

Good Morning!



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**putting it all together:  
reinventing outreach at  
white plains hospital.**

**Medical Labs of Westchester  
A case study in success!**



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# About White Plains Hospital

307 bed acute care hospital



Located in downtown White Plains New York  
27 miles north of New York City.



"Maybe if you had bet your real age, we would be rich right now."

## About Medical Labs of Westchester

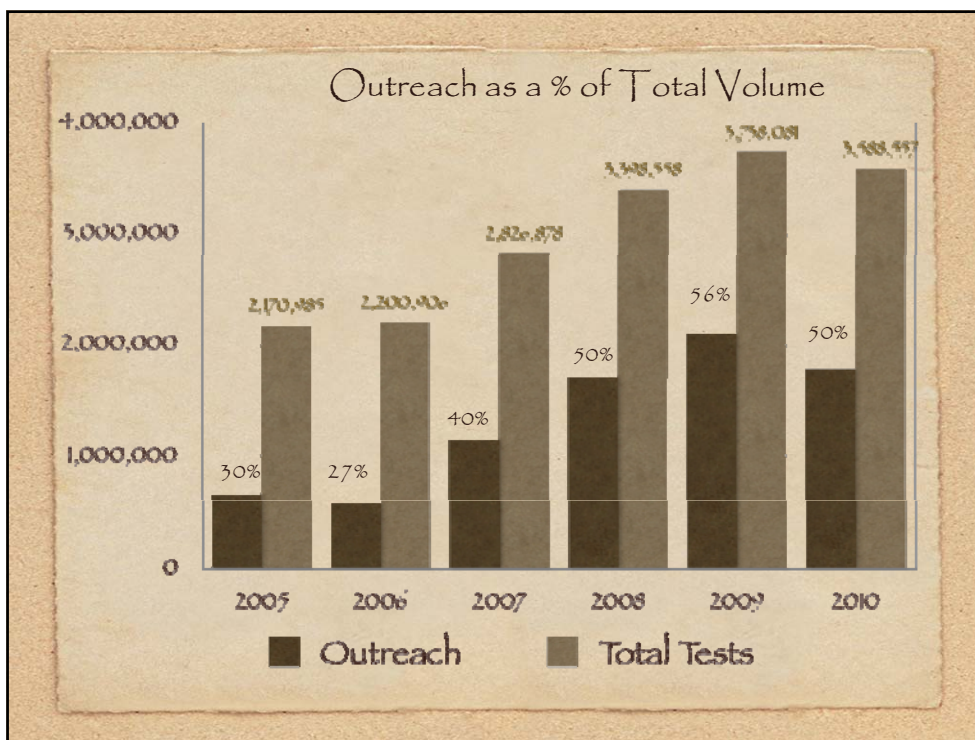
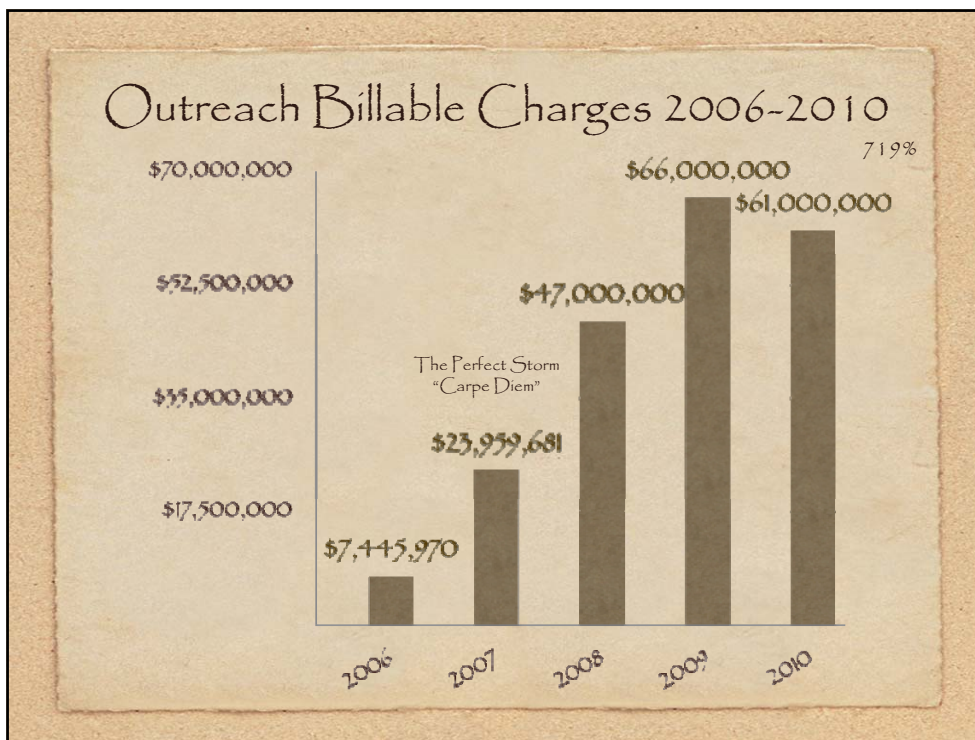
Inception: the early 1980's:  
33 FTEs

- 17 Lab Assistants
- 5 Phlebotomists
- 2 coders
- 4 Medical Technologists
- 2 Patient Accounts Liaison
- 1 Business Development Specialist
- 1 Coordinator
- 1 Office Manager

## Our Client Base:

Over 450 individual physicians  
Practices as small as one physician  
to mega group practices consisting of more  
than 150 M.D.

Client bill accounts:  
Burke Rehabilitation Hospital  
St. Vincent's Hospital  
Nursing homes  
Network sister hospitals



Make sure you know where you're going!



## Key Drivers of Success:

- **Infrastructure:**  
Robust test menu - can you compete against the "big guys"?
- **Support:**  
Within the organization; staff, CEO, is everyone on board for success?
- **Resources:**  
Can you handle the volume? Accessioning, client support, test menu capability, billing, IT support.
- **Willingness to succeed?**  
Is there buy in by everyone?

## The Competition



## How Did We Do in 2008?

### Outreach cost allocation

MLW \$2,144,982

Chem. \$1,749,021

Immuno \$ 36,653

Micro \$ 421,709

Path \$441,400

Heme \$184,207

IT \$ 35,000

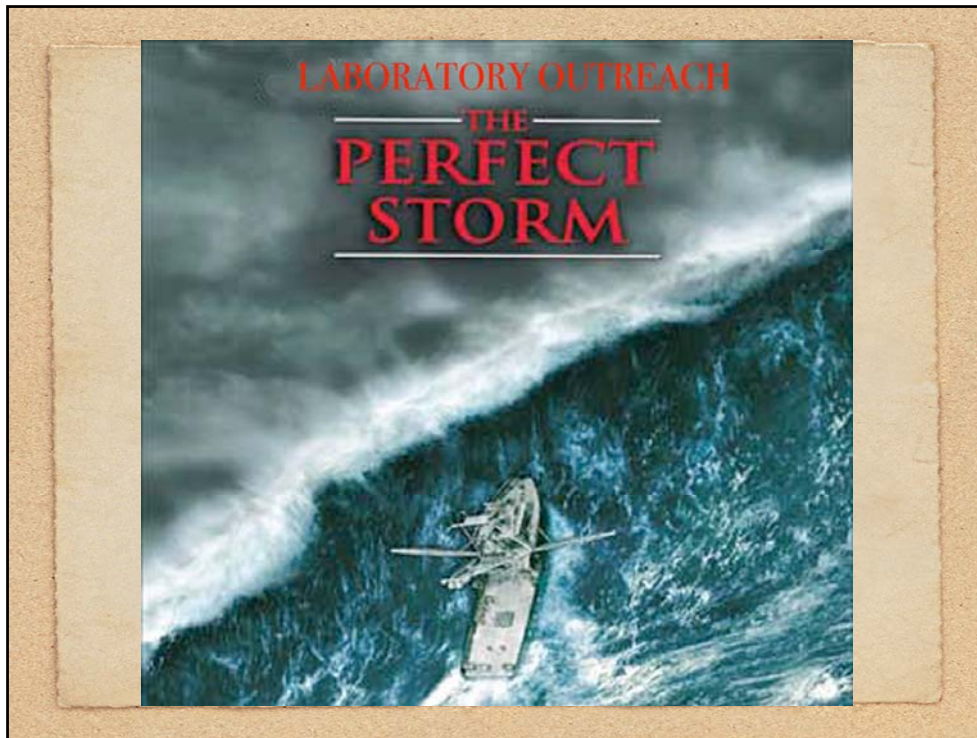
\$5,012,971

### 2008 Cash

\$12,586,944

$$\text{ROI} = \frac{12,586,944 - 5,012,971}{5,012,971} = 151\%$$

ROI = \$1.51 for every dollar invested



## What was the "Perfect Storm"?

- MLW operating for over 10 years, including a "results portal" for MDs
- 2007 Quest Laboratories no longer preferred provider for Oxford Insurance
- Parent corporation negotiated "out-patient" lab service agreements with a number of insurers

- Support from the CEO, Medical Director and Medical Staff.
- A robust in-house test menu, including automated chemistry and immunology.
- Supportive cast of lab supervisors and technologists.
- Limited experience with outreach connectivity.

### Insurance Models:

#### Client bill account:

Fee schedule negotiated directly with client; you must know your actual cost per test to be competitive.

Easiest method - monthly bill to client, no hassles with insurance allowables, etc.

#### Insurance bill:

You bill the patients insurance directly; issues with patient demographics, CPT coding, rejections, % of charge, etc.

#### Determine your actual cost per test:

Fixed costs: Those costs that exist regardless of test mix: labor, lease, overhead.

Variable costs: reagent, test kit, courier Do you have to add additional tech time for assay?

IT - interface, supplies to client.

2008 cost per reportable test - chemistry & Immunology

2008 combined test volume:  
2,713,962

Chemistry: \$1.65  
Immunology: \$11.84

Billing & Receivables

Do you have top notch billing resources?

Internal:

Capability to drop timely bills and follow up? Is it their first priority?

Outside billing company:

Usually aggressive, good choice if you do not have internal billing resources; they get a piece of the action.

\*You must be able to segregate lab revenue from the general revenue stream to determine your profitability\*



The Road to Success:

Know your market!  
Who is the competition?  
Follow their "best practices"  
POL: obtain their test-send out menu; (what  
can you do for them)?  
Establish contacts:  
Office manager, MA, etc.  
Understand their EMR requirements  
Establish workable time lines.  
Keep your word;  
Don't make promises you can't keep!  
Track your account referral patterns!

## The Hurdles

- It's really not the doctor, it's the office manager and staff.
- "They" really do not want to change.
- There is no financial motive to use your lab.
- "The devil you know".

The Hurdles, continued..  
Who are the ones that make it happen?

- The Office Manager
- The practice IT Analyst
- Your IT staff
- Project Manager
- Physician

## What is the biggest IT, EMR challenge?

“Getting your results formatted to display in a way that the physician likes and is use to”

Text based results such as micro and pathology present a special challenge as does displaying reference send out test results.

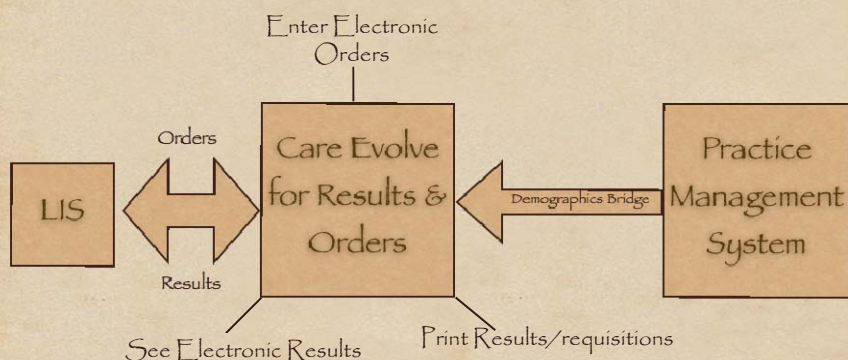
## Where do you begin?

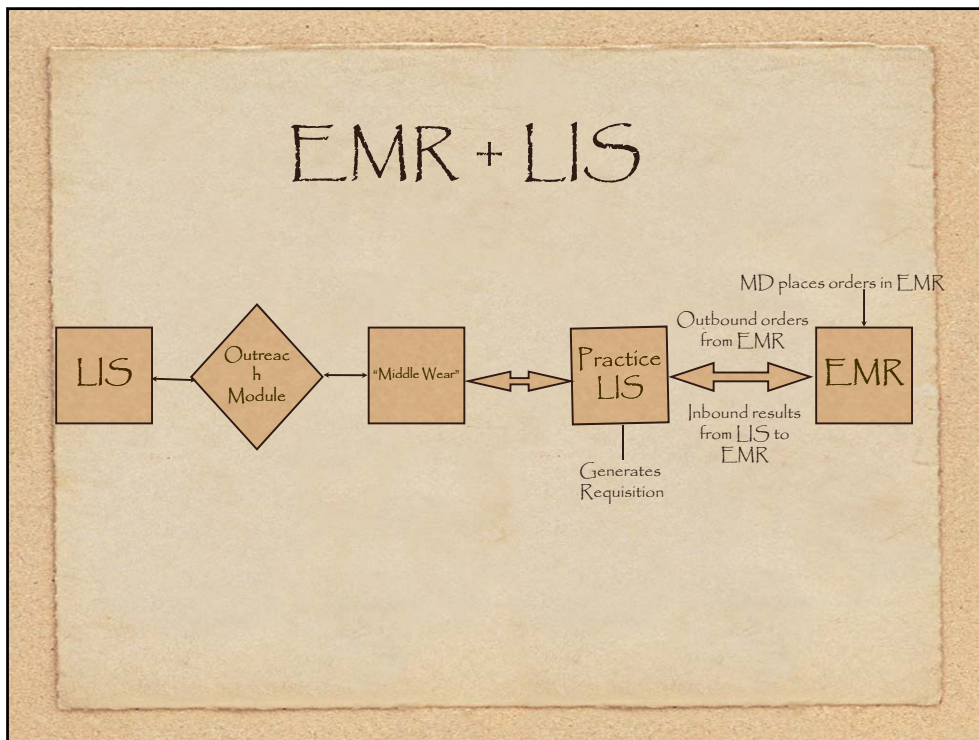
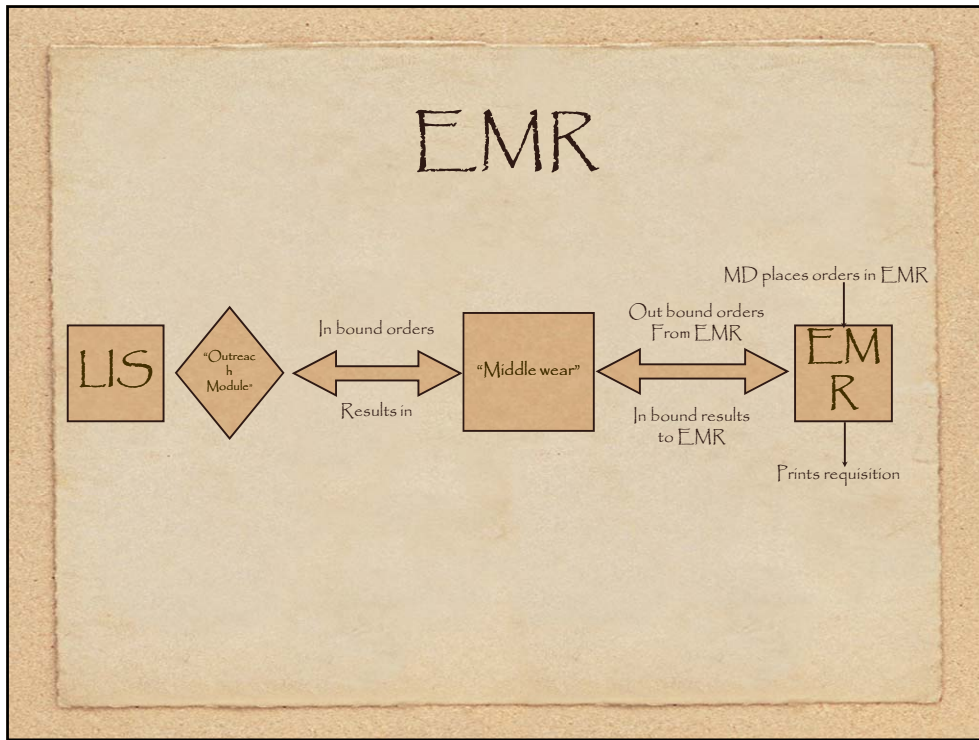
- ◆ Get the details of their practice management system/EMR.
- ◆ Meet with the key players; MD, IT analyst, office manager, P.A.'s. See how they conduct business.
- ◆ Learn from your competition. What does you client like about their reports?

## Connectivity Models

- None - paper (requisitions & reports)
- No EMR - “bridge” to practice management system: Outreach lab system (paper requisitions, electronic/paper reports)
- EMR - “middleware” to PMS/EMR
- EMR + Lab - “middleware” to practice LIS (which connects data to EMR)

## No Electronic Medical Record





## “Lab-link Vendors on a Mission”

CAPToday April 2011, vol. 25

HITECH and Meaningful use dollars:  
Federal grants to hospitals and medical practices  
for adaptation of of electronic medical record.

The HITECH (Health Information Technology for Economic and Clinical Health) Act provides financial incentives to physicians and other healthcare stakeholders to adopt Electronic Health Records. It presents an unparalleled opportunity for the healthcare industry to modernize itself for greater efficiency, quality and cost containment.

\$19.5 billion dollars has been appropriated to encourage healthcare organizations to adopt and effectively utilize Electronic Health Records (EHR) and establish health information exchange networks at a regional level, all while ensuring that the systems deployed protect and safeguard the critical patient data at the core of the system.

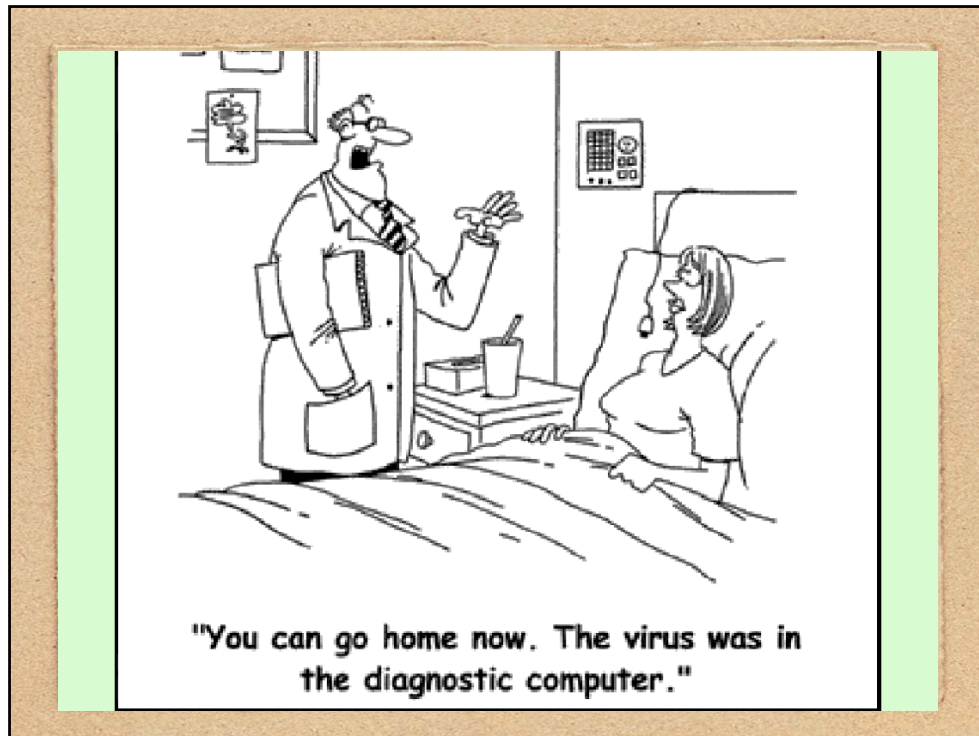
There is a big push for mobile EMR solutions: smart phones, iPad, patient results portals.



### HITECHDOLLARS

**Medicare:** Eligible providers (EPs) who do not have a large Medicaid volume but do accept Medicare can earn up to \$44,000 over five years based on a calculation of submitted allowable charges multiplied by 75%, up to the cap for the year.

Year filed	2011	2012	2013	2014	2015	2016	TOTAL
	\$18,000	\$12,000	\$8,000	\$4,000	\$2,000	\$0	\$44,000



## The Cost?

- Interfaces: HL7 Results- \$10,000
- HL7 Orders: \$15,000
- Interface maintenance: 18%
- Implementation: Results/OE: \$70,000
- Data Center: \$2500 + \$750/month
- MD License fees: Orders & Results:  
≈\$55/MD/month

## Cost continued...

1st year start up cost  $\approx$  \$135,000  
 Average monthly fee  $\approx$  \$8,000  
 (includes: MD License fees, LCD monthly updates,  
 data center, nursing homes).

And don't forget hardware!  
 (PCs and printers  $\approx$  \$50,000)

## P.O.L.

110,000 P.O.L. labs in the United States, and many more globally,  
 are positioned well with the goals of healthcare payors.

2011 - \$2.3 billion worldwide market for in vitro diagnostic company sales to physician office labs this year, reports healthcare market research publisher Kalorama Information.

Does my lab make enough profit to warrant the investment of time and money? Should I either close my lab or invest in even more equipment?

Which tests should be done in-office and which tests should be referred out? What is the best mix of in-office testing for the health plans with which I contract?

cholesterol and diabetes management and warfarin anticoagulant dosing, but physician labs perform other tests and the test menu is larger. The report lists 45 tests that are performed in physician offices. Urinalysis, pregnancy, fecal occult blood, and single-analyte hemoglobin tests are examples of the types of tests routinely conducted in physician offices.

How do I set a viable fee schedule for managed care contracting? How would a proposed capitation rate for lab testing affect my lab financially? At what prices can I afford to compete with other vendors for contracted lab services?

# Your Test Menu?

Can you be a reference lab?

Hot items:

Molecular testing:

(Versant) HIV branch DNA, HCV branch DNA

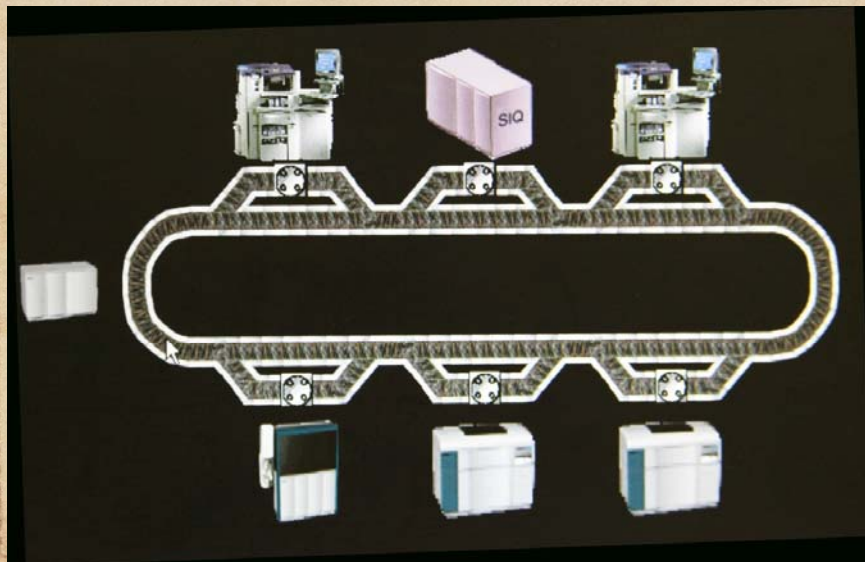
(Qiagen rapid capture) HPV DNA, CT/GC

(Diasorin Liaison) Lyme screen

(Trinity) Western Blot

Do you have enough volume to support daily runs?

# Chemistry Track Configuration



Centaur XP



Advia 1800



On to the track



Trin Blot: Lime Western Blot, HIV



# Rapid Capture: HPV, CT/GC



Insanity: doing the same thing over and over again and expecting different results.

Albert Einstein



Thank you!



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