

Executive Briefing:

5 Major Risks Your Lab Faces in 2016

While 2015 marked a year of monumental change in healthcare, the wild ride will continue in 2016.

Our Executive Briefing outlines some of the most pressing risks currently facing labs. Stay tuned over the coming weeks for real-life stories and action plans that demonstrate steps your lab can take to overcome these challenges and accomplish significant growth in 2016.

Risk #1: Treating Every Client the Same

Healthcare is a service-first industry, and this will never change. What has changed, however, is that the same clients you may have worked with for years now expect an entirely new level of attention from your team. Hospitals, health systems, and providers are under mounting pressure to provide each stakeholder with personalized service, which in turn puts pressure on labs to deliver the same individualized attention to provider clients. Ignoring this massive shift in client expectations is a sure step to an early retirement.

Risk #2: Focusing on Surviving, Not Thriving

Everyone is now aware of the massive reimbursement changes wreaking havoc across the industry. Yet too often, these changes lead to spur-of-the-moment operational adjustments driven by panic. In order for labs to create a lasting, sustainable growth plan, they must confidently make decisions that support long-term objectives. While shaving down costs may be a logical step for some, leading laboratories that aim to thrive will make the appropriate investments in technology, human capital, and education to propel their business forward.

Risk #3: Falling Victim to Data Siloes

Labs are no doubt flush with data. The typical lab has upwards of five systems, each housing various fragments that make it impossible to instantly access a holistic view of each provider. The strain of these data siloes shows up in wasted resources – including time, money, and people. Client interactions get logged on post-it notes to avoid the slog of systems; weeks are spent manually compiling reports. The end result is that strained client relationships progress to “crisis mode” because too much time transpires

while hunting down data. Gaining a unified, real-time, and transparent view across IT solutions and various departments is the foundation for delivering consistent, personalized service to each client.

Risk #4: Running Your Business In Arrears

In the highly competitive lab space, it's astonishing that client issues often go unresolved for months. That's because many labs conduct operational reviews only once or twice each quarter. By the time issues are uncovered, the client may have already taken its business elsewhere. To provide prompt, individualized service to each provider, labs must collapse the issue tracking and resolution cycle. Team members must gain immediate access to all client communications and activities. Understanding business performance in real-time, with up-to-the-moment analytics and dashboards, enables labs to make decisions based on data, not assumptions. Building a metrics-based foundation for your organization is a fundamental building block of a winning 2016 strategy.

Risk #5: Ignoring the Patient

Most labs utilize numerous systems designed to better manage their relationships with physicians. But what about optimizing relationships with patients? Only a handful of innovative labs have created an Enterprise Master Patient Index (EMPI), which tracks patients throughout the continuum of care and ensures that a specific individual receives the right treatment based on his or her test results. Additionally, with the rise of high deductible health plans, now is a critical time for laboratories to proactively manage their billing processes – which oftentimes means collecting testing fees directly from patients. With the intelligence gleaned from an EMPI, labs that may otherwise write off millions of dollars each year in uncollected testing fees are able to identify patients with unpaid bills and proactively direct these patients to finance personnel upon their arrival to the laboratory.

From the Experts:

Robert Michel, *Editor-in-Chief, The Dark Report*

“One major risk for clinical laboratories in 2016 is failure to understand the pace at which reimbursement will move from primarily fee-for-service to primarily value-based and budgeted reimbursement. It is essential that labs recognize this dynamic in the healthcare marketplace and have both financial and clinical strategies in place to deliver lab testing services that add value to patients, physicians, and payers. It is true that this transition away from fee-for-service will take several more years. It is equally true that it will take time for clinical labs to create and implement new value-added services that meet the needs of integrated clinical care and personalized medicine.”



Rick Cooper, *Manager, McDonald Hopkins Healthcare Practice*

"I think the greatest risk for a lab is that it is viewed as a commodity and not as a critical asset in the healthcare system as it evolves. A successful lab will have one or more distinguishing capabilities such as a unique proprietary test, a strong ability to collect, collate, analyze and distribute actionable data to different end users, a strong and preservable geographic position, a scope of services and geographic coverage that distinguishes it in the marketplace or demonstrably higher quality and cost effective services."



Brad Bostic, *Founder & CEO, hc1.com*

“If there's one thing that healthcare executives learned in 2015, it's that the industry isn't for the faint of heart. From value-based care to increased transparency for patients, the very nature of how healthcare is being delivered and what patients expect is rocking the industry to its core. With 2016 will come more disruption as leading healthcare organizations use cloud technology to transform vast amounts of data into insight and action leaving behind the antiquated, reactive healthcare status quo. Those who understand the role that data will play in healthcare, and take steps to harness the vast amounts of data available, will find that they are positioned to compete and win for decades to come.”



Jondavid Klipp, Publisher, Laboratory Economics

“Lab test claim denials and underpayments are rising, especially for molecular tests and advanced pathology services. The ability to submit clean claims and monitor and follow-up on denied or underpaid claims, which has always been a challenge, has become even more critical to lab success.



Conclusion

2016 will undoubtedly bring more change and challenges for the laboratory industry. There has never been a more critical time for labs to take the steps necessary to build the foundation for lasting growth. Over the coming weeks we will introduce strategies and solutions from some of the country's most innovative healthcare organizations. Follow [@hc1_HRM](#) on Twitter for the latest news and updates.