



Strengthen Financial Performance: Start with Lab Outreach

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- Challenges Hospitals are Facing
- Building a Foundation for Sharing Health Information
- Hospital / Physician Outreach
- ROI for Hospital / Physician Outreach
- Questions

Challenges Hospitals are Facing

- Declining hospital admissions and reimbursements

Year	Inpatient Admissions in Community Hospitals	Total Inpatient Days in Community Hospitals	Inpatient Surgeries
2008	35,760,750	196,078,468	10,105,156
2009	35,527,377	192,656,804	10,100,980
2010	35,149,427	189,593,349	9,954,821
2011	34,843,085	187,072,013	9,638,467

Year	Percent Change in National Expenditures for Hospital Care
2008	5.3%
2009	6.7%
2010	4.9%
2011	4.3%

Source: American Hospital Association 2013 Chart book. <http://www.aha.org/research/reports/tw/chartbook/index.shtml>

- Rise in consolidation of practices - **Competition for physician mindshare** (Accenture is predicting that by end of 2013, 1/3rd of U.S. doctors would be truly independent – a decline from 57% in 2000)¹

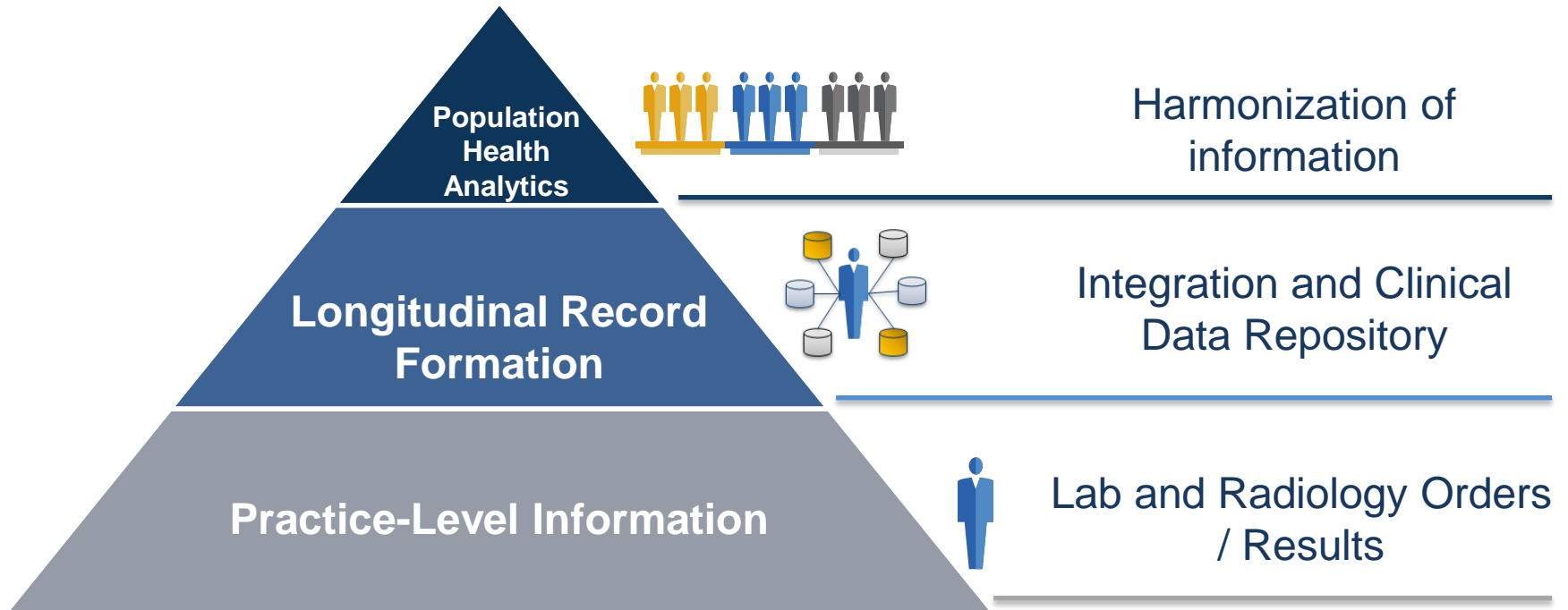
- Horizontal Consolidation: Practices of same specialty banding together for economies of scale and to forestall competition
- Vertical Consolidation: Different industry segments forming financial and clinical affiliations to seek potential efficiency gains like hospitals buying physician practices or hiring physicians; physicians affiliating with insurers; and formation of ACOs

¹Suzanne M. Kirchoff. "Physician Practices: Background, Organization, and Market Consolidation." *CRS Report for Congress*, # 7-5700 (Jan. 2, 2013).

- Need to support new payment models – Participate in ACOs
 - The number of ACOs has almost tripled to 488 since 2011 – increasing from 146 during that timeframe¹
 - Three high-level ACO requirements are:
 - Enable Patient Engagement
 - Report on Quality and Cost Measures
 - Promote coordination of care
 - According to Black Book Rankings survey, the ACO data requirements costs vary from \$1 million to \$4 million before launching operations
- Sharing patient data requires supporting multiple EHRs with long implementation / integration efforts

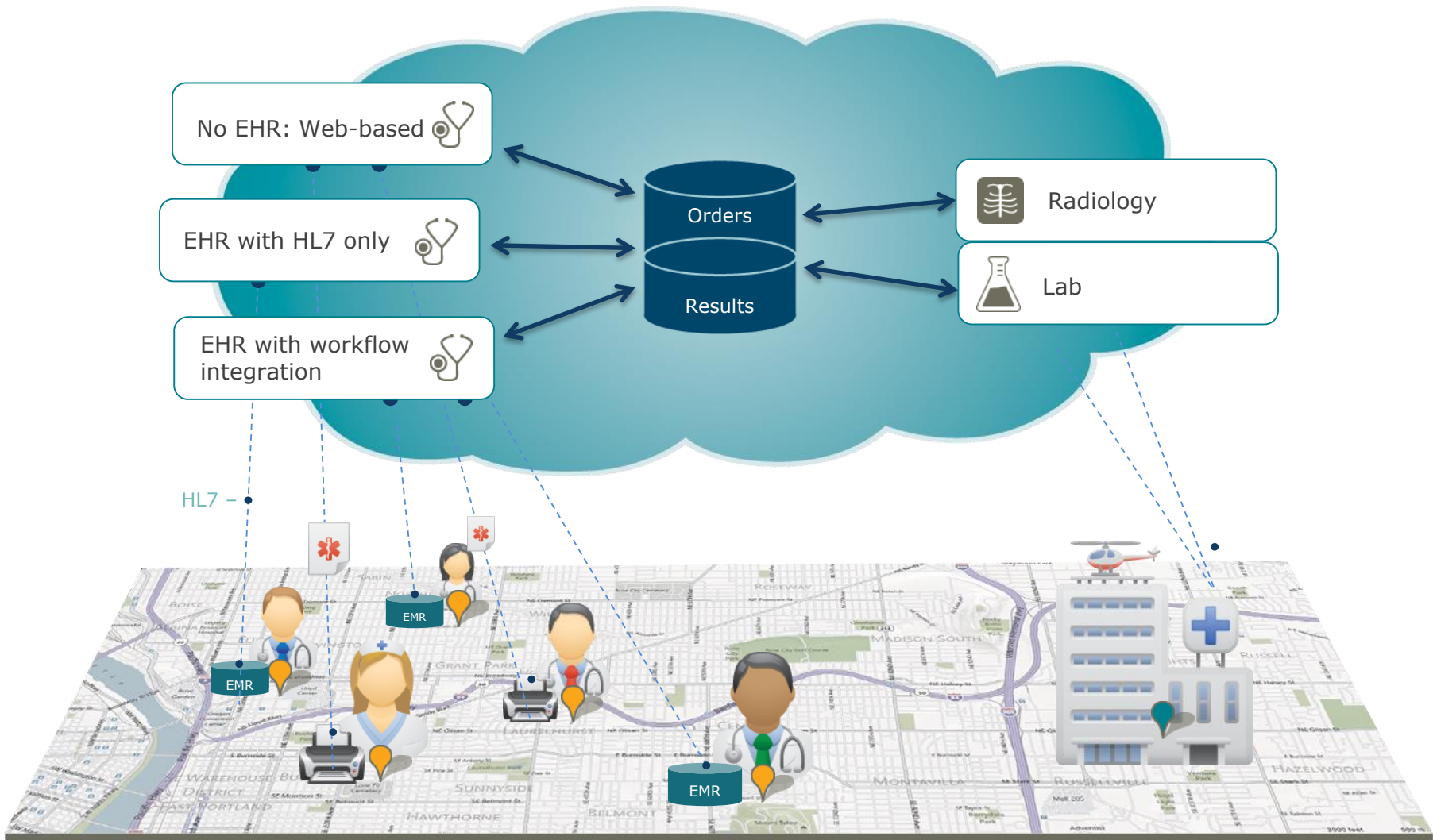
¹ Leavitt Partners. "Growth and Dispersion of Accountable Care Organizations." <http://leavittpartners.com/aco-consulting/>, (August, 2013).

Building a Foundation for Sharing Health Information



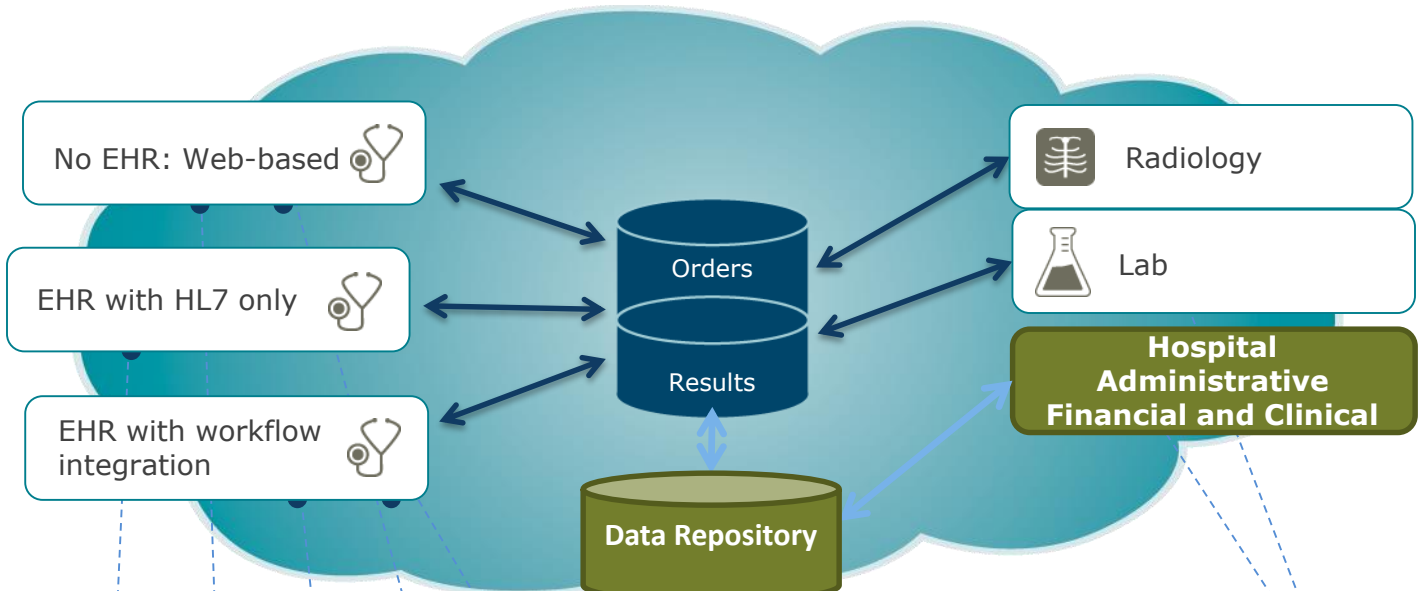
Requires integration, aggregation and harmonization of healthcare information

Building Block 1: Practice Level Information Creates Foundation



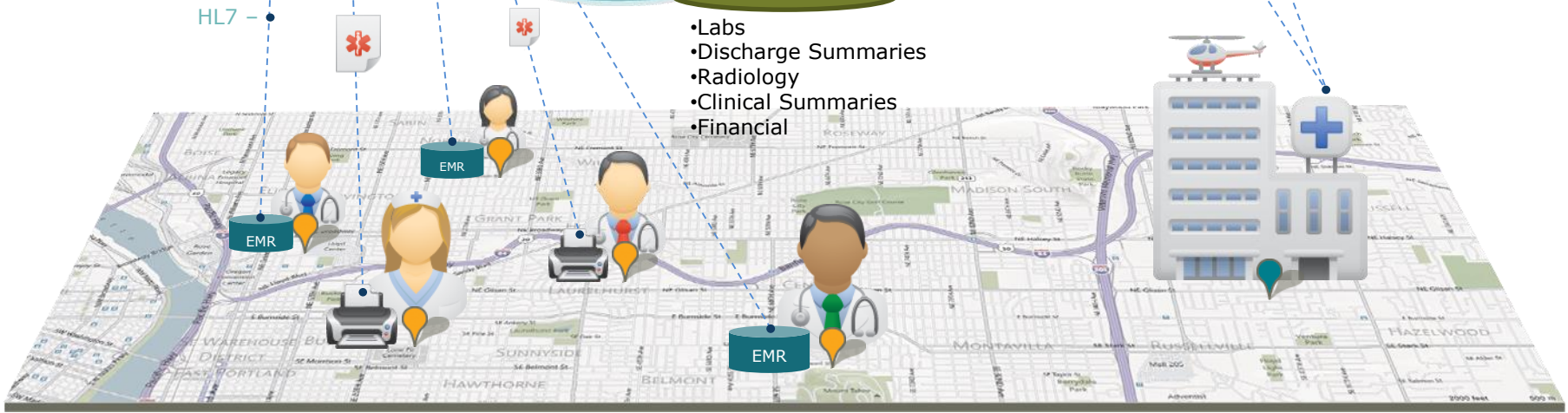
Start with labs since that makes up bulk of patient information

Building Block 2: Longitudinal Record Forming



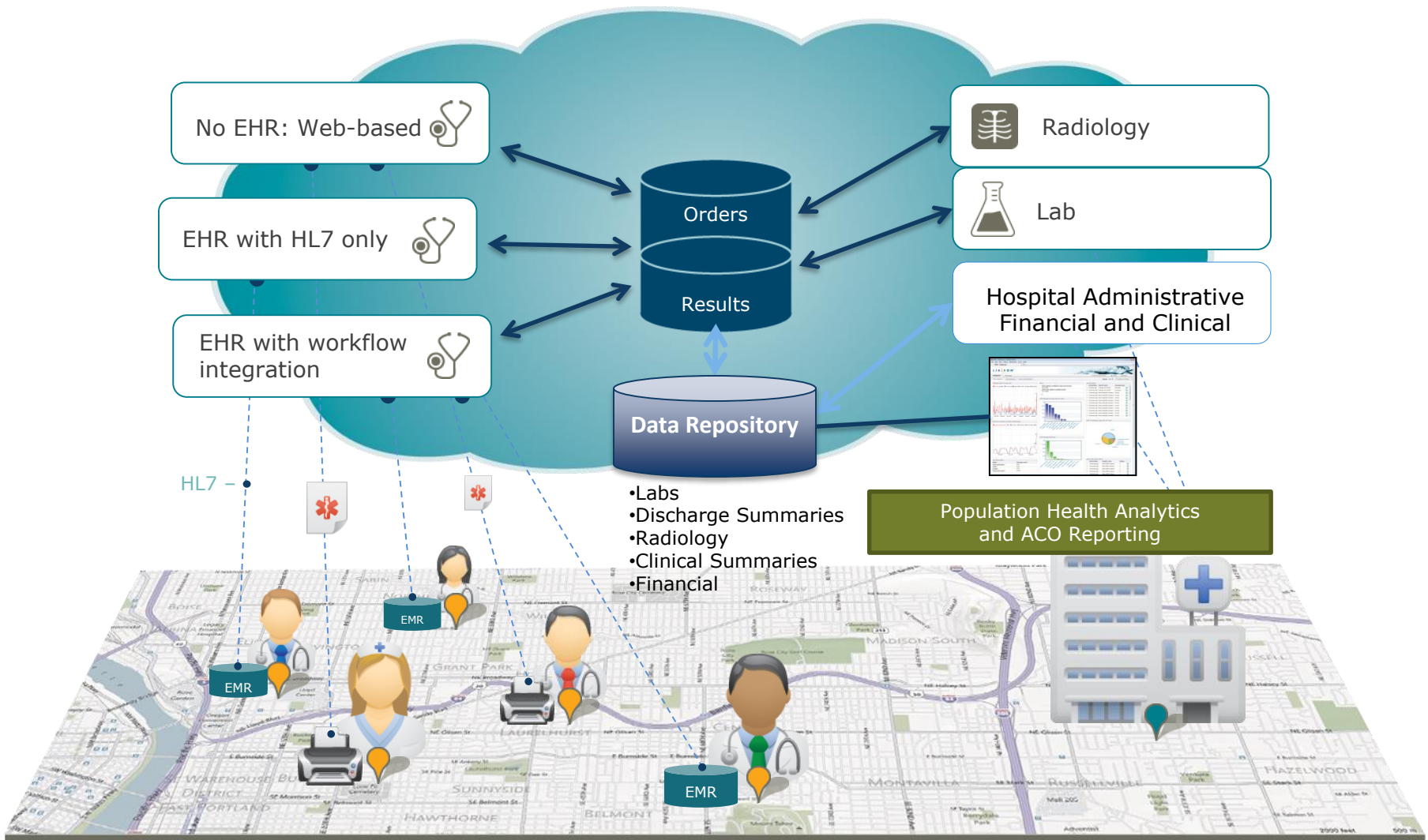
HL7 -

- Labs
- Discharge Summaries
- Radiology
- Clinical Summaries
- Financial



Expand to patient administrative, financial and other clinical information

Building Block 3: Population Health Management Analytics and ACO Reporting



Macro-level analysis provides geographic / demographic insights

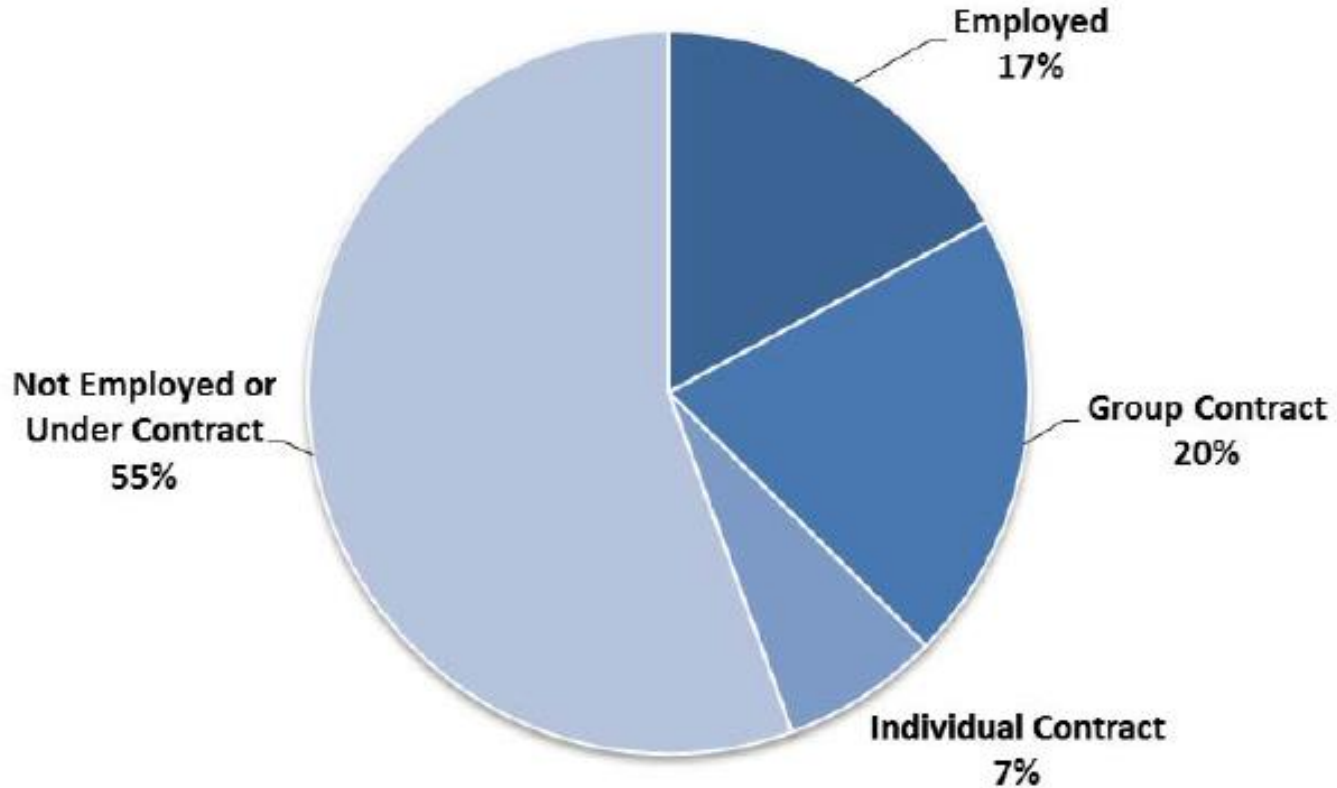
Hospital / Physician Outreach

- Top Three Median Revenue¹:
 - Orthopedic surgeons: \$2,683,510
 - Cardiologists (invasive): \$2,169,643
 - Family practice physicians: \$2,067,567

- Average Net Revenue²:
 - Primary Care Physicians: \$1,566,165
 - Specialist Physicians: \$1,424,917
 - All Physicians: \$1,448,458

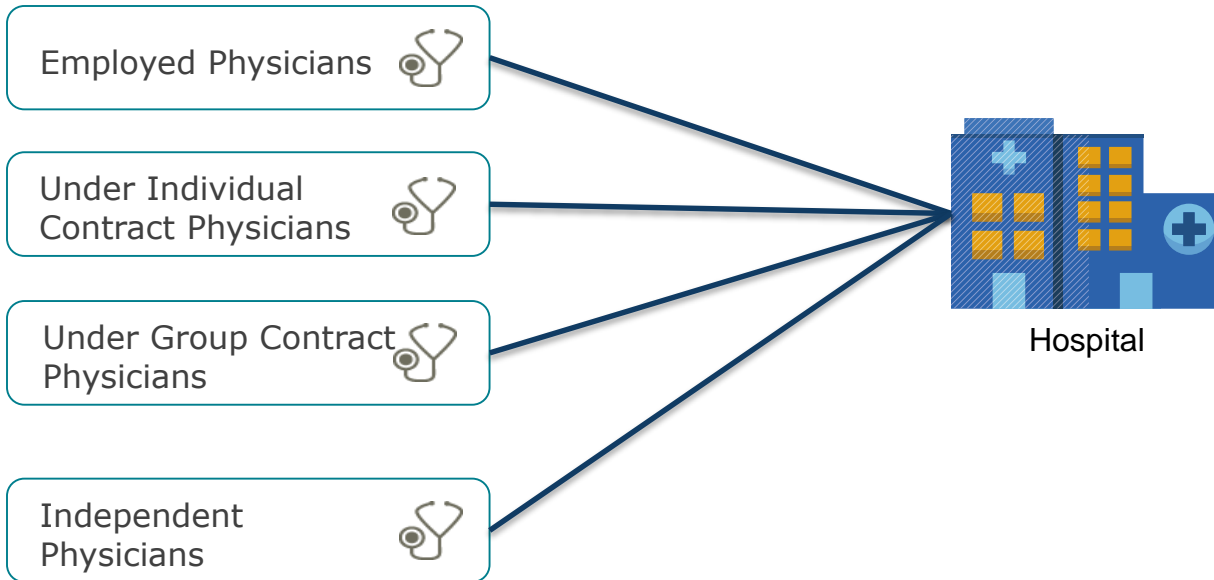
¹ Bob Herman. "51 Statistics on Physician Salaries vs. Hospital Revenue Generated." [Becker's Hospital Review](#), (May 14, 2013).

² "2013 Survey of Physician Inpatient/ Outpatient Revenue Survey." [Merritt-Hawkins](#), (Accessed August, 2013)



Source: American Hospital Association, *AHA Hospital Statistics 2012 Edition*.

¹Suzanne M. Kirchhoff. "Physician Practices: Background, Organization, and Market Consolidation." *CRS Report for Congress*, # 7-5700 (Jan. 2, 2013).



Close relationship with physicians requires data integration for:

- ✓ Increasing patient referrals
- ✓ Improving quality and patient satisfaction

INTEGRATION IS DIFFICULT



Multiple partners and point-to-point connections with different demands



Homegrown and proprietary systems with different protocols

MANUAL AND TIME-CONSUMING PROCESSES



Limited visibility of management processes



Siloed work processes hinder smooth data transactions

STANDARDIZATION IS CHALLENGING

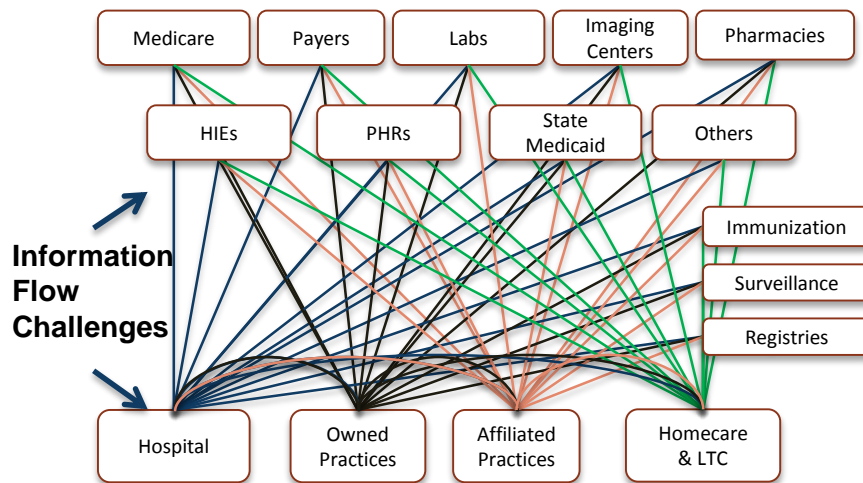


Varied therapeutic areas with unrelated data needs



Attrition, mergers and uncertainty

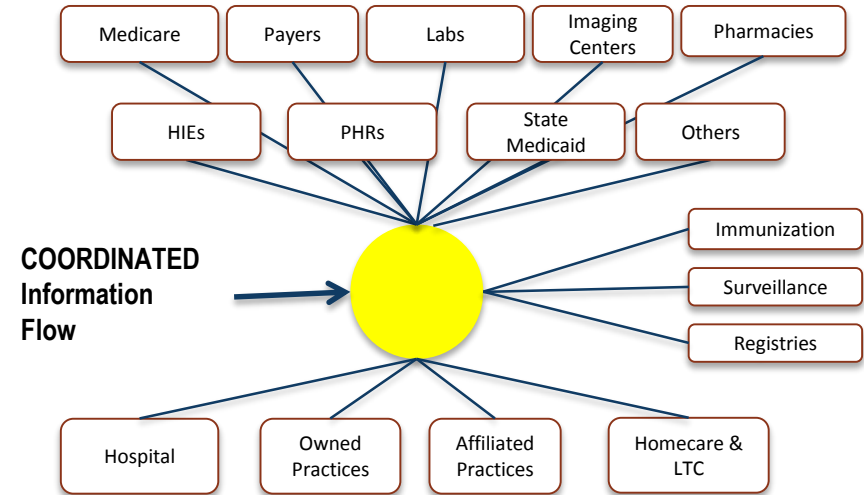
POINT-TO-POINT MODEL



Reality:

- Standards are important but only narrow the scope of the integration problem (not solve it)
- Data Translation is required and occurs at the end-point, adding complexity
- Relatively high cost model but cost are distributed and hard to account for
- Distributed validation processes (against standards) lead to inconsistency implementations

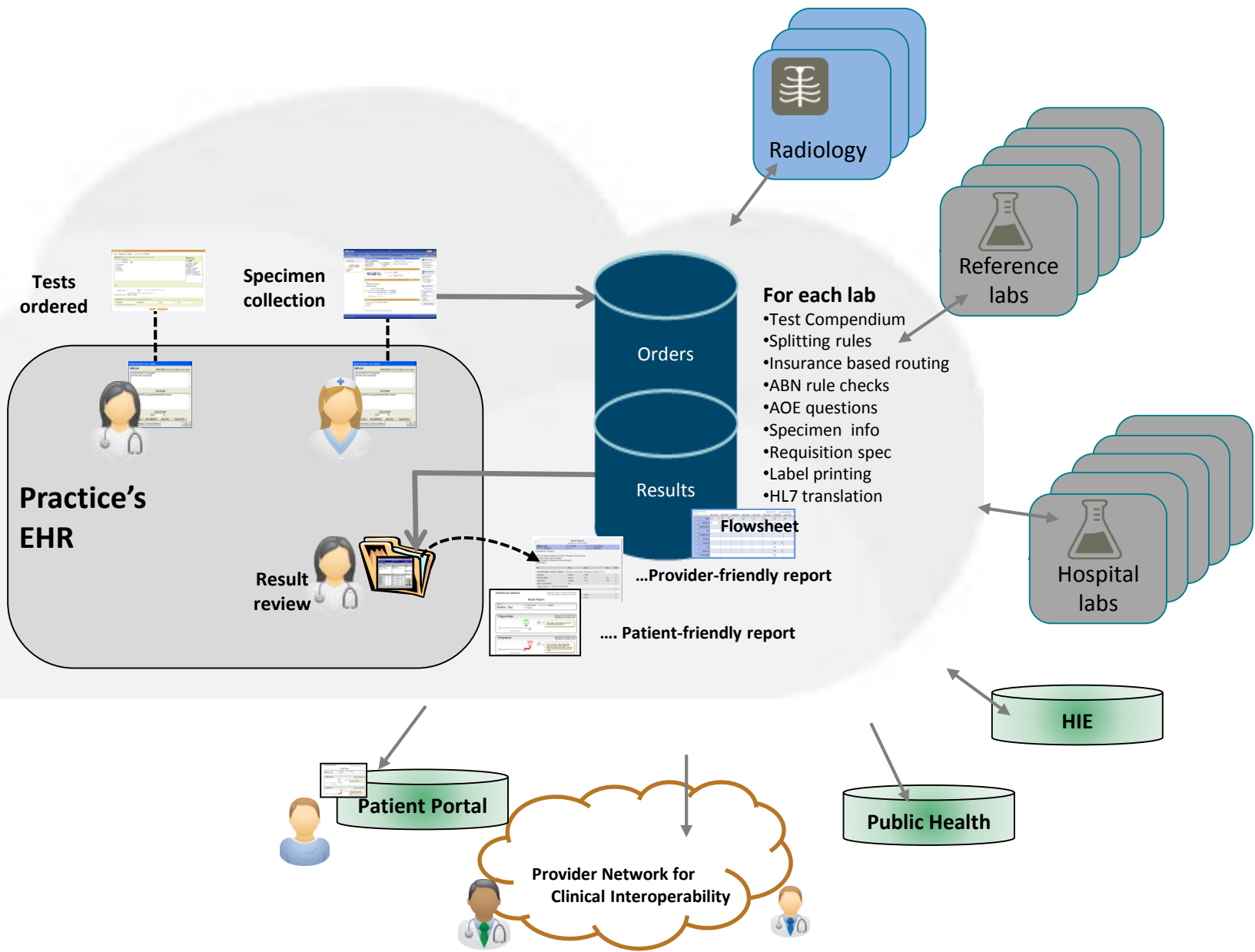
HUB & SPOKE MODEL



Promise:

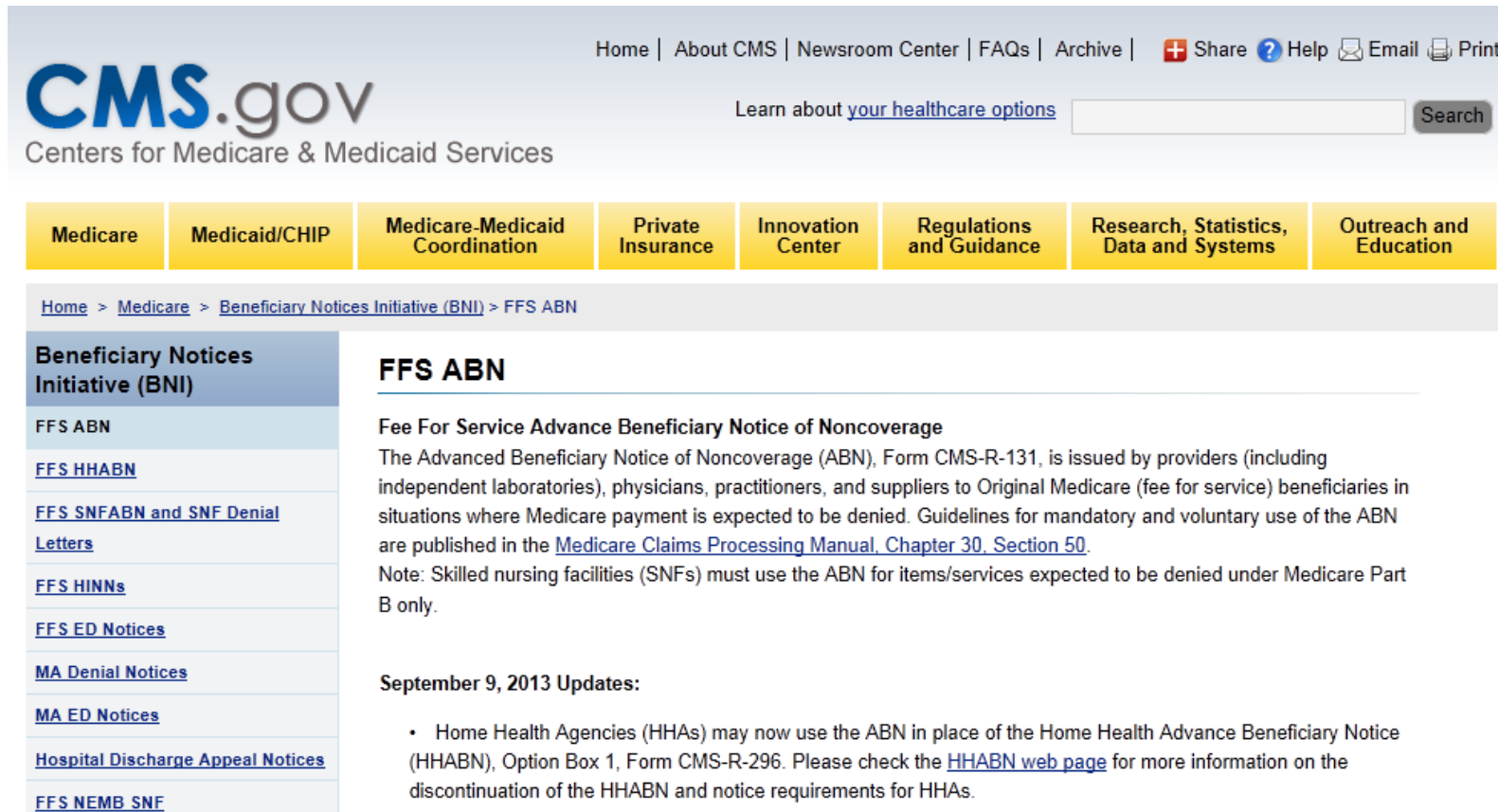
- Leverages standards and provides a common, robust foundation for future shared/collaborative applications
- Low resistance to adoption though a clearly pre-competitive set of solutions and services
- Initial implementation, as well as, on-going costs are highly leveraged and participants benefit from economies of scale





Focus on Hospital Lab Outreach Using a Hub as a Starting Point



- Understand practice workflow and EHR workflow
- Reduce setup time
- Generate clean and complete orders
- Eliminate order reentry, auto-reconciliation of the lab order status, perform 100% chart matching and 100% accurate physician notification
- Make it easy to route results to colleagues and patients reducing call-backs/printing/anxiety
- For paper-based practices: Auto-print results to paper chart and provide a web-based client for ordering and viewing results

ROI FOR HOSPITAL / PHYSICIAN OUTREACH



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Beneficiary Notices Initiative (BNI)

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FFS ABN

Fee For Service Advance Beneficiary Notice of Noncoverage

The Advanced Beneficiary Notice of Noncoverage (ABN), Form CMS-R-131, is issued by providers (including independent laboratories), physicians, practitioners, and suppliers to Original Medicare (fee for service) beneficiaries in situations where Medicare payment is expected to be denied. Guidelines for mandatory and voluntary use of the ABN are published in the [Medicare Claims Processing Manual, Chapter 30, Section 50](#).

Note: Skilled nursing facilities (SNFs) must use the ABN for items/services expected to be denied under Medicare Part B only.

September 9, 2013 Updates:

- Home Health Agencies (HHAs) may now use the ABN in place of the Home Health Advance Beneficiary Notice (HHABN), Option Box 1, Form CMS-R-296. Please check the [HHABN web page](#) for more information on the discontinuation of the HHABN and notice requirements for HHAs.

Average industry write-offs related to ABNs is approximately 3%-5% per hospital

Sample Hospital Write-off Calculations

Hospital	City	State	# of Outpatient Lab Claims/Year	Payer Mix: Medicare	Impact of recovering 5% MC Charge-Off	FTE reallocation (soft dollar savings) on an annual basis	Lab Value of 10 new doctors on an annual basis
John Muir Medical Center - Walnut Creek Campus	Walnut Creek	CA	781473	46.80%	\$ 568,270.29	68	\$ 605,012.43
Cleveland Clinic	Cleveland	OH	523089	33.30%	\$ 882,883.98	46	\$ 1,404,272.45
UMASS Memorial Medical Center	Worcester	MA	474687	30.00%	\$ 697,171.03	42	\$ 1,221,955.30
Scott & White Hospital - Temple	Temple	TX	463585	38.00%	\$ 514,659.22	41	\$ 923,663.34
St John Hospital And Medical Center	Detroit	MI	458589	41.30%	\$ 544,189.43	40	\$ 987,301.50
New York Presbyterian Hospital - Weill Cornell Medical Center	New York	NY	431969	29.40%	\$ 815,448.22	38	\$ 1,570,605.58
Evanston Hospital	Evanston	IL	419690	44.50%	\$ 713,756.37	37	\$ 1,414,961.76
Cape Cod Hospital	Hyannis	MA	419108	59.30%	\$ 436,257.91	37	\$ 866,045.47
Massachusetts General Hospital	Boston	MA	396289	39.00%	\$ 748,692.95	35	\$ 1,571,864.30

Data from Definitive Health with industry average write-offs

- Single Lab
- 69,000 Accessions per month
(330 ordering physicians ordering 210 labs per month)
- 20% of lab tests covered by Medicare

Total Yearly Savings	\$405,000
Reduced data entry	\$138,000
Fewer order errors	\$69,000
Reduced Medicare write-offs (assuming 3% are written off)	\$149,040
Reduced Medicare callbacks	\$44,160
Reduced IT maintenance of lab interfaces	\$4,800

ACTION PLAN

- Drive new revenue via asset utilization - more lab and radiology \$\$
- Lower write-offs with clean orders
- Increase competitive advantage in the marketplace
 - Instill physician (Ortho, Woman's Centers, etc.) preference for hospital's lab and ancillary services
 - Keeping large independent labs from stealing business (and take local business from them)
- Increase Physician Alignment
- Improve Patient Outcomes
 - Meet or exceed publicly reported quality measures
 - Streamline data sharing between ambulatory and acute care settings
 - Single connection through Lab/Radiology hub to your many practices

- Lab and Radiology
 - Review ROI for your organization (calculator)
 - Expand the “view” to include organization goals – practice acquisition or not, etc..
 - Review opportunities to increase revenue by providing services to local practices
 - Investigate Practice/EHR integration expertise/capabilities, both internally and externally
 - Investigate cloud-based options for lab and radiology orders and results
- ACO and PHM
 - Understand required metrics
 - Understand data requirements
 - Understand flow of information for ACO/PHM
 - Set a strategy to enable lab/radiology as the foundation which then grows into the ACO and PHM needs

Business

A global integration and data management company providing unique and high-value solutions to securely move, transform and manage complex data on-premise or in the cloud.

Corporate

Founded (2000); Offices in US, Central & Northern Europe

State-of-the-art SOA architecture with 5 U.S. patents issued

Customers

We serve over 8000 companies in 35 countries, including 25% of the *Fortune* Global 500 and **over 1150 Pharma and Healthcare**

More than 80% of our top 100 customers have been clients for over 5 years, with 40% more than 10 years

Solutions

- EMR-Link™ Lab/Radiology Hub - adopted by over 15,000 clinicians in over 450 sites connecting with over 120 labs
- Data Transformation and Integration
- Master Data Management
- Data Security



- Securely source data from anywhere and syndicate data to any target
- Harmonize data for consumption
- Gain transaction visibility through dashboard and reporting
- Create data model and prepare data for analytics
- Stage data for analytics

Questions

For more information visit: www.Liaison.com/lab

Read: EMR-Link - Putting Physicians at the Center of your Lab-EMR Outreach – LiaisonHealthcare.com then Resources

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