

Harnessing the Clinical and Financial Value of the Lab

Insurance company consolidation and changing reimbursement models have health system administrators anxious about the future—working hard to maintain adequate margins and improve patient outcomes while simultaneously evolving to a value-based payment infrastructure. In this Q & A, Jerri Turner-Jacyno, VP of Strategic Relations at ARUP Laboratories, discusses why hospital and regional labs are critical resources for health systems navigating these changes.

“Executives need to shift their perception of the lab from a commodity to a clinical service—from a burden to an opportunity.”

Jerri Turner-Jacyno,
VP Strategic Relations,
ARUP Laboratories



Q: How can the lab help manage expenses within DRG-based cases?

A: For hospitals to succeed under DRGs, especially as per-case reimbursement rates drop, they need to aggressively standardize patient care processes. Physician- or department-based variation in treatment can quickly shift a case from typical to outlier. If we consider that up to 85 percent of diagnosis and treatment decisions are based on lab results, appropriate test utilization is a critical component of any standardization.

Q: Why is it important to change our view of the lab?

A: It is essential to identify how a system's lab services can assist in solving problems inherent to healthcare. If an executive team views the lab as a commodity or a purchased service line item, then it misses out on important integration opportunities. What's worse, executives with this view can be swayed by sales pitches to outsource part or all of a laboratory's services.

Q: How can labs shift this perception?

A: Laboratory leaders need to establish strong collaborations within the hospital

system and demonstrate how their lab impacts quality of care across the entire health system.

Leaders can start by establishing a lab stewardship program to reduce leakage associated with sending tests to commercial labs that compete with the system for payer contracts.

Q: What should every hospital CFO or COO know?

A: The laboratory is an integrated clinical service, not simply a financial bucket. Financial accounting systems alone can't properly allocate a lab's contributions to overall financial performance because they do not take clinical interactions and downstream costs into account.

Health system CFOs and COOs need to take a broad view of clinical and financial performance when evaluating the potential of the lab. This will require executives to shift their perception of the lab from a commodity to a clinical service—from a burden to an opportunity.

Through tight integration of lab services and strong laboratory stewardship, health systems can position themselves to reap countless benefits.



(800) 522-2787 | aruplab.com

Need strategies to communicate the value of your lab? Let us help.

go.aruplab.com/lab-value-proposition

