

Outreach Case Study 1

Overview

- Three-hospital, not-for profit health system
- 15 pathologists supporting the CP outreach program
- Opportunity with large, multi-specialty physician groups to capture both CP and AP business currently referred to Quest
- Total estimated market potential of \$89 million

Key Challenges

- Limited space for pre-analytical functions
- Minimal EMR integration between the lab LIS and physician offices
- Billing through hospital billing system
- Inability to determine outreach revenues and generate financial reports necessary to manage the business

SWOT Analysis

Strengths

- High-quality lab services
- Senior leadership support
- Pathologists' specialized expertise
- Experienced sales professional

Weaknesses

- Lack of business plan
- Space constraints
- Limited access to electronic data
- No outreach billing

Opportunities

- Lucrative physician-office market
- Consolidated outreach operations
- Up sell existing clients
- Leverage pathology clients to gain Clinical business

Threats

- Attrition of existing business
- Increasing competition
- Satisfaction with current lab
- Internal indecisiveness

Recommendations

- Pathologists contribute to the business plan development of the laboratory outreach program
- Build on the synergistic relationship between the pathologists and medical staff to increase awareness and promote the value of the outreach program
- Highlight CP- and AP-specialized testing and expertise to capture new business.
- Pathologists actively participate with laboratory sales representatives in new account strategy development and sales calls.
- Promote superior quality testing and competitive turnaround time to secure existing and gain new accounts.
- Leverage AP business relationships with multi-specialty groups to capture business referred to competing labs.
- Capitalize on excess capacity in both clinical and anatomic pathology testing to accommodate increasing volumes through upselling existing clients and bringing on new client accounts

Outreach Case Study 2

Overview

- Three-hospital health system with physician office buildings and clinics
- Three separate pathology groups practicing at each hospital

Hospital	Current Situation	Pathology Group	Current Situation
A	No CP outreach	A	Withdrew from outreach after losing large account to a national lab
B	CP outreach in immediate campus market	B	Engaged in AP outreach
C	CP outreach in immediate campus market	C	No AP outreach

Key Challenges

- Design and build an outreach program at the system level for CP
- Lack of consensus among the pathology groups to support the system outreach initiative

Outcome

- Path group A was keenly supportive and eager to partner with the clinical lab.
- Path group B was initially in favor of a system level program but feared it might disrupt current outreach business. This group became a silent antagonist to the overall venture.
- Path group C saw little immediate benefit and withdrew to its hospital-only practice.
- The system-level outreach program lost momentum and may end up as separate outreach programs at two different hospitals, with one hospital not pursuing outreach at all.

Lessons to Be Learned

- The leadership and involvement from pathologists in hospital-based outreach programs is critical to success.
- Pathologists practicing in different pathology groups within a single health system need to find ways to cooperate with each other and ways to support system-level business development.
- Local pathologists provide an important component of the value proposition developed by hospital-based CP outreach programs.
- CP outreach growth can capitalize on AP outreach client relationships and success; the reverse is also true.
- The natural synergies between CP and AP outreach operations can be exploited to lower the cost of operations.

Outreach Case Study

Overview:

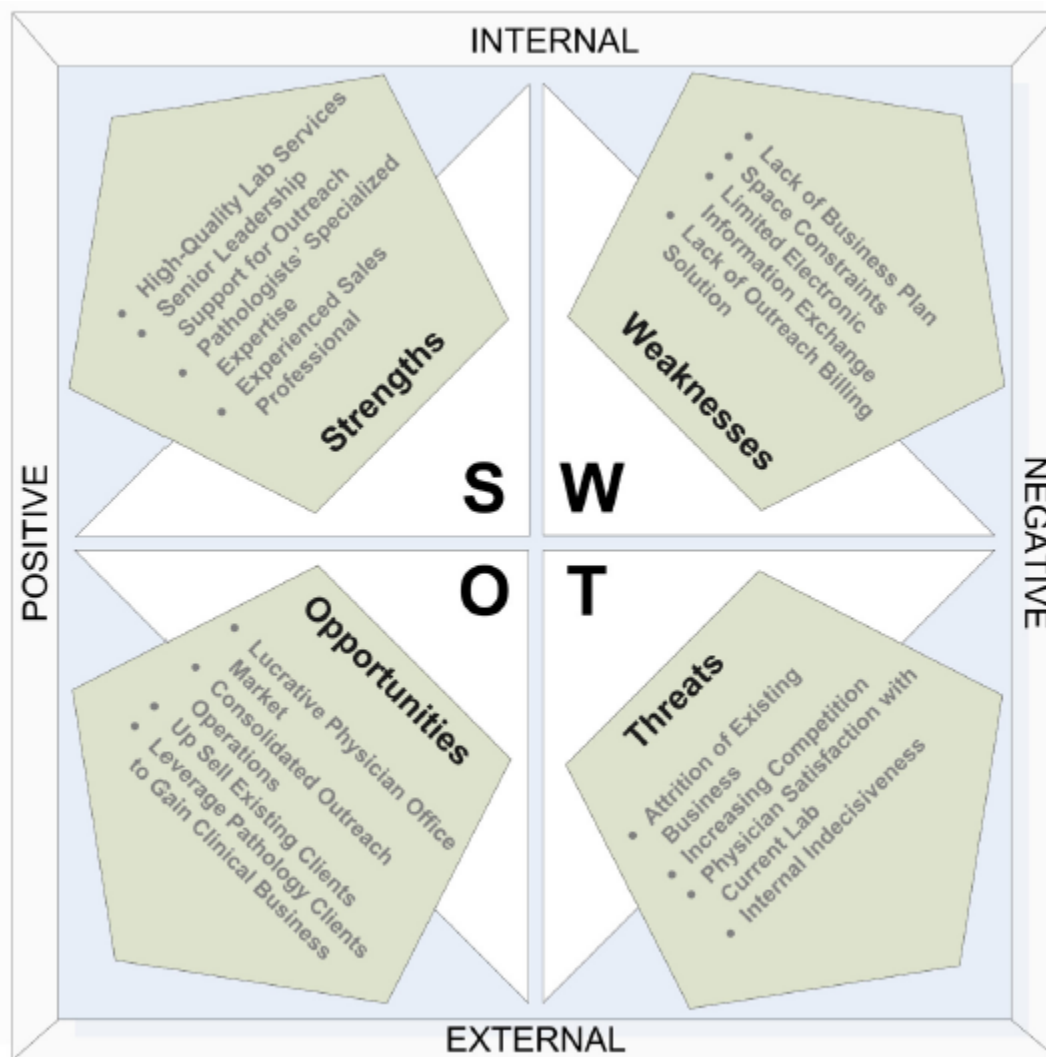
The Outreach Program is part of a three-hospital, not-for-profit health system. Currently, the system services a 75-mile radius around a metropolitan service area in Illinois. Associated primarily with the largest hospital, fifteen pathologists are engaged and supportive of the Clinical Laboratory Outreach Program.

The health system benefits from a centralized location and enjoys a reputation for high quality routine and esoteric testing. There is significant opportunity with large multi-specialty physician group practices to capture both CP and AP business currently referred to Quest.

The total estimated market potential is \$89 million.

SWOT Analysis:

The largest hospital in the system has an established CP Outreach Program with the intent to develop AP outreach. Annual net revenue for the Outreach Program is \$13 million, or 15% of the estimated market. An analysis of strengths, weaknesses, opportunities and threats reveals the following:



Key Challenges:

While the main lab is highly productive and has capacity for additional test volumes, the space for front end processing and specimen distribution is cramped with little additional space for an increasing work load. In addition, the grossing area is dangerously overcrowded and poorly ventilated.

The opportunity exists to move outreach operations offsite but development of a Space Utilization Plan is necessary for moving specimen receiving, processing, Cytology and Histology out of the main facility.

There is limited EMR integration between the Laboratory LIS and physician offices. In addition, the extended timeline for deployment of new interfaces threatens existing business and new business opportunities.

Outreach related business is currently billed through the hospital billing system. As a result, outreach revenues cannot be specifically determined, nor is there the capability to gain access to financial reports necessary to manage the business

Analyses:

Laboratory leadership, along with the pathology group, engaged consultants to conduct a Market Opportunity Assessment to determine revenue opportunity, service preferences and satisfaction levels within the 75-mile service area. After gaining an understanding of the external environment and competitive challenges, an Outreach Infrastructure Evaluation was performed to identify operational strengths and weaknesses, as well as any potential problem areas for the health system in pursuing CP/AP outreach operations.

Outreach Business Plan:

Develop a Vision Statement for the Outreach Program and create an outreach-specific business plan to include the following elements:

- Organizational structure
- Market opportunity assessment
- Findings of the SWOT analysis
- Gap analysis
- Marketing strategy and plan for implementation
- Fee schedules and pricing strategies
- Sales targets, territories and projections
- Service development plans
- Specimen collection, transportation and logistics plans
- Patient service center model with financial analysis
- Specimen processing operations
- IT solutions and support
- Billing policies and procedures

- Financial projections and ROI analysis

Outreach Operations to Date:

Space in an offsite location is under consideration for moving front end processes, Histology and Cytology out of the main laboratory. There are logistical challenges to be resolved in the short term, with the downstream advantage of creating much needed space in the main laboratory for improved work flow throughout the laboratory and the ability to effectively manage increasing test volumes.

Electronic order entry and result reporting is accomplished through 4Medica. There is a system-wide initiative underway to develop bi-directional interfaces with additional practice management systems and electronic medical record systems. Additionally, there is dedicated IT resource for the laboratory as well as a capital budget of \$150,000 for interface development.

The Outreach Program currently continues to use the hospital billing system. However, there is interest with senior team leaders to research billing vendors with the capability to manage billing and collections for the Outreach Program. Currently, the write-off amount is established at less than or equal to \$50. The goal is to drive that amount down to \$25.

Recommendations:

- Pathologists contribute to the business plan development of the Laboratory Outreach Program
- Build on the synergistic relationship between the pathologists and medical staff to increase awareness and promote the value of the Outreach Program
- Highlight CP and AP specialized testing and expertise to capture new business
- Pathologists actively participate with laboratory sales representatives in new account strategy development and sales calls
- Promote superior quality testing and competitive turn-around time to secure existing and gain new accounts
- Leverage AP business relationships with multi-specialty groups to capture business referred to competing labs
- Capitalize on excess capacity in both clinical and anatomic pathology testing to accommodate increasing volumes through upselling existing clients and bringing on new client accounts

Outreach Case Study 2

Multi-facility health system located in the mid-Atlantic region. Six hospitals with multiple hospital-sponsored physician office buildings and clinics. Three pathology groups practicing in the hospital system with only one group (Path Group B) engaged in AP outreach. Hospital B and Hospital C operate clinical lab outreach, but only in their immediate campus markets. The outreach potential for all three pathology groups is significant.

Historically a second pathology group (Path Group A) operated a moderately successful outreach business capturing a good market share of pap testing, but very few tissue biopsy specimens. Sales were made by a contracted medical sales firm. The pathology group contracted with a local courier service to transport specimens and reported results via faxed reports. A cytologist was employed by the pathologists while processing of pap tests was completed by hospital histotechs. Billing was completed by a private billing service. After a decade of operation the pathology group withdrew from the outreach market after the loss of a large account to a national commercial lab. Hospital A does not operate an outreach program for clinical pathology.

The health system laboratories have been challenged to design and build an outreach program as a single system-level operation for clinical pathology. The leaders of the laboratories have formed a steering committee and have worked to involve pathologists from all three pathology practices in the development of the venture. Early on in discussions the hospital and lab leaders recognized the importance of their local pathologists in developing a strong value proposition and full-ranging competitive services. The pathologists initially showed at least curious interest and support for the discussions.

As the CP program took shape Path Group A was keenly supportive having seen the positive results of outreach and also having lost their business in the past. They have been eager to partner with the clinical lab in order to simplify some of the logistical issues from their past efforts and share in the costs.

Path Group B was initially in favor of the system-level concept, but as the discussions developed became reticent to partner with the new venture because they feared it might disrupt their current outreach business. They became a silent antagonist to the overall venture.

Path Group C began to see little immediate benefit to their practice and did not wish to invest any extra time in the outreach initiative. They ultimately withdrew back to their hospital-only practice.

The system-level outreach program has lost a great deal of momentum and may end up as separate outreach programs at two different hospitals with one hospital not pursuing outreach at all.

Lessons to be learned:

- The leadership and involvement from pathologists in hospital-based outreach programs is critical to success.

- Pathologists practicing in different pathology groups within a single health system need to find ways to cooperate with each other and ways to support system-level business development.
- Local pathologists provide an important component of the value proposition developed by hospital-based CP outreach programs.
- CP outreach growth can capitalize on AP outreach client relationships and success as well as the reverse.
- The natural synergies between CP and AP outreach operations can be exploited and lower the cost of operations.