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Lessons Learned
Starting Office-Based Labs

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Physicians are motivated to move from the hospital setting to an office-based lab as they seek additional control, improved patient care and financial benefits.

Reasons for Leaving the Hospital Setting

- Overall tends to be inefficient in both patient care and the general workflow
 - Patients often experience long wait times before a procedure and are often “bumped” for higher-priority cases
- Physicians feel a general lack of control over care, equipment, staff, etc.
- Inconsistent hours and availability of procedure suites

Familiar, physicians know what to expect, a “safe career.”

Appeal of Opening an Office-Based Lab

- More control over the delivery of care and feel that they can improve patient satisfaction
- Financial independence and business opportunities
- Physicians can have a more consistent schedule
- Easier for patients to access

New, which leads to some stress and anxiety, but most feel the potential rewards balance out the risks.

“Patients just walk in, register in 10 minutes, worked up in about 20-30 minutes, procedure done within one hour and they are in and out of the center within two hours. So, it's night and day in terms of the efficiency and workflow, both for the patient and for us. I think the outpatient system is very efficient and very rewarding in terms of satisfaction.” – Struggling IR

“We're not doing justice to our patient population by sending them to other providers if we can provide these treatments in our office setting, it would be more comfortable for the patient.” – Successful IC

“I think the key thing is basically lifestyle. Being able to dictate when the procedures happen. Pretty much creating my practice, doing what I like to do, and having the autonomy to adjust it and to change it, to do what I want.” – Successful IR

Physicians note that patients are more satisfied with the efficiency and overall experience of office-based labs compared to the care they receive in the hospital setting

Key Reasons for Increased Patient Satisfaction



- Patients are happy to be in a more **private setting**, feel **less hassled**, and receive **faster care**
 - In a hospital, most patients must wait extended periods of time, and there is uncertainty when their needed procedure will be completed.
- They begin to **build a relationship** with the OBL staff and feel that they are truly **invested** in their care.
- Some office-based labs will also **accommodate walk-ins** and **provide transportation** and/or **lunch** to patients.

Physicians are often tracking patient satisfaction through **online** or **written surveys**, and use the feedback to look for ways to improve their practice




“So we have patients fill out a survey. It's just done before they leave. That's pretty much it. We just kind of track some numbers. I actually use their comments that they write on there more than anything because usually, if someone has a complaint, they'll write it down and that's something I can address.” – Struggling IR

“Oh, it's far superior. I have patients who've had ... a lot of these people, they've had procedures done at hospitals because they're relatively sick people. Even the same procedures occasionally. And they're amazed at how fast they get them in and how fast they get them out.” – Struggling IR


“Well, because it's a one stop shop. We see them for the evaluation. We do the ultrasound here. The nurses that are going to be downstairs, see the patient up here. They get them scheduled, so there is no staffing issue. They come to the same office to have their procedure. There's no giant hospital to negotiate through and different staff that never have seen you in the past, so they're much more comfortable because they see us from the very beginning to the end.” – Successful Vascular Surgeon

Many physicians who open an OBL are ambitious and motivated self-starters, and those that are most successful tend to also have more of a “problem solver” mentality.



Pros of Working in the Lab Setting

- Improved care for their patients
- Increased control
- Improved efficiencies
- Financial independence and business opportunities

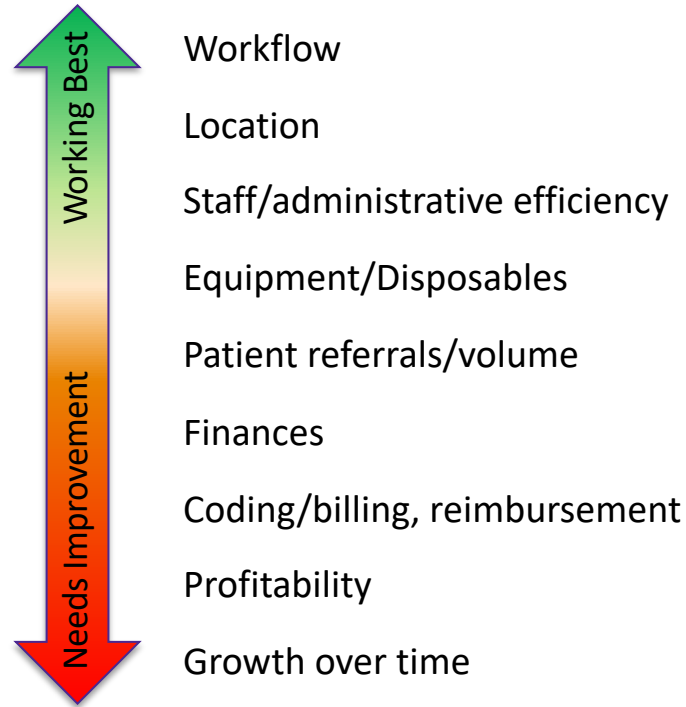


Cons of Working in the Lab Setting

- Substantial business/financial knowledge is required
- High initial overhead costs
- Changing reimbursement landscape
- Compliance with regulatory guidelines

Upon opening their labs, many do not anticipate the business/financial side to be as difficult as it is. Successful physicians tend to learn and grow quickly and recognize the need for support in key areas of struggle.

Physicians working in office-based labs find that workflow and location are their lab's strongest suits, while coding/billing, reimbursement, profitability and growth over time are most likely to need improvement



A low patient volume/number of referrals coupled with high overhead costs can lead to a struggling or failed lab fairly quickly

Top 5 Reasons OBLs Struggle or Fail

Low patient volume/ referrals	Not having an appropriate patient volume or referral base upon opening an OBL quickly leads to initial struggles
Unnecessarily high operating expenses	Overreaching on overhead costs cuts greatly into profits, which can be magnified by a low patient volume
Billing/coding inefficiencies, reimbursement	Money is often “left on the table” with inexperienced or inefficient billing staff; it can be hard to find an experienced coder who understands outpatient coding best practices and can negotiate effectively with private payer
Inefficient hiring/HR practices	Labs who face high turnover struggle with the direct and indirect costs of consistently hiring/training new employees
Poor location	While not a leading cause of failure, those who commit to an inconvenient or oversized space can compound early financial struggles

Show by order of mention among failed/struggling labs

Successful labs note the importance of a competent, efficient and experienced staff while struggling/failed labs often note a high amount of turnover

What is important

Hiring and retaining **qualified, experienced** and **efficient** staff

Dedicated office staff to assist physicians with business aspects and allow them to focus on clinical care

How it works

- Physicians are generally happy that they have **control over the staff** hired at their OBL; those who don't have control over this aspect of their lab often face problems
- If they cannot pay staff the same as a hospital, it's important to keep them happy to **avoid a high turnover** rate
- OBLs with higher employee turnover are more likely to struggle with other aspects of their lab
- The more **administrative burden** that physicians must shoulder, the less time they are able to spend on billable, clinical hours
- Having a **competent staff** handling key administrative areas (billing/coding, reimbursement, marketing, staff scheduling) is a trait of many successful OBLs
- One set of responsibilities that they typically pass to another employee successfully is the **training** of new employees

"But, I think having reliable staffing and finding a really good nurse manager. Now our nurse manager left, so we're looking for a new one. I think that's probably one of the biggest challenges, the staffing part of it." – Successful Vascular Surgeon

"I think my staff as far as the systems go is working the best. I guess familiarity with the procedures, familiarity with the patient types, familiarity with the system." – Successful IR

Successful labs have found *long-term, qualified staff* to work in their lab, while struggling/failed labs often have high turnover.

The financial/business aspects of an OBL are often initially a struggle for physicians as they don't have the appropriate background. As the labs grow, it's often appropriate to hire staff specifically focused in this area

What is important

How it works

A strong **business / financial background**

- Physicians often agree that the **financial** aspect of running their OBLs could be **improved**
- They don't feel that they have the **appropriate training** or **background** to run their lab as **efficiently** as possible.
- With time, they become more comfortable with the business/financial aspects, but this takes away time they could be providing patients with care

Having a **dedicated non-clinical business/financial manager or partner**

- Once physicians can grow their lab, it is important to **hire someone** to take over most of the **business/financial aspects** so they can focus on their clinical role
- Some may turn to a **lab management company** (initially or down the line) to handle many of these aspects as they are better suited to do so

"I guess understanding the revenue flow, understanding. You know probably the biggest thing that kind of goes along with that but goes along more with kind of a learning curve is the insurances and knowing how to get paid and then having someone with the ability to kind of track it, track your payment and track your supplies and all that stuff and just see those financial numbers. Initially I did it myself but then once we got too busy, I had to get rid of that responsibility." – Successful IR

Successful labs often either have *more business/financial* experience or recognize the need early on to *hire someone* to handle these aspects.

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