

LAB INTEGRATIONS CAN BE A WIN-WIN IF YOU DO IT RIGHT

Laboratory partnerships can help you save costs while allowing you to focus on other aspects of patient care—if you design and implement them well.

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As hospital systems and other healthcare providers face the ongoing but conflicting movements toward improving patient care and reducing costs, a greater number of them have partnered with laboratory service providers.

The trend most obviously driving lab integrations is the persistent demand to reduce cost while improving quality. A laboratory services provider offers economies of scale that improve efficiency and ultimately allow providers to generate savings. Further, they typically invest in automation and technology to shorten turnaround times and provide a larger menu of tests, which in turn increases satisfaction of both patients and physicians.

Partnering with a lab services provider also makes it easier for healthcare providers to continue to grow. Health systems can focus on their core expertise as they expand organically or through mergers and acquisitions. And in today's tight labor market, where fewer schools are graduating fewer laboratory science professionals, growing health systems struggle to staff their labs. An integrated lab services company that emphasizes a strong culture and growth opportunities, and thus recruits and retains qualified employees, provides experienced and innovative talent.

Yet, while many health systems are succeeding with lab integrations, others are hesitant to take the leap. In a time when they are attempting large, transformative initiatives, they believe that one more disruption, and to such a critical function, carries too much risk.

It's true that lab integrations can be challenging and disruptive. But you can ease some of the apprehension by how you implement it, and you can leverage the disruption to make needed improvements. Tapping the combined experience of Alverno Laboratories and Integrated Project Management Company, Inc. (IPM), we offer the following tips for getting your lab integration right.



DEFINE THE GOALS OF THE LAB INTEGRATION

Pro tip: If you're hoping for cost savings, a lab integration is a good idea. But don't just focus on the financials. It's also an opportunity to make significant improvements, which should be reflected in your goals.

Reducing cost is an important goal, and your integration investment will lower costs over time. There are multiple

benefits, however. If you consider them up front, you'll uncover opportunities for improvement, devise a clear path to accomplishing them, and be able to measure success.

For instance, access to a larger lab will provide access to a larger test menu and reference laboratory library of testing, enabling a hospital to expand its services. More advanced lab services providers may even offer digital pathology or automated microbiology, a significant benefit to both patients and physicians. Hospitals can customize the menu of tests they do in house, prioritizing those that are time-dependent, critical, or suitable for their specialty or specific patient population. The central laboratory would more effectively perform tests that are more esoteric and less dependent on turnaround time.

Successful laboratory integrations rely on feedback from physicians and other healthcare providers to ensure their needs are met and to explore other ways to improve processes. This includes such topics as the customization of the on-site testing menu. Since a lab integration is a large project that will cause a lot of disruption, it pays to use it as an opportunity to assess and improve multiple areas. To improve efficiency, you might standardize equipment and streamline your hospital information system (HIS) or laboratory information system (LIS). Examine policies and

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procedures, personnel and competency management, billing, compliance, even courier services. Achieving standardization may take more time and resources, but it will be worth the investment in the long run.



ENGAGE A BROAD GROUP OF STAKEHOLDERS

Pro tip: Your inclination will be to involve the fewest people, to avoid taking their valuable time. But getting input from too few people causes many costly problems later. You'll overlook details and miss out on opportunities to improve. Engage a broad group of stakeholders.

For a lab integration to meet its defined goals, you'll want to engage senior system leaders to gain their buy-in and advocacy. Involve other people who will be impacted, including medical directors, pathologists, and lab staff at all levels.

Good change management calls for meeting with all these stakeholders to listen to their concerns and tap into their good ideas. They will help identify potential pitfalls to watch for. You may not be able to ease every fear or apply every idea, but listening to and considering them will go a long way to keeping their support throughout the integration.

When it comes to the design process—or defining your vision and outcomes for the lab integration, and then translating them into the practical steps to meet them—involve stakeholders from multiple layers of leadership. Executives, for instance, will bring a big-picture view of the health system. But they may not be familiar with the finer details of the day-to-day laboratory operations. Lab staff are intimately familiar with the tools and day-to-day procedures, but they won't have the perspective of other departments, such as IT, for instance. So, include IT stakeholders, who know the HIS, LIS, electronic medical records (EMR), and communications ecosystems and can help drive efficiency gains. Think broadly: The change will likely impact human resources, accounting, logistics and transportation, and other departments. Therefore, ensure they are represented to help define the future.

Including all these stakeholders not only will create buy-in, but it will also let you identify champions in different departments who will help encourage others.

Be sure to define the roles and responsibilities of each person on the team. As you translate the integration's goals into a well-defined project plan, it's important that they understand what they need to accomplish.



IDENTIFY AND NAVIGATE KEY LAB INTEGRATION DEALBREAKERS

When designing the integration and partnership with a lab services provider, your well-rounded team—including members from affected departments as well as various layers of management—will determine critical requirements.

Consider these dealbreakers that are commonly underestimated or overlooked:



Establish your culture on purpose. You will be blending and impacting two or more groups of people, who may be working in different environments. Don't allow an "us vs. them" situation or diminish the status of either the hospital lab or the central lab. Both serve important roles.



Define your IT ecosystem needs, assess the current state, and develop an implementation strategy to drive the immediate and long-term change.



Ensure information security requirements are defined and develop a clear plan to address them.



Evaluate existing customer resolution processes to ensure they are effective and fix them if necessary.



Verify requirements for transitioning employee health plans and other benefits.

Four Stages of an Integration Partnership

Feasibility assessment



Initial assessment of potential integration benefits and partnership options

Integration design



Design of the integration and partnership structure

Integration planning



Development of the integrated project plans, including creation of the team

Integration implementation



Implementation preparation & execution, through cut-over, sustainability, and close-out

Stakeholder involvement across phases

C-Suite

Front-line/
extended
stakeholders



APPLY PROJECT MANAGEMENT AND CHANGE MANAGEMENT EXPERTISE

***Pro tip:** A project this complex requires the full-time focus of someone with project management expertise. Otherwise, the leader's day job will come first, diluting their effort. They also would be less likely to address change management from the outset through sustainment.*

Because of the many moving parts and diverse stakeholders, a lab integration is a highly complex project. Such an endeavor is more likely to succeed if it's led by a professional project manager. Alverno has partnered with IPM to plan and implement all its lab integrations. A strong project management team will not only keep the project moving forward on budget and on schedule, but it will also allow your organization to continue focusing on providing exceptional patient care.

An effective project leader will apply project management fundamentals, such as aligning teams and timelines, managing communications, tracking and reporting on budgets, and assessing the impact of day-to-day actions. The best ones also employ leadership skills and emotional intelligence to drive engagement, motivation, and accountability, and manage stakeholder relationships. And they proactively identify and solve issues before they disrupt the project.

The project leader helps to set the integration plan, which includes well-defined objectives, what success looks like, and the milestones to achieve the goals. The plan will reduce time delays and cost overruns by avoiding "scope creep" and adding unnecessary work.

Strong project management always has an element of change management. And with lab integrations, change management is critical. When a hospital moves much of its testing to an alternative laboratory site, its own test

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menu will shrink. Lab staff who believe that growth equals success will see a smaller menu as a sign of decline and worry that their jobs are at risk. Some roles may shift to the

central lab, meaning employees will have to adjust to a new environment and team dynamic, as well as any changing procedures. Similarly, the lab absorbing additional workers faces its own set of changes. For these reasons, it's important that key executives, champions, and integration leaders develop and deliver consistent messaging about the goals of the integration. Focus on improved service and patient care and be transparent about other gains. Try to anticipate their concerns in advance, so you are prepared to answer questions and quash rumors promptly and honestly.

There may be people who resist the change or aren't able to adjust. Listen to their point of view and respond with empathy to encourage and support them. But don't let them slow progress. Manage the problems and make the hard decisions. In a recent integration, Alverno learned that some of the techs who were resistant to change had considered retiring but were biding their time. They took the opportunity to retire instead of moving. Ultimately, the shift in seniority had a positive effect on the remaining staff.



CONCLUSION

The decision to partner with a lab services provider is a significant one, and the integration will be complex and disruptive. But by defining what you are trying to achieve, and then working with the right people to consider their needs as you design and implement the necessary steps, you can minimize the disruption and maximize the gains.



ABOUT THE AUTHORS



Sam Terese has over 40 years of healthcare leadership experience and began his role as Alverno's CEO and president in 2011. Since joining Alverno in 2005, Terese has served as a member of the senior executive team, facilitating the testing integration of multiple hospital laboratories.



Alverno Laboratories, which celebrated its 20th anniversary in 2019, is one of the largest integrated laboratory networks in the United States. It owns and operates 32 hospital laboratories and supports other hospital laboratories in varying degrees throughout Illinois and Indiana, and features a central laboratory in Hammond, IN. Patients are served at over 40 patient service centers and through in-office phlebotomy services in many of its physician client offices. Alverno's innovative state-of-the-art laboratory offers cost-effective testing and personalized customer service, with advanced technology and testing in precision medicine, toxicology, pain management, and other specialty testing. Alverno's on-site pathologists are part of the pathology practice of Pathology Consultants, Inc. Visit Alvernolabs.com for more information.



C. Richard Panico founded Integrated Project Management Company, Inc. in 1988 and has served as president and CEO ever since. He has been recognized by DePaul University's Institute for Business and Professional Ethics and the University of Chicago's Entrepreneurial Hall of Fame, among others.



Integrated Project Management Company, Inc. (IPM) is a business consulting firm focused on planning and implementing strategically critical initiatives across multiple industries, including life sciences, healthcare, consumer products, and industrial products. Since its inception in 1988, IPM has served more than 500 clients and completed more than 5,000 projects. Headquartered in Chicago, IPM has regional offices in Boston, St. Louis, Los Angeles, San Francisco, Minneapolis, and Parsippany. IPM was a recipient of the 2018 Malcolm Baldrige National Quality Award. To learn more about IPM and its services, visit www.ipmcinc.com.