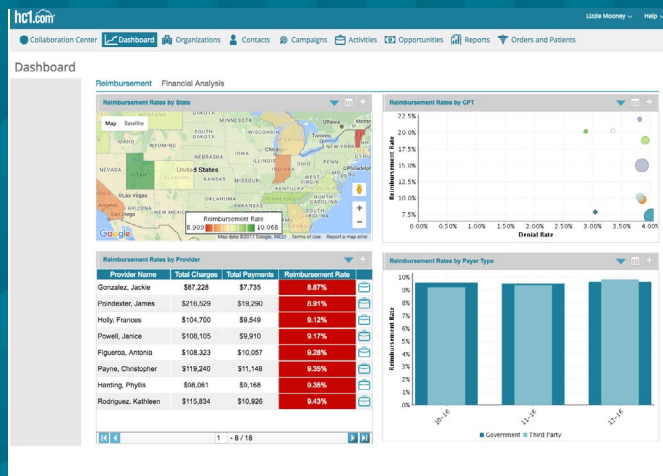
- Visualizing metrics such as overall reimbursed test volume, which physicians are ordering which tests, and the frequency of unreimbursed tests. A lab-specific CRM can bring this data to life and represent it using real-time analytics and dashboards.
- Communicating with and educating providers around which tests to order in which situations, effectively eliminating unreimbursed tests.
- Flagging errors in real-time and assigning actionable follow-up so the appropriate lab stakeholder can intervene before it's too late.

Sometimes the problem may lie with incorrect coding or labeling of tests. This is a quick fix, but only if the error is caught early on. Labs can leverage analytics to automatically flag critical errors that need attention. This gives employees the resources necessary to quickly reach out to physicians, explain the problem, and come to a resolution.



## BEFORE

Disconnect between tests ordered and reimbursements



## AFTER

See exactly where to impact provider behavior and boost reimbursement rates

Another area where reimbursements can be recovered is genetic testing. Modern genetic tests are notoriously expensive and, although they uncover an amazing amount of patient and genomic data, these tests influence treatment plans very little. It's easy for physicians to accidentally fall into the habit of ordering these high-cost tests as a 'catch all' option, and labs can use this knowledge to establish themselves as value-based consultative partners to their physician clients.

### REAL-WORLD EXAMPLE: How Incyte Dx Increased Reimbursement Rates By Leveraging Data-Backed Reports

Decision makers at Incyte Diagnostics, a leading clinical pathology laboratory out of Spokane, WA, realized that the only way to proactively combat nation-wide reductions in reimbursement rates was to put ordering and reimbursement data into the payors' hands.

**BEFORE:** Ordering physicians were sending unnecessary, antiquated tests that were costing the lab – and the physicians – an immense amount of money.

**AFTER:** Incyte used the actionable reports housed in their healthcare-specific CRM to identify areas of overutilization. Reps worked directly with ordering physicians to train and educate on new, efficient ordering processes. Armed with data and documentation, Incyte delivered up-to-the-moment reports outlining this training and education to their top payors. Incyte's insurance providers worked directly with the internal team to retroactively authorize reimbursements and payments – creating a new process for reimbursements across the entire lab.

The key for any lab seeking to maximize reimbursements is to be proactive, not reactive. Labs now have the technology available to instantly identify where errors or areas of missed opportunity are occurring and take action accordingly.





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## Final Thoughts

As laboratories look for ways to grow and thrive in 2017, these 'new rules' are the foundation for building a profitable business that is capable of operating at the highest level. While reimbursement slashes and government regulations continue to create an upward battle for clinical and pathology labs, it is possible to make it through to the other side by using real-time knowledge to build stronger provider relationships.

Cutting costs, automating internal quality processes, and maximizing incoming reimbursements are all ways labs can take proactive steps in the right direction. The right technology is a critical aspect of the success equation. Lab-specific CRM enables each department to take the guesswork out of decision-making.

You can continue reading how Cleveland Clinic, Sonora Quest, and Incyte Dx have all started down this road to success at <https://www.hc1.com/resources/case-studies/>.

### The Lab-Specific CRM Used by Cleveland Clinic, Sonora Quest, and Incyte Dx:

hc1.com – The #1 Healthcare CRM

hc1.com enables health systems, diagnostic labs, post acute care, and ancillary service providers to personalize the healthcare experience for patients and providers throughout the entire care journey. hc1 has been adopted across more than 1,000 locations around the globe and has processed over 2.5 billion clinical transactions to date, generating more than 90 million consumer profiles enabling a five star service experience for industry leaders including Cleveland Clinic, Alere, Sonic Healthcare and AmeriPath. The company has received accolades from [Gartner Research](#), was named "[Best Healthcare CRM](#)" by Frost & Sullivan, and was featured in the KLAS Healthcare CRM Report 2016. To learn more about hc1, please visit [www.hc1.com](http://www.hc1.com) and follow on Twitter [@hc1\\_HRM](#), [LinkedIn](#), and [Facebook](#).