

Capturing Success

Project Title: MEDICAL CENTER LABORATORY OPERATIONS ASSESSMENT

SUMMARY

A regional health system engaged IMA Consulting to conduct a comprehensive laboratory assessment to identify opportunities to increase operating efficiency, reduce labor costs, and increase outreach profitability.

PROBLEM

With over one million annual billable tests, this health system's reference laboratory for three of its five hospitals had experienced a multi-year decline in revenue and profitability. In addition, its overall expense per billable test significantly exceeded that of laboratories with similar outreach services. Senior leaders engaged IMA Consulting to provide realistic and achievable recommendations to reverse the decline in outreach profitability and improve the laboratory cost structure.

SOLUTION

IMA Consulting deployed experienced subject matter experts to undertake this assessment in collaboration with department and division leadership. The team utilized detailed data analyses, comparative benchmarks, interviews, and direct observation to surface opportunities and present detailed improvement recommendations. Laboratory leaders and staff were thoroughly engaged throughout the project. In addition, interviews with representative outreach clients ensured that customer service issues were at the forefront of the study. IMA Consulting shared findings and discussed recommendations to obtain their understanding, support and acceptance. Frequent status meetings with the Chief Operating Officer and Chief Financial Officer underscored the need and momentum for change.

RESULTS

IMA Consulting provided 60 recommendations on all aspects of operations that senior leadership accepted. Specific process improvement recommendations related to personnel utilization and staff scheduling, courier services, technologist and support staff cross-utilization and training, specimen delivery and processing, automation and work cell design, management organizational consolidation and redesign, inter-hospital coordination, and information systems. The recommendations accepted for action generated \$661,000, resulting in decreased expense per test of \$0.75. Significantly, outreach profitability improved to 8.00% from 1.70%, as direct expenses decreased by \$286,000.

THE IMA APPROACH

The focused team of subject matter experts expedited discovery, analysis, and recommendation formulation. Engaging the department and senior leaders weekly, drove the review process, and forced decision-making and action. The consultants conducted weekly working sessions with key senior leaders to review potential improvements and preliminary recommendations. These sessions proved important in obtaining understanding and acceptance of the significant change required to improve the laboratory's cost structure and improve outreach services profitability.