Anatomic and Clinical Pathology Outreach Services: Meeting the Challenges of a Rapidly Changing Health Care Environment

Randall L. Chamberlain, MBA, MT(ASCP)DLM
Business Development Executive, University of Florida Pathology Laboratories
“Demand for laboratory/pathology services is there as far as the eye can see—what/how they will be paid is unknown.”
– G2 Intelligence Lab Institute (2012)
Payment Uncertainties

- Accountable Care Organizations (ACOs)
- Moving laboratories from a volume-based to a value-based model
Demand for Services

• Laboratory services is a $70 billion industry
• Demand for lab services will continue to grow
  ✓ Affordable Care Act
  ✓ Baby boomers
  ✓ Technological advances
Demonstrating Value

• Need to be proactive as we move in direction of population health management

• Laboratories/Pathologists must demonstrate the value of their services:
  ✓ Actionable reports
  ✓ Test utilization initiatives
  ✓ Impact on patient outcomes
Hospital Challenges

• Virtually all hospitals are experiencing:
  ✓ Radical expense management
  ✓ Declining revenue streams
  ✓ Rising capital costs
Resource Allocation Strategy
Outreach Anatomic Pathology and Clinical Laboratory Services Program

* Pie chart not scaled to recommended resource allocations

Build Sustainable Revenue Streams
Enhance Relationships with Physicians
Economies of Scale
Maximize Instrumentation and Staff Utilization

Take Advantage of Excess Capacity
Establishing or Evaluating
An Outreach Program
Situation Analysis

• Hospital or Health System Analysis
  ➢ Mission and vision
  ➢ Goals
  ➢ Focus
  ➢ Culture
  ➢ Strengths and weaknesses
  ➢ Market share
Situation Analysis

• Customer Analysis
  ➢ Number
  ➢ Type
  ➢ Value drivers
  ➢ Decision process
Situation Analysis

• Competitive Analysis
  ➢ Market position
  ➢ Strengths
  ➢ Weaknesses
  ➢ Market shares
Situation Analysis

• Climate (PEST Analysis)
  ➢ Political and legal environment
  ➢ Economic environment
  ➢ Social and cultural environment
  ➢ Technological environment
Situation Analysis

• SWOT Analysis
  ➢ Internal attributes classified as strengths and weaknesses
  ➢ External environment presents opportunities and threats

• TOWS Matrix
  ➢ Identify strategies
Market Segmentation

• Identify each market segment
  ➢ Description
  ➢ Percent of sales
  ➢ What they want
  ➢ How they use the service
  ➢ Support requirements
  ➢ How to reach them
  ➢ Price sensitivity
Selected Marketing Strategy

- Product (Service)
- Price
- Place (Distribution)
- Promotion

The Four Peas
Resource Limiters to Growth

- Pathologists
- Staff
- Space
- Equipment
- Technological capabilities
Short- and Long-Term Projections

Strategy’s immediate effects
Short- and Long-Term Projections

Expected long-term results
Short- and Long-Term Projections

Forecasts of revenues and expenses
Short- and Long-Term Projections

Break-even analysis
Building Strategic Alliances

- Hospitals’ financial challenges
- Meeting financial challenges
- Strategic partners
Building Strategic Alliances: Hospitals’ Financial Challenges

- Radical expense management
- Declining revenue streams
- Rising capital costs
Building Strategic Alliances: Meeting Financial Challenges

• Strategies include a partnership approach with a long-term outlook
• One such strategy: Laboratory outreach
Building Strategic Alliances: Strategic Partners

- Community hospitals, academic medical centers, health systems
- Large physician group practices
- Clinical and anatomic pathology laboratories
Why Should Your Organization Consider Pathology Outreach?
Foci of An Academic Health System

Research

Clinical

Academic
Anatomic and Clinical Pathology Outreach
Anatomic and Clinical Pathology Outreach

• Builds sustainable revenue streams
Anatomic and Clinical Pathology Outreach

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- Helps support research (e.g., new test development)
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- Enhances relationships with the physician community
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- Enhances relationships with the physician community
- Takes advantage of excess capacity
Strategic Partners Are Needed

- Hospital Systems
- Laboratories
- Physician Group Practices
Working Together...

WE ALL WIN!
Any Questions?
UF PathLabs
UNIVERSITY of FLORIDA

Thank You for Your Time!