



# IS YOUR HOSPITAL LAB AT RISK?

Proactive ways to educate administrators on the value of lab testing, controlling lab data, and improving patient outcomes

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Executive War College  
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2

## DISCLAIMER:

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The stories you are about to hear are true.

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Only the names and revealing details have been changed to protect the innocent.

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7

## A TALE OF TWO HEALTH SYSTEM LABORATORIES

### NUMBER ONE

... with >20 hospitals and 900 outpatient facilities, we make it easy to find the care you need...in your community.

### NUMBER TWO

... with more than 1,700 employed providers delivering high-quality patient care at >25 hospitals, across several states.

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8

## THE ECONOMIC CRISIS OF 2007–2008

### Hospital Impact and Response



Capital “crunch” – unable to fund facility and technology needs



Change in numbers and mix of patients seeking care

Lowered admissions  
Increased uncompensated care



Physicians seeking financial support from hospitals, including employment

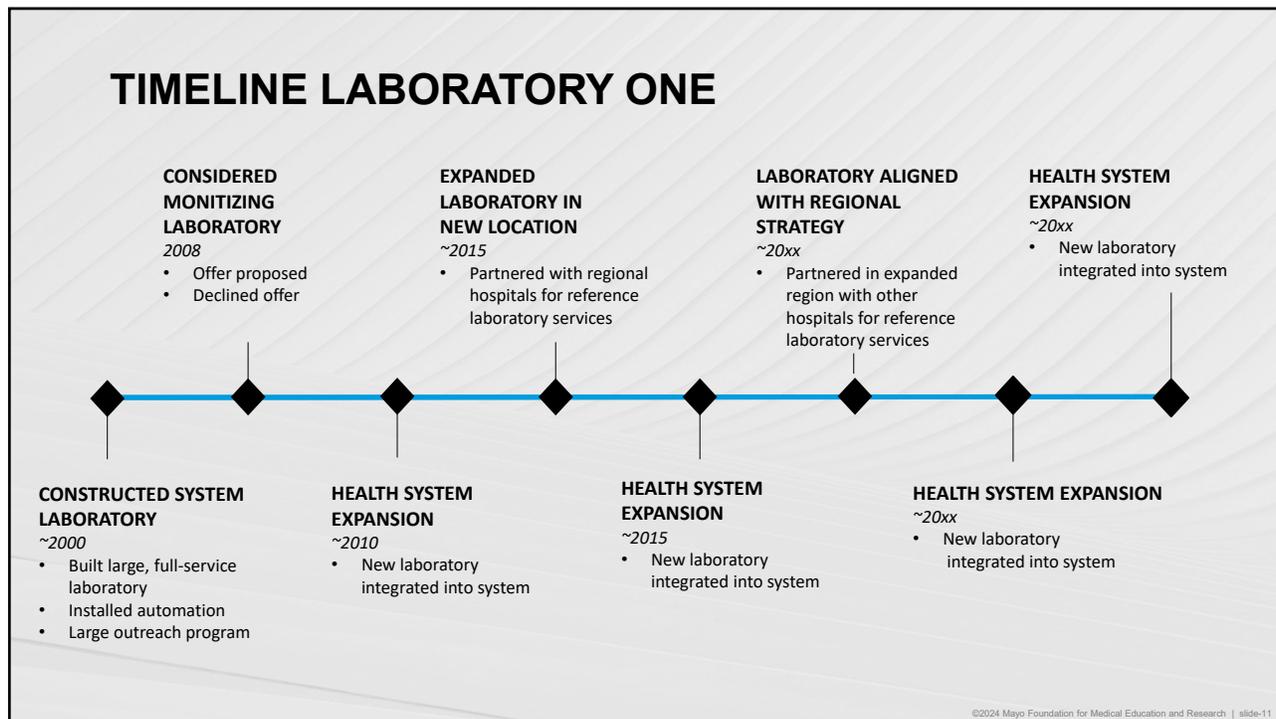


Cutbacks/Changes considered:

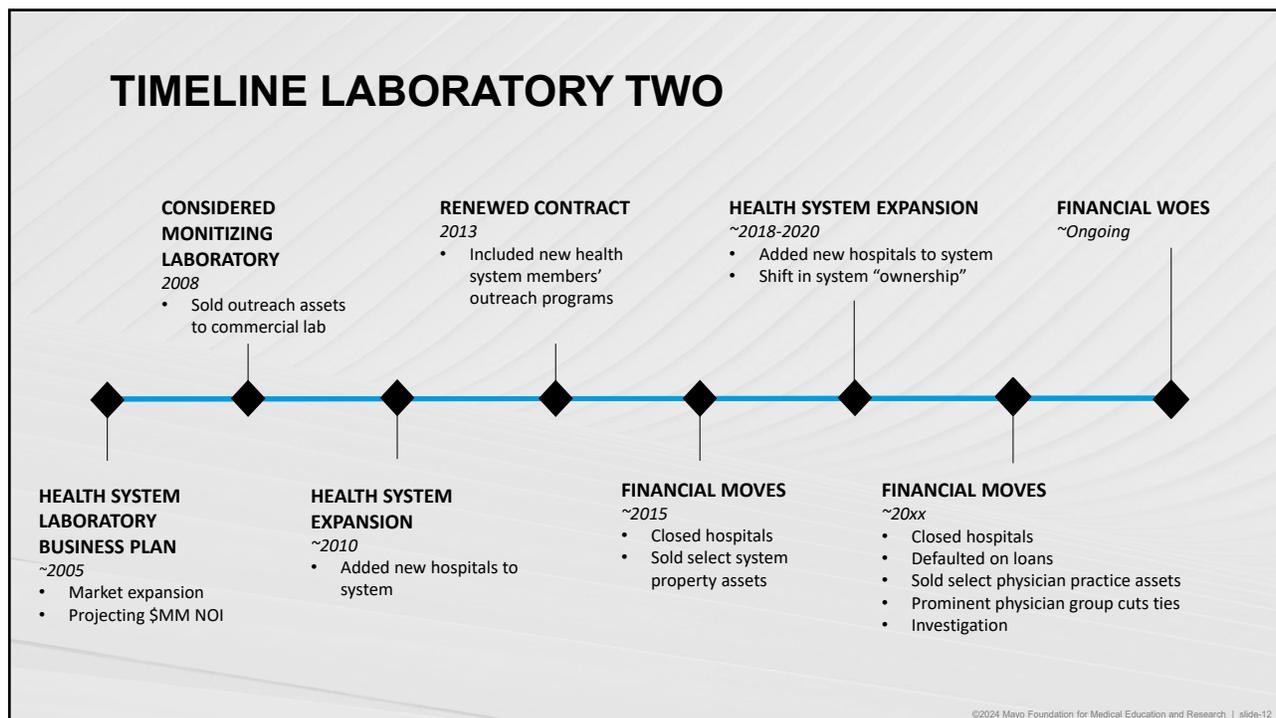
Cutting Administrative costs  
Reducing staff or services  
Divesting assets  
Considering merger

AHA. (November 2008). Rapid Response Survey, The Economic Crisis: Impact on Hospitals. ©2024 Mayo Foundation for Medical Education and Research | slide-9

9



11



12

## A CURRENT AND FUTURE VIEW

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15

## C-SUITE EXECUTIVE PRIORITIES

2024-2025

### TOP STRATEGIC INITIATIVES

1. Revenue growth (57%)
2. Reducing costs (46%)
3. Patient experience (25%)

↑ **57%**  
REVENUE GROWTH PRIORITY

### PRIMARY OBSTACLE – DELAYED CARE

1. Primary care follow-up for chronic illness (44%)
2. Annual wellness visit (43%)
3. Cancer screening (34%)
4. Delayed discharges and avoidable patient day cost = \$2500 per day

↓ **65%**  
DECREASE IN HEALTH OF  
POPULATION,  
COMPARED TO PRE- PANDEMIC

Sage Growth Partners MN Health Department Data Feb2024

16

## BENEFITS OF THE COMMUNITY-BASED LABORATORY MODEL



Integration and standardization of laboratory with clinical care process.



Reduction in cost-per-test by maximizing existing capacity.



Greater accountability to your physicians, patients, and communities.



Patients follow specimens. Reduce system outpatient leakage.

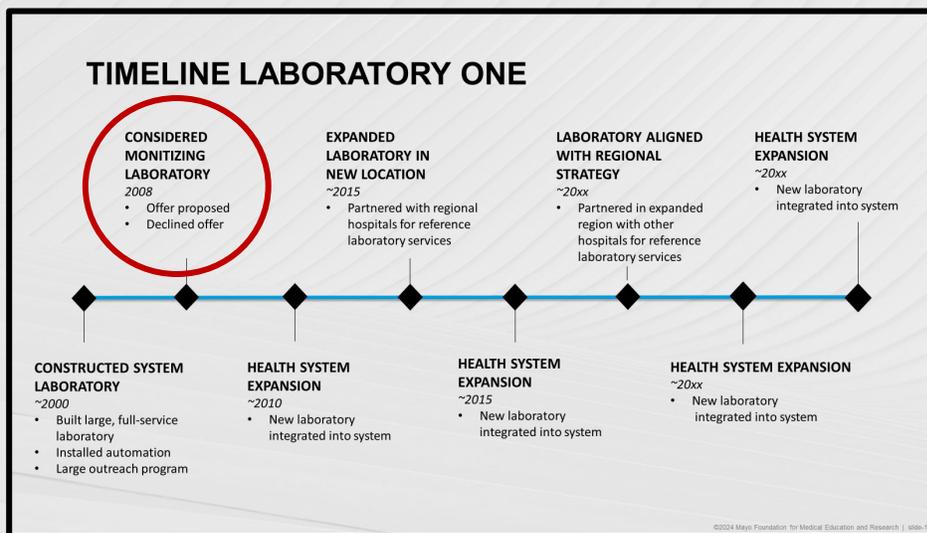


Optimize test utilization locally before sending test to reference lab.

17

## WHAT FACTORS ARE/SHOULD BE CONSIDERED?

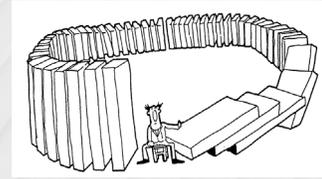
### TIMELINE LABORATORY ONE



- Immediate
- Short-Term
- Long-Term

18

## UNINTENDED CONSEQUENCES



- Negative impact on physician satisfaction
  - Poor TAT
  - Lack of available expert consultation
  - Poor quality - inconsistent or nonreproducible results
- Negative effect on staff recruitment and retention
- Financial impact (beyond the first few years)
  - Price increases
  - Management fees
  - Loss of local control over test menu and utilization
  - Exclusion from regional growth/outreach opportunities (non-compete)

Mrak, R. E., Parslow, T. G., & Tomaszewski, J. E. (2018). Outsourcing of Academic Clinical Laboratories: Experiences and Lessons From the Association of Pathology Chairs Laboratory Outsourcing Survey. *Academic Pathology*, 5(1-5).

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20

## TABLE STAKES QUESTIONS

- What are the top three benefits to patients?
- How will our patients be safer?
- What does success look like to employees, and how do we drive engagement?
- What are we doing to create a win-win scenario with payors?
- How are we aligned with our organization for future endeavors?
- How are we aligned with innovation efforts?
- What can we do to enhance our organization's reputation or brand?
- What is the long-term financial impact to the organization?

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23

## SELF-ASSESSMENT: WHERE DO YOU STAND?

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24

## TANGIBLE ACTION STEPS

1. Develop and articulate your value proposition
  - Routine stakeholder communication
    - C-Suite
    - Monthly or Quarterly
  - Expand your stakeholder community
    - Board of Directors
    - Other departments (Health Plan contracting team, Department chairs)
2. Shift the perception of lab
  - Profitable revenue center instead of cost center
  - High-value diagnostics driving medical care
3. Have a seat at the executive table.
  - Diagnostic groups
  - Patient care teams

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31

**“THE BEST INTEREST  
OF THE PATIENT  
IS THE ONLY INTEREST  
TO BE CONSIDERED.”**

— WILLIAM J. MAYO



MAYO CLINIC  
LABORATORIES

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34

**SAVE THE DATE**  
Leveraging the Laboratory: Seize Tomorrow  
September 17-18, 2024  
Rochester, MN

Get notified when registration opens:  
<https://news.mayocliniclabs.com/homepage/education/conferences/>

36

## THANK YOU

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<https://news.mayocliniclabs.com/outreach/>

37

## LEARN MORE

- <https://news.mayocliniclabs.com/2021/04/19/avoid-sellers-remorse-why-owning-your-lab-makes-sense/>
- <https://www.clinisys.com/us/en/insight/the-case-for-not-outsourcing-the-lab/>
- Mrak, R. E., Parslow, T. G., & Tomaszewski, J. E. (2018). Outsourcing of Academic Clinical Laboratories: Experiences and Lessons From the Association of Pathology Chairs Laboratory Outsourcing Survey. *Academic Pathology*, 5(1-5).
- <https://sage-growth.com/critical-thinking/market-report/the-new-healthcare-c-suite-agenda-2024-2025/>

38