Planning for the Future

Laboratory Service Line Structure and Strategies

Planning for the Future

Robert Stallone
VP of Laboratories
NSLIJ Health System
“The best way to predict the future is to create it”
- Abraham Lincoln

1. Introduction to the NSLIJ Health System
2. The Changing Landscape of Health Care
3. Accountable Care Organizations (ACOs)
4. The NSLIJ Laboratory Response
   • NSLIJ Model
   • Benchmarking
   • Value
   • Informatics
   • Future Strategies
5. Q & A
NSLIJHS Vital Statistics

2011 Clinical Statistics
- More than 5,400 hospital and long-term care beds*
- About 4 million patient contacts
- 25,600 babies delivered
- 283,000 hospital discharges
- 133,400 ambulatory surgeries performed
- 640,000 emergency visits
- 503,700 home care visits
- 2,053 community programs
- 91,400 ambulance transports

Organizational Statistics
- More than 43,000 employees — the largest employer on Long Island and the third-largest private employer in New York City
- More than 9,430 physicians
- More than 10,000 nurses
- More than 2,000 employed Physicians
- 772 medical students
- More than 1,500 medical residents and fellows
- Nursing school affiliations with 15 colleges and universities
- More than 3,200 volunteers

NSLIJHS Inpatient Facilities

NSLIJHS Vital Statistics

NSLIJHS Inpatient Facilities

NSLIJHS Inpatient Facilities

NSLIJHS Inpatient Facilities
Organizational Characteristics

- Patient Centric
- Mission Aligned
- Data Driven
- Learning Organization
The Road to Success
The Changing Healthcare Delivery Landscape

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provider Centric</td>
<td>Patient Centric /Consumer</td>
</tr>
<tr>
<td>Value Blind Reimbursement</td>
<td>Value-based Reimbursement &amp; Accountability</td>
</tr>
<tr>
<td>Episodic Fragmented Care</td>
<td>Continuous &amp; Coordinated</td>
</tr>
<tr>
<td>Inpatient- Focused</td>
<td>Ambulatory /Office / Home Focused</td>
</tr>
<tr>
<td>Individuals</td>
<td>Population Based</td>
</tr>
<tr>
<td>Disease and Treatment</td>
<td>Health/Wellness &amp; Prevention</td>
</tr>
<tr>
<td>Functional and Departmental</td>
<td>Team-based &amp; Service Line</td>
</tr>
</tbody>
</table>
Drivers of Healthcare Reform


3/2010: Patient Protection and Affordable Care Act

6/2012: Supreme Court

2009 → 2010 → 2011 → 2012 → 2013

- Electronic Health Records, Meaningful Use
- Physician Network Consolidation: ACOs, PCMH
- Private Payers, Employers...
  - Shared Risk → Full Risk
ACOs are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to the Medicare patients they serve*

• Will result in capitated reimbursement based on a covered population
• Reimbursement will be based on key quality and service metrics

* CMS.gov
"Crossing the Chasm"
“Crossing the Chasm”
Laboratory Response

• Be the Experts or Someone Else Will
• Drive Growth
• Decrease Costs
• Add Value
• Measure results
Our Model

- Strategically Located Core Laboratory – 60,000 sq.ft.
- Anatomic Path Subspecialty – 25,000 sq.ft.
- LIS & Billing – 15,000 sq.ft.
- Rapid Response Laboratories (RRL)
- Standardized Test Menu
- Standardized LIS (Cerner)
- Standardized Laboratory Instrumentation
- Standardized Policy and Procedure
System Laboratory Operations

- Central “Core” Laboratory
- 12 Hospital Based Labs
- $250 Million Annual Operating Budget
- 1400 FTE’s/ 80+ Pathologists
- 16 + Million Billable Tests
- 180,000 Surgical Specimens
- 30 + Patient Service Centers
Joint Standards Committee Process

- Joint Standards Committees
- Medical Board
- Hospital Admin
- PICG
- Senior Leadership
- Customers
- Laboratories
- Vendors
- Executive Committee

**Requests**
- Resources
- Analysis
- Recommendations
- Approval

**Information**
- Direction
- Decisions
- Requests
- Communication
NSLIJ Centralized Laboratory Network Current (CLN)

Core Lab

- Plainview
- Southside
- Huntington
- Forest Hills
- SIUH North
- SIUH South
- LHH
- Manhasset
- LIJ
- Glen Cove
- Franklin
- Physician’s Offices
- Nursing Homes
- Clinical Trials BARC
- Non-System Hospital Reference Testing

Outreach
Hospital Lab
RRL
Core Laboratory

- 30-40 Percent Hospital Lab Tests
- Routine Testing
- Microbiology/Virology
- Esoteric – Molecular, Virology, Special Testing
- Reference Testing – All Send Outs
- Subspecialty / Pathology
- Infrastructure for Outreach Program
Core Lab Support Functions

- Client Service
- LIS
- Billing Outreach
- Quality Management
- Point of Care Oversight
- Logistics
Rapid Response Laboratory (RRL)
Scope of Services

- AP/Histology/Blood Bank
- Limited Routine and Stat Test Menu
- Less than 4 hour Turn Around Time
- Chemistry/Immunochemistry
- Hematology
- Coagulation
- Urinalysis
Benefits of CLN

Cost
TaT
Redundancy
Labor

Service Levels
Quality/Best Practice
Depth of Service
Efficiency/Productivity
<table>
<thead>
<tr>
<th>Metric</th>
<th>Performance Area</th>
<th>Goal</th>
<th>Current</th>
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</thead>
<tbody>
<tr>
<td>Stat Turn Around Time (call to call)</td>
<td>Service Excellence</td>
<td>240 min</td>
<td>186 min</td>
</tr>
<tr>
<td>Routine Turn Around Time</td>
<td>Service Excellence</td>
<td>95%- less than 4 hours</td>
<td>99.6%</td>
</tr>
<tr>
<td>Laboratory Error Rates</td>
<td>Operational</td>
<td>275 DPMO (.03%)</td>
<td>229 DPMO (.02%)</td>
</tr>
<tr>
<td>“Likelihood to Recommend” (patient)</td>
<td>Customer Service</td>
<td>90%</td>
<td>99.7%</td>
</tr>
<tr>
<td>“Likelihood to Recommend” (physician)</td>
<td>Customer Service</td>
<td>95.8%</td>
<td>97.5%</td>
</tr>
<tr>
<td>Abandoned Call Rates</td>
<td>Customer Service</td>
<td>4.4%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Live Voice in 20 Sec.</td>
<td>Customer Service</td>
<td>70%</td>
<td>71%</td>
</tr>
<tr>
<td>Critical Value Notification</td>
<td>Patient Safety</td>
<td>98% in 15 min</td>
<td>98%</td>
</tr>
</tbody>
</table>
## Core Lab Business Lines-2012(est)

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Revenue</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>$ 30.5 M</td>
<td>1.7 M</td>
</tr>
<tr>
<td>Reference</td>
<td>$ 1.0 M</td>
<td>57 K</td>
</tr>
<tr>
<td>Physician Office</td>
<td>$ 96.1 M</td>
<td>5.7 M</td>
</tr>
<tr>
<td>Nursing Home</td>
<td>$ 5.8 M</td>
<td>432 K</td>
</tr>
<tr>
<td>Clinical Trials</td>
<td>$ 1.2 M</td>
<td>132 K</td>
</tr>
<tr>
<td><strong>TOTAL 2012</strong></td>
<td><strong>$134.6 M</strong></td>
<td><strong>8.53 M</strong></td>
</tr>
</tbody>
</table>
Operating Margin (projected)

Millions ($)

Volume Growth

- 8%
- 13%
- 18%
How Can Labs Add Value?

Value = Benefit / Cost = Worth

Definition – “ability to contribute to Health System/Hospital goals and objectives”
National Benchmarks

CORE Lab Size vs BT/Tech FTE

- **BT/Tech FTE/QTR**
- **Linear (BT/Tech FTE/QTR)**

![Graph showing the relationship between CORE Lab Vol/QTR and BT/Tech FTE/QTR](image)
Support Lab Testing Across Continuum

- Hospitals
- POCT
- POL’S
- Long Term Care
- Home Care
- Health Fairs
- Patient Service Centers
- Ambulatory Sites
Lab Opportunity

- Support Network Development and Ambulatory Growth – Access, Testing, Expertise – POCT /POLs
- Support and Lead Strategies for Clinical Integration
- Play an Integral Role in IT Development
- Decrease Costs in Lab and in System
- Identify and Drive Managed Care Opportunities
- Drive continued volume growth
Lab Informatics Role

- Develop a Rational Infrastructure – Patient Centric
- Accessibility - When, Where, How – Care Givers / Patients
- Data Comparability – Seamless, Meaningful, Data - Mineable
- Provide Collaborative Information and Interpretation
- Drive Use of Information for Outcomes – Clinical Integration
- Guide Appropriate Utilization – High Complexity Testing, EMR
- BE THE EXPERTS
• Culture Based Upon Value – System Overall Cost/Lean
• Know Your Numbers – Metrics, Business and Clinical Analytics
• Explore All Opportunities – Internal / External
• Impact Effectiveness of Population Health Management
• Lead Utilization Initiatives
• Grow New Volumes
  • Outreach
  • Consolidation
  • Partnerships – Hospitals, Labs
Growth Strategies

• Managed Care
• Joint Ventures
• Information Technology
• Geography
• Ambulatory Growth
• Test Menu / Services Development
• New Business Lines
Proposed Consolidated Core Laboratory (CCL) Network

Clinics

Long Term Care

JCB
WHH
NCB
KHC
EHC
BHC
LHC
MET
HLM
CI
QHC

CCL

Non-System Hospital Reference Testing

Nursing Homes

Physician’s Offices

Clinical Trials BARC

Manhasset
LIJ
Glen Cove
Franklin
SIUH North
SIUH South

LHH
Syosset
Plainview
Southside
Huntington
Forest Hills
“Be where the puck is going to be...”

Gretsky
Questions?