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# Sound Planning For Successful Outreach Programs

By Anne Daley, MS, MT(ASCP), DLM, and Joe Garletts, MT(ASCP), MBA/HCM

Managed as market-driven businesses, successful outreach programs begin with a systematic assessment of goals and capabilities. It is no longer acceptable to make the decision to market laboratory services outside hospital walls based primarily on excess instrumentation capacity. In today's competitive market, this approach is a recipe for disaster.

Instead, develop a grand strategy combining a market opportunity assessment with an operations capability assessment to identify and address critical operational gaps in the company's infrastructure prior to increasing testing volumes.

## Develop a Grand Strategy

To paraphrase businessman Henry Ford, the company must be prepared to do what competitors cannot or will not do. While developing a grand strategy, answer the following questions to properly position the outreach program in the marketplace:

- *What are the company's long-term goals (e.g., expansion, equilibrium)?*
- *What needs are not currently met by other laboratories in the market?*
- *What would it take to be the quality leader in the market?*
- *What would it take to be the service leader in the market?*
- *What would it take to be the price leader in the market? Is it even possible?*

To properly answer these questions, the

laboratory staff must adopt an entrepreneurial mindset while aligning operations with goals of the parent organization.<sup>1</sup> This requires challenging and addressing current business practices in the context of the company's overall strategy. Once the marketing strategy is in place, an arm's-length objectivity and tough-minded business acumen will keep the process on track and prevent the program from spinning out of control. Successful program leaders must possess a certain level of "thick skin." It is sometimes difficult for laboratory administrators to juggle relationships with client physicians who also have staff privileges.

Developing a grand strategy forces administrators to take a realistic look at their potential for success. The two primary grand strategy components are a well-defined marketing plan and a sound operating plan. These two components drive a core process capability assessment forming the basis of a "go/no-go" decision. The **Figure** provides a schematic of the decision cascade's various components.

Determining market opportunity is the first critical step to explore in depth. Without a solid understanding of the current competitive environment, a laboratory staff cannot accurately estimate the probability for success. In an ever-changing market, successful outreach programs must continually evaluate their market potential and service area, while forecasting volume and revenue opportunities. Access to payer contracts is critical.<sup>2</sup> To accomplish this, some independent operations have formed partnerships to strengthen negotiating position for obtaining crucial contracts. A

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Upon completion of this article, the participant should be able to:

1. identify weaknesses in traditional outreach program approaches;
2. identify elements essential to expanding or launching an outreach program; and
3. understand how to evaluate an outreach program's effect on the six core processes.

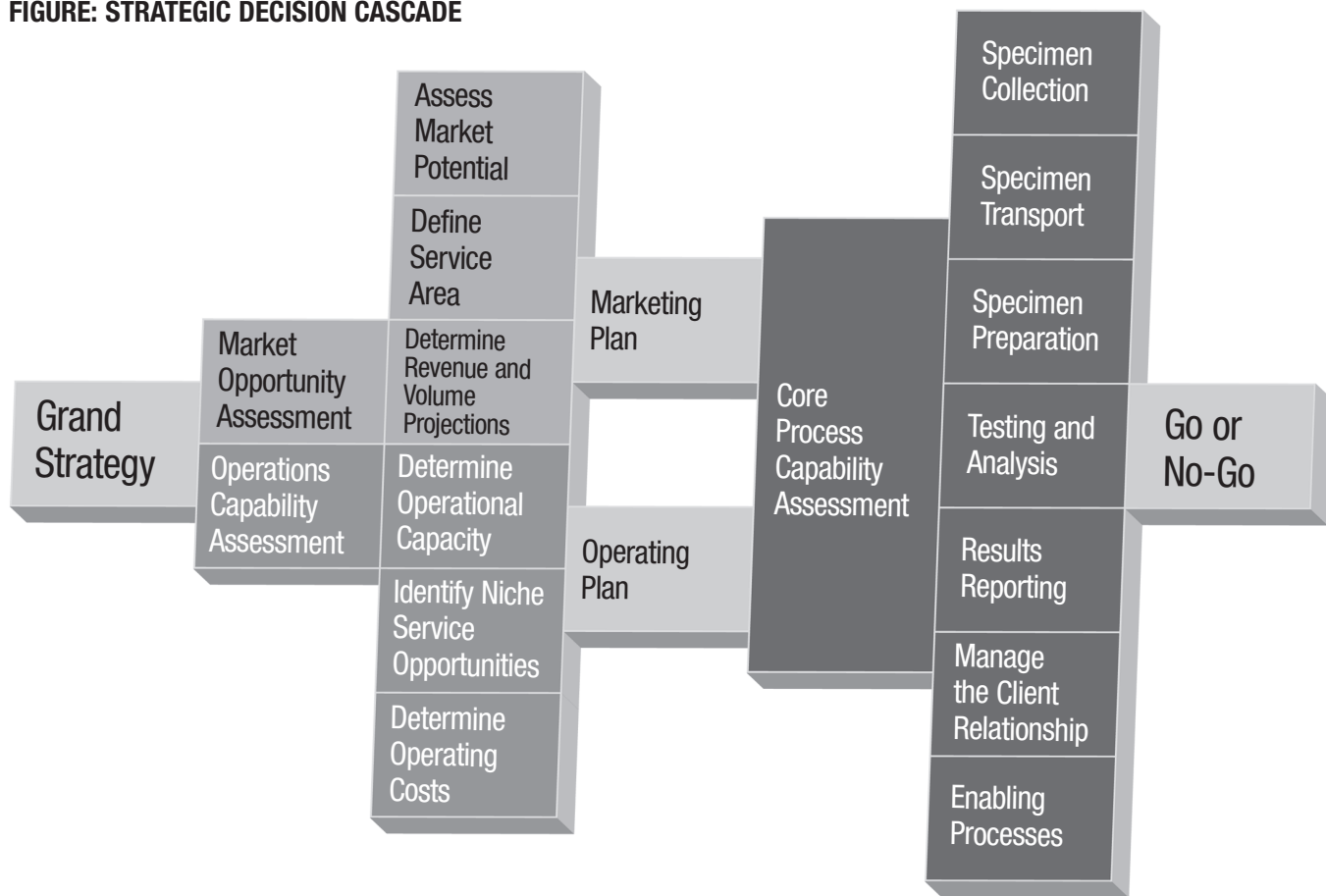
TABLE 1: MARKET OPPORTUNITY CHECKLIST

What is the market potential?	What is the most readily assessable market segment?
	What type of practice or facility is the target market?
	Is there a current base of referring physicians on which to build? Are they staff physicians?
What is the potential service area?	Who are the primary payers and is there access to the contracts?
	How are local and regional markets geographically configured? How much area can be adequately serviced?
What are the anticipated costs and potential revenues?	Have production costs been determined for each menu offering?
	Have required margins and pricing points been determined?
	Will a one-tier or multi-tier pricing strategy be used for inpatient vs. outreach charges?
	Are safeguards in place to prevent commingling of for-profit and not-for-profit revenue streams?

TABLES AND FIGURE/COURTESY ANNE DALEY AND JOE GARLETTS



FIGURE: STRATEGIC DECISION CASCADE



market opportunity checklist (Table 1) will assist in developing the initial marketing plan and pro forma.

**Operations Capability Assessment**

Once market potential has been determined, assess the enterprise’s ability to support the anticipated business increase. Failure to properly assess the impact of new business lines on existing infrastructure often causes significant unanticipated cash outlays and decreased investment return. At the very least, sloppy or incomplete impact assessment can greatly reduce the likelihood of a successful program outcome. Unless support infrastructure (e.g., staffing) is capable of adequately handling current volumes, testing increases will overtax the system and cause the program to fail.<sup>3</sup>

This assessment must include a determination of any currently existing excess instrument capacity, adequacy of current staffing levels, identification of niche laboratory services already in place or easily

developed, and an overall determination of operating costs. Key questions will help to obtain a sense of the operation’s capability (Table 2). Coupled with the marketing plan, they will drive the detailed assessment of an organization’s core processes to determine outreach readiness.

**Assessing Current Capacity**

The outreach team should view the enterprise as a group of interconnected, yet independent processes with a collective purpose to control the flow of outreach testing through the facility’s systems. Processes fit into two categories: those interacting directly with the client, patient or specimen (the core processes); and those supporting system function (the enabling processes).

The core and enabling processes are integral to successful outreach business implementation and management. Before a company makes the decision to implement any type of outreach service program, the staff must understand and analyze the

impact on these processes, address service gaps, and identify costs. Include both types of processes in the impact assessment to understand the total effect a new service or product line has on the enterprise.

Core processes fall generally into six key areas:

1. specimen collection;
2. specimen transport;
3. specimen preparation;
4. testing and analysis;
5. results reporting; and
6. managing the client relationship.

In some cases, billing is considered a core process. Here, we treat it as an enabling process, along with human resources, client services, information support, materials management and compliance.

A checklist is included as a table with each process discussion. These checklists are designed to stimulate discussion in key areas and elicit more specific questions.

Specimen collection (Table 3) can become a critical point in the relationship ▶

**TABLE 2: OPERATIONS CAPABILITY ASSESSMENT CHECKLIST**

Does sufficient operating capacity currently exist?	Is the appropriate technical expertise available and is there a strong customer service culture to meet the clients' needs?
	Can the operation accommodate increased volume without adding instruments or FTEs?
	Are instrument throughputs sufficient to meet expected turnaround times of outreach clients?
	Is the test menu extensive enough to handle 95 percent or more of tests requested?
	Are the outreach IT and billing systems able to meet customer expectations?
Have you identified potential niche market opportunities?	Do specialty testing capabilities currently exist (e.g., clinical or forensic toxicology, cytogenetics, PCR, or infectious disease)?
	Could an unfilled market need generate immediate outreach volume?
Have you determined operating costs?	Are incremental test costs known?
	Are payer reimbursement levels known?
	How will overhead be allocated?
	What is the current bad debt ratio?

with the client physician. Problems in this core process lead to unhappy patients and unhappy clients. The time patients spend waiting for specimen collection is a critical dissatisfier. The facility should consider a pre-market analysis to determine the maximum wait time patients will tolerate, and the optimum time to first patient contact when structuring draw site operations.

The courier responsible for transporting a client's specimens to the lab is often the most visible company representative the client sees. It is critical the transport service represent the laboratory in a favorable light (Table 4).

Although companies specializing in transporting biological specimens are available on either a per-run or contract basis in most major markets, consider the impact of company branding and image realized from having an in-house courier team.

**TABLE 3: SPECIMEN COLLECTION PLANNING CHECKLIST**

Where will you collect specimens?	in the client's office?
	in the outpatient department or lab?
	at the patient's home?
Who will collect the specimen?	in an off-site patient service center?
	the physician's staff?
	laboratory-provided phlebotomist?
What specimens will you collect?	third-party phlebotomist?
	all tests ordered regardless of specimen type?
	only specimens for testing performed at the facility?
When will you collect specimens?	During what hours will phlebotomy service be available?
	How will weekends and holiday draws be covered?
How will you monitor performance?	Are common productivity metrics in place including draws/phlebotomist, percent re-sticks, patient wait times?
	sufficient phlebotomy space?
What resources currently exist?	sufficient receiving/waiting area?
	sufficient staffing?
	adequate patient collection site locations?

The cost-benefit analysis should also include the potential risk from increased automobile or personal injury liability, workers' compensation claims, and increased personnel turnover and recruiting costs.

## The importance of a sound, efficient processing system cannot be overstated.

Volatility in the oil market can have significant impact on the company's ability to transport specimens at a reasonable cost, whether in-house couriers are employed or the business is contracted out. Over the course of a few months, fuel and maintenance costs can rise 50-100 percent with little predictability. Real costs a year or two into the project can look very different from the pro forma done early on.

The importance of a sound, efficient

**TABLE 4: SPECIMEN TRANSPORT PLANNING CHECKLIST**

Who will transport the specimen?	in-house couriers?
	contracted couriers?
	patient or client deliveries?
What specimens will be transported?	stats only?
	stats/routines only?
	stats/routines/referral specimens?
How will you dispatch couriers for pickups?	How will specimen integrity be maintained?
	they won't be?
	scheduled calls only?
How will you monitor performance?	third party dispatchers?
	in-house dispatch system?
	missed or late pickups?
	misrouted or lost specimens?
What resources currently exist?	unscheduled events (accidents)?
	timely delivery to testing site?
	Are they reliable?
	reliable local contractors?
	sufficient local employee pool?
	vehicles?
	dispatch mechanisms and equipment?

processing system cannot be overstated. Without a thoroughly defined pre-analytical process, the company will find it difficult to bill for its services, provide appropriate archival storage and retrieval, and protect itself from risk.

Many hospital (HIS) and laboratory information systems (LIS) do not adapt well to

the outreach clients' needs because they were designed to service hospital inpatients. Even though some systems can accommodate low outreach testing volumes, serious shortcomings may become evident once any significant volume is reached (Table 5).

Two important trends in the medical marketplace complicate this aspect of the outreach project significantly. The first is the move to electronic medical practice managers and records. The lack of standardized



**TABLE 5: SPECIMEN PREPARATION PLANNING CHECKLIST**

Who will accession and process the specimen?	laboratory testing personnel?
	phlebotomists?
	dedicated specimen processors?
	other?
What data entry method will you use?	manual entry by lab into HIS or LIS?
	electronic entry by client or collection site?
	Web-based ordering system?
How will you handle referrals to third party labs?	Will forward on behalf of client?
	If referral is to a non-contracted lab, how will it be handled and billed?
How will you monitor quality?	Will these specimens not be handled at all?
	data entry error rate?
	turnaround time?
	productivity (specimens processed per hour)?
What resources currently exist?	wrong specimen type, wrong test ordered?
	personnel?
	space/workstations?
	computers/printers interface?
	accessioned sample delivery system?

platforms, syntax and formats generates a high degree of variability in the information flow into the processing area, creating the potential for data-entry mistakes, order misinterpretations and misrouted laboratory reports. In a program with a moderate-to-large client base, many different order formats may exist, making it difficult to standardize the accessioning core process. The second complication is the trend toward “one-stop-shopping.”

As medical practices become busier, clients want to send all their testing to a single entity to simplify the process for their patients and front-office staff. While this strategy can build volume quickly for the outreach laboratory, it also creates the issue of how to handle testing outside the facility’s scope of practice. Reimbursement for esoteric and specialty testing often doesn’t cover testing costs, leaving the facility to absorb the shortfall. The

outreach laboratory is then left trying to limit the clients’ accessibility to this type of testing, or negotiating with the referral facility to act as a collection/transport service only. Either option creates disruptions to workflow.

The desire to backfill excess instrument capacity may improve the operating efficiency and return of a particular instrument, but can become self-limiting quickly. Physicians seeking a single lab provider may be reluctant to split their business between a provider with a limited test menu and one who can address all or most of their testing requirements.

Another consideration often overlooked is the operational impact on the facility lab itself (Table 6). Most hospital labs do the majority of work on the first and second shifts, with the third shift being minimally staffed. Outreach business may cause volume to shift to second and third shift, creating a staffing issue as the facility ramps up. Typically, second and third shift employees are paid a salary differential, which may cause an unanticipated increase in wages and benefits expenses.

The end product of the laboratory operation is the information provided to the physician in the form of patient test results. Delivering this information is a critical potential point of failure for any outreach program. Differing expectations for hospital versus group or private practice physicians can create logistical issues for the laboratory when it comes to timely and efficient test result delivery. A recent study indicates 77 percent of all hospital outreach programs use the hospital billing system.<sup>2</sup>

As a result, many outreach operations find it difficult-to-impossible to track critical performance metrics, such as bad debt and days sales outstanding (DSO) ratios. Without this knowledge, a lab staff can have a false sense of security.

As physicians move more to electronic medical managers (EMM) and medical records (EMR), the need for a direct CPU-CPU link or electronic “gateway” is increasing. Because laboratorians produce the majority of the clinical information in a patient record, the LIS must have the ability to create a seamless bi-directional HL7 interface with an EMR and be the key to connectivity.<sup>4</sup> The laboratory’s ability to accommodate paperless operations is often

a prerequisite to obtaining the business. Unfortunately, the lack of standardization among EMM vendors makes this a complex and frustrating task. Individual formats and programming capabilities vary widely and custom solutions are typically required for each client.

Web-based secured report retrieval and ordering sites are becoming more prevalent among outreach laboratories. These sites offer password-protected access to patient reports and allow printing on ▶

**TABLE 6: TEST AND ANALYSIS PLANNING CHECKLIST**

What testing will you offer?	all tests currently performed at the facility?
	only selected high-volume tests?
	only in-house “specialty” tests?
When will you offer testing?	offering will be driven by demand?
	integrated into current workload?
	offered at “off-peak” times?
How will this impact staffing?	performed separately from inpatient testing?
	Will additional staff be required?
	Are current staffing levels adequate?
Is there sufficient excess capacity to accommodate new testing volume?	Do current platforms have sufficient excess capacity?
	Will some current platforms require replacement or updating?
	Will new platforms need to be added?
How will this testing impact inpatient service levels?	no impact?
	potential impact, due to different turnaround time requirements?
	potential impact, due to delivery expectations?
How will you monitor performance?	impact uncertain?
	incremental cost per test?
	instrument operating efficiency?
What resources are currently available?	operating expenses?
	turnaround time (stat, routine, morning report)?
	instrument platforms?
	staffing?
	space?
	consumables/disposables stream?
	technical expertise and oversight?



**TABLE 7: RESULTS REPORTING PLANNING CHECKLIST**

How will you report results?	hard copy reports on lab paper stock?
	hard copy printed in clients' offices?
	direct connection to clients' EMM/EMR?
	Web-based "gateway" mechanism?
How will you deliver results?	by facility courier?
	by other ground courier (e.g., FedEx)?
	by printer or secure fax?
	client will retrieve reports from secure Web site?
How often will results be available?	delivery once per day?
	delivery multiple times per day?
	on-demand?
	real time via fax, printer or Web site?
How will stats and critical results be handled?	client notification followed by hard copy?
	client notification with Web access?
	report will serve as notification?
Will results be provided after hours and on weekends?	all results will be available 24/7?
	only stats and criticals will be available?
	results will not be available?
How will you monitor performance?	result turnaround time?
	corrected reports?
	stat/critical result call time?
	volume of client calls to laboratory?
	number of days to set up a new client?
	bad debt or DSO ratios?
What resources currently exist?	HIS/LIS capability?
	billing systems capability?
	Web-based mechanism?
	IS resources team?
	secure faxes, printers?
	courier staff for hand deliveries?
	client services resources for outgoing calls?

**TABLE 8: MANAGE THE CLIENT RELATIONSHIP PLANNING CHECKLIST**

Who will manage the client relationship?	client services?
	inside sales representatives?
	outside account managers?
	medical directors?
How will you measure performance?	lab technical staff?
	volume growth?
	incremental margin?
	client attrition and satisfaction?
	market share?
What resources currently exist?	provider contracts?
	inside sales/marketing reps?
	outside account managers?

demand. The laboratory staff should investigate this option through one of the available software vendors or its own in-house development team (Table 7).

Once a client has agreed to refer testing to the facility, the client's business is immediately at risk. Maintaining the client/vendor relationship is paramount to the success of the outreach program (Table 8). Competitive forces will continually attempt to erode the laboratory's client base and recapture market share for themselves. A successful outreach program is attentive to the customers' satisfiers and dissatisfiers to keep the relationship healthy and the competition out.

It is also important to realize different forces drive operational decisions in outreach programs than those in inpatient settings. For example, a sample recollection on a hospitalized patient is relatively easy for most specimens, compared to the difficulty with an outreach patient. This difference may result in different specimen acceptance criteria. Handling critical test results is another example. Inpatient and outreach critical values may differ in many respects, and the lab may have different criteria for handling the two specimen result types. Differences can cause confusion on the part of client physicians, thus leading to frustration, dissatisfaction and, ultimately, loss of business.

A competent, professional sales and marketing team can mean the difference between an outreach program successful

in the long-term, and one that languishes. The sales force should be sized to provide adequate coverage for existing accounts and effective market penetration in the facility's serviceable market area.

### Sustained, consistent outreach growth requires a grand strategy.

Patty Ehrhardt, MS, MT(ASCP), PAML product manager, explained clients are most frustrated with a lack of customer focus by the person on the other end of the phone when calling regarding a problem or question. Ehrhardt recommended customer service training for everyone in an organization, stressing laboratory culture must change group-wide. She finds it interesting an organization will spend thousands of dollars on consultants to help it assess its market opportunity but then pinch pennies in training internal staff to provide customer service for the business.

#### Enabling Processes

Various departments and functions provide support for the analytical cycle. In many facilities, they are already stretched thin. Significant additional stress can be placed on these areas by adding outreach services. Pay attention to the operational readiness of areas supporting the outreach effort (Table 9). Otherwise, they may become the leaky bucket resulting in disappointing returns or even total meltdown of the outreach program.

#### The 'Go' or 'No-Go' Decision

As the team pulls the various grand strategy components together into a final business plan, it is important to realize a few essential infrastructure elements must be in place prior to moving forward. These potential roadblocks should be closely monitored using appropriate metrics benchmarked against industry standards or customer input (Table 10).

Kathleen Murphy, PhD, president of Chi Solutions Inc., stated in a recent address respondents to Chi's annual lab outreach survey cited lack of IT connectivity, managed-care contracting issues, inability to offer competitive pricing, and limited or



inflexible IT connectivity and support as major roadblocks to building successful outreach programs.<sup>2</sup>

Paul Labbe, vice president of operations for CompuNet Clinical Laboratories,

summed up the driving force behind these problems when he said, “Core processes are easier for laboratories to understand because you know what needs to be done logistically, so you are able to set goals and

objectives. With IT and billing, it is difficult to predict needs due to rapid changes in the industry and regulatory environment.”

The bottom line message: assess internal potential roadblocks using factual performance metrics with special attention to IT and billing support services prior to any “go” decision. Sustained, consistent outreach growth requires a grand strategy with careful execution of the critical components. ■

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**TABLE 9: ENABLING PROCESSES PLANNING CHECKLIST**

human resources	Is the candidate pool of sufficient size and quality to support additional manpower needs?
	Is the human resources staff of sufficient size and expertise to provide timely hiring?
	What methods will be used to recruit for additional needs?
	Is employee satisfaction monitored with active commitment to improve work environment?
compliance	Have provisions been made to ensure the outreach project is in compliance with HIPAA, Stark II and Sarbanes-Oxley?
	Have anti-kickback and anti-inducement policies and procedures been put in place?
billing	Who will be billed: patient, client or a third party?
	How will the facility deal with insurance companies who have specified lab providers?
	How will the facility deal with bad debt from this product line?
	Have provisions been made to avoid comingling of funds?
customer service	Who will be responsible for providing customer support and problem resolution?
	What hours will customer support be available?
	How will client concerns and complaints be monitored and addressed?
	Is a customer service trainer or program in place?
materials management	How will client supplies be handled?
	How will use be monitored to ensure compliance with anti-inducement regulations?
	Who will deliver supplies to the client, and how often?
information services	Can existing equipment generate patient reports acceptable to the client?
	How will these reports be delivered: printed copy, fax, Web-based or other?
	How can HIPAA security provisions be met?
	How responsive is the program to client special requests?

**TABLE 10: MONITORING ROADBLOCKS**

Impact	Potential Roadblock	Recommended Target
patient or client	patient wait times	< 20 minutes from sign-in to contact
	data entry error rate	< 2%, lower is better
	morning cutoff for outreach results reporting	should meet 98% of the time or better
	satisfaction index, Press-Gainey or other third party	90% satisfaction or better
employee	employee attrition rate	< 20% annually
	employee satisfaction score, Gallup or similar third party measure	world class is 75% approval
enterprise	incremental cost per test	must maintain acceptable margin
	client electronic connectivity	efficient programs strive for > 80% of total volume
	bad debt	< 3%
	receivables sales days outstanding	< 30 days