

# In Focus

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## EXPANDING THE COMMUNITY FOOTPRINT

# Physician & Patient Affinity

Hospitals might call it an inconvenient truth that since the middle of the last decade, the healthcare industry has been shifting from the hospital-centric paradigm toward a new community-based model. Driven by increasingly mobile consumers and physicians, spurred also by the need for disease management and wellness programs, the recent financial downturn has only accelerated these trends.

With anywhere from 50 to 80 percent of healthcare delivered in the community, it's become imperative for hospitals to embrace the new paradigm. A key element in developing a successful community model, one that continues to drive business through hospital services, is the relationships, or affinity, that hospitals develop and nurture with patients and physicians. That's why effective laboratory outreach programs are a strategic asset, providing critical visibility in the community not only for the laboratory but for the hospital and health system as well. A well-run laboratory outreach program serves to keep healthcare delivery (and jobs) local, creates tremendous potential for increased hospital revenue and helps cement that vital patient and physician loyalty. This loyalty creates a multiplier effect for services within the hospital—such as imaging and cardiology procedures.



Given that each outreach physician can drive \$5,000 a month and an admitting physician as much as \$1.5 million a year in hospital revenue, patient and physician satisfaction is a key metric for healthcare executives. Such satisfaction reflects the reliability and timeliness of the services patients and physicians receive as well as their ease

of access to knowledge and expertise. The diagnostic laboratory holds a strategic position in delivering that satisfaction.

Still, while nearly eight of 10 laboratories manage an outreach business line, most report they lack the connectivity and business intelligence required to compete for high-dollar clients, monitor operational trends and assess profitability. Whether your laboratory outreach program is hospital-based or has grown to become an affiliated independent lab business, you need the appropriate IT to achieve those objectives.

Community-based healthcare is the model for the 21st century. With a prominent role in the healthcare delivery continuum, the diagnostic laboratory outreach program provides a vital foundation to develop and nurture the patient and physician affinity that will keep the hospital thriving.

## “Message from the President”



*“There are two mistakes one can make along the road to truth... not going all the way, and not starting.”* (Hindu Prince Gautama Siddharta, the founder of Buddhism, 563-483 B.C.)

Throughout history, world leaders and entire cultures have been influenced by the teachings of Buddha. The opening quote

implies that to reach a goal, you must first set the goal, then plan to reach the goal, and finally be fully committed to apply the necessary resources to attain the goal. The current global economic recession serves to underscore the importance of traveling the road that will ensure success in difficult times.

The good news for healthcare executives who administer laboratory information and services is that today we can travel all the way on the road to success in a changing world. That road—laboratory outreach—leads us to the community. Outreach testing services provide hospitals and healthcare systems the opportunity to build tighter relationships with patients and physicians where the majority of healthcare is delivered—in the community setting. By excelling in service offerings, providing smooth transitions between the hospital-based and ambulatory care settings and delivering actionable information to the point of care, laboratories are able to cement the affinity that local care providers and residents feel for the community hospital.

When Sunquest was re-launched as a private company in 2007, we recognized that in order for us to succeed we had to ensure that we enabled our customers’ success. We developed a business strategy built around key issues faced by today’s healthcare leaders. One component of our strategy embraces the concept of enhancing the community affinity our customers have built and ensuring that Sunquest’s solutions provide the capability to expand that footprint, thus adding further value for the organization.

This is why Sunquest completed the acquisition of the Outreach Advantage solution suite from Pathology Associates Medical Laboratories (PAML) in January. Outreach Advantage complements existing Sunquest solutions by establishing the most comprehensive suite of outreach connectivity and business management solutions in the industry. Last November Sunquest also acquired UK-based Anglia Healthcare Systems Ltd. to increase our global presence and strengthen our connectivity strategy.

Outreach is one way Sunquest helps create customer value. More than a means to increase test volume and process it more efficiently, a well-executed outreach program creates a multiplier effect for hospitals and health systems by enabling them to realize new business opportunities, opportunities created by leveraging physician and patient relationships in the community to increase referrals to other hospital-based procedures.

Connecting the community, excelling at service, delivering local healthcare, creating value—that’s a road we all should take. ■

### NEW EXECUTIVE ADVISORY BOARD PROVIDES INDUSTRY INSIGHT

Sunquest’s Executive Advisory Board, composed of industry analysts, pathologists, physicians, and laboratory business managers representing a cross-section of international healthcare leadership, held its inaugural meeting in February. The Executive Advisory Board will meet with the Sunquest Executive team on a quarterly basis to discuss the global healthcare trends

that they are observing, tracking, or living in their own organizations, and to discuss how those trends might impact their own or Sunquest’s business strategy. We welcome our new Advisory Board members and look forward to their insights on how we can continue to create value for our customers and for the diagnostic IT industry. ■

## CASE STUDY:

# Huntsville Hospital's Laboratory Outreach Success



**HUNTSVILLE  
HOSPITAL**

Huntsville Hospital in Huntsville, Alabama is one of the nation's

largest locally-owned, not-for-profit hospitals. The 881-bed hospital serves communities throughout northern Alabama and southern Tennessee with more than 650 in-house physicians and a laboratory staff of 200. The laboratory began its outreach business by researching options and developing a vision. That vision was soon followed by a solid business plan, their initial customer, and first year outreach billables of \$88,980. Today, the laboratory at Huntsville Hospital provides testing and related outreach services to more than 450 community physicians and with the fiscal year ending June 30, 2008, completed 1.1 million procedures in outreach volume and generated \$10.3 million in net revenue, demonstrating the success that is possible with lab outreach.

### Seizing the Opportunity

Huntsville Hospital's outreach business began in 1995 when the Vice President of Lab proposed competing with national commercial laboratories. After demonstrating the feasibility of an outreach program, the hospital organized a research team to investigate the necessary technological and operational requirements.

*"We knew that our lab had significantly more capacity than the total amount of services and work we were doing for our inpatients," said Vicky McClain, Administrative Director for Clinical Laboratory. "We decided that since we were already providing services 24 hours a day, seven days a week, why not expand and do what the larger, national labs were doing."*

To compete successfully, Huntsville Hospital required a world-class Laboratory Information System (LIS) and full suite of complementary solutions. To seamlessly integrate with the hospital enterprise systems, the new LIS would need to include automation and significant interoperability capabilities. In 1995, Huntsville Hospital implemented Sunquest's core laboratory solutions to build the foundation that would streamline workflow processes and achieve maximum productivity and profitability.



Huntsville Hospital's first outreach client was a four-physician practice specializing in cancer treatment. After the lab proved success with routine tests, the client indicated a strong interest in flow cytometry. Due to low initial volumes, flow cytometry was not profitable. However, the lab offered the service, became known for the specialty and developed a popular following from both inpatient clients and community physicians. This is one example of how a well-executed laboratory outreach program can show financial success and improve patient services for both hospital and community-based patients.

### Technology & Information - Key Factors for Huntsville Hospital's Outreach Growth

Sunquest's web-based orders and results solution became one of the most important and widely used technologies for Huntsville's outreach service. Whether tests are ordered during a hospital stay or at a follow-up office visit, the technology allows physicians to track lab tests and view test results. For order entry and results retrieval, the web capabilities provide Huntsville Hospital with a competitive edge, resulting in an impressive client retention rate.

*"Web-based access has been very beneficial for both the physicians and the lab," said Barry Farrar, LIS Manager. "The lab gets a good, clean requisition with information we can read, eliminating data entry errors and the possibility of missing information. This really helps to eliminate reimbursement issues and spending time on follow-up. Physicians like it because they view and retrieve their test results from anywhere in the world."*

*(Continued on page 4)*

## HUNTSVILLE HOSPITAL'S LABORATORY OUTREACH SUCCESS *(Continued from page 3)*

Being part of the hospital network helps create an efficient workflow. When an order comes into the lab system from an outside physician the LIS automatically generates an instrument-ready, barcoded label to affix to the specimen at the point of collection. Specimens arrive in the lab ready for the robotics system, which scans the barcode label and receives the sample into the LIS for pre-analytic processing. Patient safety increases because no relabeling is required.

*"Having web connectivity demonstrates a level of professionalism that our customers appreciate, and also delivers confidence in our services," said Farrar. "Without this, I'm sure we would lose customers because it really keeps us competitive with the commercial labs."*

However, Farrar also recognizes that the requirement for web-based ordering and result delivery is gradually being replaced with requirements for connectivity to EMR systems. To meet clients' evolving needs, by the end of 2008 the lab had successfully integrated Sunquest's LIS with six popular EMR systems and is currently working on interfaces to four more EMRs.

The laboratory also reaps the rewards of both web and EMR connectivity. Reimbursement problems due to inappropriate or missing diagnosis codes or insufficient insurance information are often eliminated since staff no longer have to decipher illegible, handwritten orders. Additionally, printing costs are reduced by using electronic reports. For a lab that generates almost 100,000 reports per month for outreach services, Huntsville Hospital has reduced printed reports by 20% using EMR connectivity. The new EMR interfaces could result in an anticipated additional 20% reduction.

Sunquest's technology provides another competitive advantage: client-specific fee schedules. With the ability to automate and assign different fee schedules, Huntsville Hospital reduces the amount of manual labor required for billing. By using Sunquest's CRM (Customer Relationship Management, or call tracking), lab service staff can log client phone calls while tracking service account information. Marketing can then view the account data prior to initiating a client visit.

### Huntsville Hospital Outreach Highlights

- 18.9% growth in reference lab billables from FY06 until FY08
- Number of reference procedures increased 13-fold between 1996 and 2008
- 34% reduction in total cost/procedure performed
- Gross revenue per procedure tripled
- Net revenue improved over 25%
- 99.8% client retention rate

*"One of the biggest benefits of our improved workflow and automation was that we were able to significantly decrease our turnaround times for routine tests," said Farrar. "Our performance is very good and our client retention rates reflect that."*

### Outreach Services – Fostering Community Relationships

From a single client, Huntsville Hospital's outreach program has expanded their footprint to about 75% market share. As a local business, they have benefitted both the community and the economy, two attributes patients appreciate. Being a local lab provides quicker turnaround time on most tests, which increases physicians' ability to make timely diagnostic decisions. Customers know issues can be resolved promptly, often with a phone call, and by people familiar with the region.

A variable not factored into the original business plan was the easing of patient transitions from community-based to hospital-based care, and vice versa. Sunquest's interoperability capabilities have allowed Huntsville to integrate all test results—outreach and inpatient—into Huntsville's hospital-based EMR. Regardless of where the tests were completed (office, hospital, or specialist referral), any doctor making hospital rounds for inpatients has complete access to all test results. The continuity of care between the transition from outpatient to inpatient, and vice versa, provides a competitive differentiator for the hospital outreach business over national competitors.

*"Service delivery is a cornerstone requirement for a successful, well-managed outreach program. Management support and constant process monitoring and improvement are also fundamental elements," concludes McClain. "But in the end, the product we sell is service—and even the best managers and most solid processes are inadequate without the right information technology to enable the high throughput, error checking to ensure quality results and patient safety, and the electronic reporting that our clients demand." ■*

To read more about Huntsville Hospital's outreach success, go to [www.sunquestinfo.com](http://www.sunquestinfo.com) and click on "Our Customers".

FROM THE EXECUTIVE SUITE:

## Kelly Feist, VP Marketing and Product Management

The vision we are executing against—that Sunquest will be the driver of the future of diagnostic IT—arises from our recognition that laboratory information and services, like the healthcare industry generally, must break out of its traditional box in order to remain competitive and thrive in what is surely an emerging new paradigm. A clear focus on physician and patient affinity is one of our key business strategies to ensure that we deliver the community connectivity model that will help shape Sunquest solutions and create value for our customers.



means keeping workflow, jobs and access to pathologists in the community because lab services are ordered, performed, analyzed and reported locally using IT and web-based solutions designed to connect the hospital lab to its customers in the community.

A well-executed outreach program is a good business strategy that in turn generates multiple intangible benefits. One example is easing a patient's transition from ambulatory to acute care and back by incorporating outreach lab results into the hospital's EMR,

allowing physicians to view results in the inpatient system even if they originated from that physician's or a specialist's office. Having all the results at the care provider's fingertips means better utilization of precious healthcare resources; fewer lab tests means fewer phlebotomies and faster time to diagnosis and treatment plan. And that means optimizing the patient's overall healthcare experience—something every successful health organization strives to achieve.

The Huntsville Hospital case study in this issue of *In Focus* is a case in point. Huntsville Hospital's laboratory was able to seamlessly integrate a full suite of Sunquest solutions with its enterprise IS and multiple EMRs to develop an effective, well-managed outreach program that launched a new revenue stream for the hospital even while it built stronger ties with patients and physicians in the community. The figures tell the story: after starting with a small physician practice the hospital was able to grow its outreach services to 450 community physicians, a million-plus procedures and an impressive \$10.3 million in revenue in its most recent fiscal year.

Keeping healthcare in the community fosters loyalty and better relationships with patients and physicians, which can be leveraged to increase referrals for other hospital services such as outpatient imaging and cardiology procedures. By measuring outreach success in terms of the affinity it generates, labs can finally break out of the box and become players in the larger community in which they live. ■

Perhaps now more than ever it's critical that organizations like Huntsville Hospital endeavor to keep healthcare local. In the lab business that's more than a marketing slogan. It

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IN THE SPOTLIGHT:

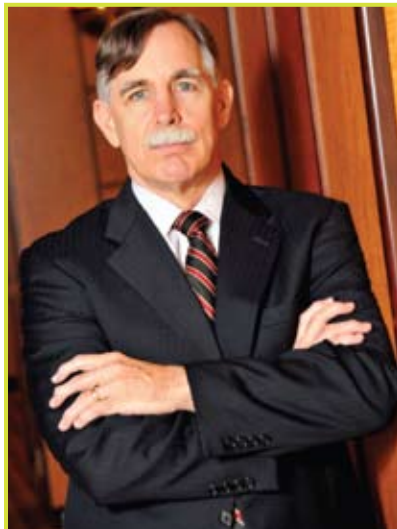
## Ensuring Patient Safety in an Era of Scarce Capital

In the premier issue of *In Focus* we explored the theme of patient safety and cited the IOM Reports' estimate that nearly 100,000 people a year die from medical errors, especially medication errors, which have made the "Five Rights" of medication administration (right medication, right patient, right dosage, right route, right time) a standard of care for today's hospital.

In that issue, we highlighted the critical role diagnostic IT plays in patient safety, as described by the "Five Rights of Laboratory Testing," (<http://www.sunquestinfo.com/>

[Newsletter/sunq\\_newsletter1008.pdf](#)) which ensure that the *right patient* has the *right test* performed at the *right time*, for the *right indicators*, ultimately leading to the *right diagnosis*. With nearly 70 percent of diagnostic decisions relying on laboratory data, it's unequivocally clear that the laboratory, laboratory staff and the technologies they use play a critical role in a patient's diagnosis, treatment and ultimate outcome. That's even more important in the context of this issue's theme of outreach testing in the community where about 80 percent of care is delivered. *(Continued on page 7)*

# “The Dark Report’s” Robert Michel on Outreach Programs



Sunquest is pleased to feature the second in a three-part exclusive interview series with Robert L. Michel, Editor-in-Chief of The Dark Report and President of The Dark Intelligence Group, Inc. Robert is an industry-renowned commentator, consultant, author, editor, speaker and entrepreneur. He is

also a leading expert on the management of clinical laboratories and anatomic pathology group practices.

The topic for this interview segment is how laboratory outreach affects the entire hospital organization. The last segment in the interview series will discuss how hospital laboratories are preparing to lead the hospital into the era of molecular diagnostics and predictive medicine.

## **What are some of the core operational and business issues affecting hospitals these days?**

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*More than ever, hospitals and health systems recognize the importance of moving forward with clinical excellence, and providing more patient-focused services in order to attract an adequate number of patients to sustain the institution financially, year after year.*

## **What market forces are bringing about these changing conditions for hospitals?**

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*One of the first things hospitals and health systems should recognize is the strategic implications of this fact: for 28 consecutive years outpatient procedures in the U.S. have increased in double digits. This compares to inpatient procedures increasing by single digits year after year. Another key factor is the rapidly increasing number of stand-alone healthcare services offered in the community, including ambulatory surgery centers, endoscopy centers, in-office surgeries and others. Patient volume at these sites is also growing by double digits. The result of these two trends is that in many cases, the market share of the community*

*hospital or health system is likely to be declining over a five or 10-year period.*

*So, even in cases where a hospital or health system is serving an increased number of inpatients year after year, they are not going to keep pace with the growth of outpatient services and independent health care services being offered in the community. It means that hospitals and health systems are serving a proportionately smaller share of the overall market.*

## **What can hospitals do to address these changes in the market?**

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*Hospitals should implement a clinical-service and revenue-growth strategy that incorporates a laboratory outreach program. That is one effective way to tap this explosive growth in community services for the benefit of the hospital or health system. As a start, if the laboratory has already established a successful outreach program, those community relationships can be used to open marketing channels for other hospital services. Many hospital and health systems find that a dynamic laboratory outreach program builds additional bridges to physicians in the community and encourages greater inpatient admissions.*

## **How can hospitals differentiate their outreach laboratory testing services from commercial laboratories offering the same or similar services in the community?**

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*Many successful hospitals look to develop areas of core competency where they can be considered world class in their performance of laboratory testing. These must be clinical lines that contribute revenue. In case after case, hospitals and health systems that do this well have seen a substantial year to year increase in specimen volume, revenues, and profits.*

*Some of the best known examples of this are the Spectrum Laboratory Network in Greensboro, North Carolina, which was founded and owned by three major health systems in North Carolina. Between 2000 and 2006, its outreach program grew to generate \$125M in annual income. This tremendous success resulted in the three hospital partners deciding to extract the capital value of the laboratory outreach program. Some estimate that the ownership interest in the outreach laboratory they sold to an outside investor generated between \$150 million to \$200 million in capital for the three health system partners that originally owned Spectrum Laboratory Network.*

*(Continued on page 7)*

## ENSURING PATIENT SAFETY IN AN ERA OF SCARCE CAPITAL *(Continued from page 5)*

Daily, we read about new ramifications of the global economic downturn. In healthcare, one impact has been to dry up the precious capital traditionally used for investments in IT and other technology to protect patients from medical errors and help achieve quality goals. Despite the pressures, however, leaders in healthcare organizations cannot afford to take their focus off patient safety. Indeed, as rising unemployment drives more into the uninsured ranks, the need for systems to ensure safety, quality and efficiency in caring for this more vulnerable population rise commensurately. Fortunately, health-system administrators have maintained their unrelenting emphasis on patient safety as a cornerstone of care.

Still, today's heightened concerns about capital expenditures are likely to have a negative long-term impact on healthcare.

Sunquest understands that in order to ensure healthcare organizations are positioned for the future, vendors must be as innovative in finance as they are in technology and service. To enable customers to move forward with patient-safety initiatives in diagnostic IT without delay, Sunquest has introduced a new subscription licensing model for hospitals and reference laboratories that allows them to pay monthly fees for Sunquest solutions on an annual "use" basis, avoiding the capital issue altogether. The new Sunquest n•Able program permits a hospital to align the costs with the operating expense budget, eliminating the need to use scarce capital funds.

Sunquest believes that only through innovation in all aspects of our business can we continue to empower customers to meet their mission of care in changing times. ■

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## "THE DARK REPORT'S" ROBERT MICHEL ON OUTREACH PROGRAMS *(Continued from page 6)*

*PAML is another great example of this in the state of Washington. Pathology Associates Medical Lab, owned by a Catholic health system, has grown into a \$200M enterprise and is one of the dominant laboratory providers in the states of Washington and Idaho. PAML regularly contributes a significant cash flow to its patient health system.*

### **What are some of the cultural or organization reasons why hospitals may not have started an outreach program yet?**

*My experience is that, typically, a significant number of hospital and health-system CEOs have never actually walked into their institution's clinical laboratory. This is frequently the case even though the lab is a vital asset and clearly a critical contributor to timely and accurate healthcare, while reducing the cost of care and improving outcomes.*

*A 2004 study asked hospital CEOs, "Where do you get your information on how well your lab is doing?" The majority responded, "From what doctors tell me. If doctors don't complain, I think it's doing well."*

*The lab never becomes an issue with hospital administrators until there is a problem with service. The minute there's a problem in the lab, that's when the CEO hears about it. But the rest of the time, the CEO never considers the lab an*

*untapped asset, with disproportionate potential to advance the major strategic goals of his or her institution.*

*Most laboratories accommodate some level of outpatient or non-patient testing as a natural reaction to the shifting balance from hospital-based to community-based care. When those levels reached volumes that required additional investment in the non-technical staff required to continue growing, such as sales, marketing, couriers and customer service, but could not show an immediate ROI on those investments, most management balked. Hospitals operate on very narrow margins, and there has always been fierce competition for budget dollars. Consequently, those laboratories are bound to their current test volumes.*

*But this trend is changing from both the executive level and lab departmental level as groups and supervisors are communicating more frequently and proactively. Successful organizations are creating better business plans that show tangible benefits of outreach to the entire organization, and not limiting ROI to terms solely based on increased lab testing volumes. ■*

For more information on The Dark Intelligence Group, its newsletters, events, and free daily news briefings, visit: <http://www.darkdaily.com/> or call: 512-264-7103.

# Sunquest is Proud to Support these Upcoming Events

## 2009 TRADESHOWS AND SPECIAL EVENTS:

**HIMSS '09 - Booth #7522**, April 4-8, Chicago, IL  
[www.himssconference.org](http://www.himssconference.org)

**Executive War College**, April 28-29, New Orleans, LA  
[www.executivewarcollege.com](http://www.executivewarcollege.com)

**CLMA ThinkLab '09 - Booth #621**, May 2-5, Tampa, FL  
[www.clma.org/ThinkLab](http://www.clma.org/ThinkLab)

**The unSUMMIT - Booth #200**, May 6-8, Tampa, FL  
[www.unsummit.com](http://www.unsummit.com)

**Focus 2009**, May 18-21, Liverpool, UK  
[www.focus-acb.org.uk](http://www.focus-acb.org.uk)

**Lab Outreach 2009**, June 8-10, San Diego, CA  
[www.g2.reports.com](http://www.g2.reports.com)

**Smart Healthcare Expo 2009**, June 9-10, London, UK  
[www.smarthealthcarelive.com](http://www.smarthealthcarelive.com)

**Futurescape '09**, June 12-14, Rosemont, IL  
[www.cap.org](http://www.cap.org)

**HFMA 2009**, June 14-17, Seattle, WA  
[www.hfma.org](http://www.hfma.org)

**Sunquest Annual User Group Meeting**, July 12-17, Scottsdale, AZ

**AACC**, July 21-23, Chicago, IL  
[www.AACC.org](http://www.AACC.org)

**Lab Institute Congress**, Sept. 23-25, Arlington, VA  
[www.g2reports.com](http://www.g2reports.com)

**IBMS Healthcare 2009**, Sept. 28-30, Birmingham, UK  
[www.ibmscongress.com](http://www.ibmscongress.com)

For more information about Sunquest, call (800) 748-0692 or visit [www.sunquestinfo.com](http://www.sunquestinfo.com).



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