Simple Steps to Optimize Pathology Revenue: How to Conduct a Market Survey to Identify New Sources of Referrals
Presentation Objectives

• Identify market share
• Recognize what referring physicians value
• Understand expectations of current and potential customers
• Evaluate practice strengths and weaknesses
• Maintain existing business and gain new business
• Determine where to focus marketing and sales efforts
Pathology and Laboratory Revenue Cycle Management Services

2,690+ Pathologists
Clients in 46 states

376+ Path / Lab Clients

40+ Years serving Pathologists

24% of total National Path//Lab market

>12 years average client tenure

• Revenue Cycle Management
• Coding and Compliance
• Market Analysis and Resources

5 Major Pathology and Laboratory Processing Centers
## Market Analysis for Pathology & Laboratory

### Maintain and Expand Referral Base
- Determine Physician office referral patterns for Pathology, Cytopathology and Clinical Lab
- Assess market potential and opportunity for growth

### Market Research Process
- Compile database and conduct market research
- Conduct face-to-face surveys
- Analyze data and compile strategic report

### Experience
- 100 market surveys nationwide since 2005
- Pathology Practices, Hospital Clinical Labs, and Independent Reference Labs
- Metropolitan and rural areas
- Existing market and new markets
Identify New Sources of Revenue by Conducting a Market Analysis

1. Analyze Referring Physician Clients
2. Know Market Details
3. Understand Competitive Dynamics
4. Develop Manageable Strategies to Maintain and Gain Business
Analyze Referring Physician Clients

Monitor Referring Physician Clients

- All clients who have referred in past year
- Categorize by volume - A, B, C clients
- Clients representing 80% of outreach business (80/20)
- Why are they referring to your practice versus a competitor
- Specialties which are profitable for your practice
- Physical address and location of clients
- Track and monitor referral patterns monthly
- Average number of CPTs referring per specialty
## Average Annual Referring Physician (NonPatient)

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Anatomic Pathology CPTs</th>
<th>GYN Cytopathology CPTs</th>
<th>Clinical Test Per Physician</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dermatology</td>
<td>1400</td>
<td></td>
<td>3,840</td>
</tr>
<tr>
<td>ENT</td>
<td>100</td>
<td></td>
<td>2,880</td>
</tr>
<tr>
<td>Family Practice</td>
<td>250</td>
<td>250</td>
<td>5,760</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>700</td>
<td></td>
<td>4,800</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>230</td>
<td>230</td>
<td>4,800</td>
</tr>
<tr>
<td>Obstetrics and Gynecology</td>
<td>125</td>
<td>1125</td>
<td>9,600</td>
</tr>
<tr>
<td>Plastic Surgery</td>
<td>400</td>
<td></td>
<td>3,840</td>
</tr>
<tr>
<td>Urology</td>
<td>400</td>
<td></td>
<td>4,800</td>
</tr>
</tbody>
</table>

*Source: McKesson Financial Services Database. This calculation is based on non-patient (physician practice). Does not include in-house labs. This may vary +/- x% based on your locality and practice UCR.*
Analyze Referring Physician Clients

Identify Opportunities for Growth

- Minimize Leakage and Upsell Clients
- Referral patterns for pathology, cytopathology and clinical
- Perceived managed care requirements
- Clients representing your bottom 20% of business annually
- Courier route and buildings where current clients are located
- Hospital clients but not referring physician clients
- Compare physician’s within the practice
- Ask detailed specific questions
Know Market Details

**Define Your Practices Market Place**

- Location: By hospital locations, courier routes, county, etc…
- Specialty: Focus on top referring specialties
- Compile Referring Physician Database
- Research and Update Database

**Analyze Non Client Market Data**

- Calculate Percentage of Market Which Represents Current Clients
- Evaluate Non-Clients in Market
  - Specialty and Location
  - Ownership and Hospital Affiliation
  - Clinical Lab Partner
  - Internet Search
## Example Market Breakdown by Specialty

<table>
<thead>
<tr>
<th>Specialty</th>
<th># Physicians</th>
<th># Practices</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dermatology</td>
<td>19</td>
<td>9</td>
<td>10%</td>
</tr>
<tr>
<td>ENT</td>
<td>12</td>
<td>10</td>
<td>6%</td>
</tr>
<tr>
<td>Family Practice</td>
<td>9</td>
<td>7</td>
<td>5%</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>23</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>General Surgery</td>
<td>7</td>
<td>5</td>
<td>4%</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>59</td>
<td>34</td>
<td>32%</td>
</tr>
<tr>
<td>OBGYN</td>
<td>30</td>
<td>14</td>
<td>16%</td>
</tr>
<tr>
<td>Oncology</td>
<td>7</td>
<td>1</td>
<td>4%</td>
</tr>
<tr>
<td>Plastic Surgery</td>
<td>9</td>
<td>8</td>
<td>5%</td>
</tr>
<tr>
<td>Urology</td>
<td>11</td>
<td>6</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>186</strong></td>
<td><strong>100</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Understand Competitive Dynamics

Referral Patterns for Referring Physicians

- Anatomic Pathology
- Cytopathology
- Clinical Lab
- Weighted by Specialty and Physician

Example Provider Distribution

- Regional Lab 44%
- Local Lab 6%
- National Lab 16%
- ABC Pathology 22%
- DEF Pathology 12%
## Example Provider Distribution by Specialty

<table>
<thead>
<tr>
<th>Anatomic Pathology</th>
<th>ABC Pathology Group</th>
<th>National Lab</th>
<th>Regional Lab</th>
<th>DEF Pathology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dermatology</td>
<td>50%</td>
<td>5%</td>
<td>10%</td>
<td>35%</td>
</tr>
<tr>
<td>ENT</td>
<td>35%</td>
<td>25%</td>
<td>30%</td>
<td>10%</td>
</tr>
<tr>
<td>Family Practice</td>
<td>15%</td>
<td>43%</td>
<td>39%</td>
<td>4%</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>35%</td>
<td>5%</td>
<td>10%</td>
<td>50%</td>
</tr>
<tr>
<td>General Surgery</td>
<td>35%</td>
<td>15%</td>
<td>12%</td>
<td>38%</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>16%</td>
<td>36%</td>
<td>48%</td>
<td>0%</td>
</tr>
<tr>
<td>OBGYN</td>
<td>20%</td>
<td>33%</td>
<td>37%</td>
<td>10%</td>
</tr>
<tr>
<td>Oncology</td>
<td>80%</td>
<td>15%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Plastic Surgery</td>
<td>25%</td>
<td>33%</td>
<td>30%</td>
<td>12%</td>
</tr>
<tr>
<td>Urology</td>
<td>15%</td>
<td>24%</td>
<td>18%</td>
<td>44%</td>
</tr>
</tbody>
</table>
Understand Competitive Dynamics

• Services Impacting Referrals
  − Subspecialty Expertise and Services
  − Relationship (Physicians/Staff) and Hospital Affiliation
  − Reporting and EMR Interfaces
  − Phlebotomist, Patient Service Centers
  − Physician Owned or In-house Labs
  − Insurance and Patient Billing

• Strengths and Weaknesses Compared to Competitors
Develop Manageable Strategies to Gain and Maintain

• Client Maintenance
  - Implement a Schedule for Frequent Interaction
  - Establish Relationships at All Levels
  - Monitor and trend referring physician referrals

• Business Development
  - Identify Current Client to Upsell
  - Pick Specific Non Clients to Target
Develop Manageable Strategies to Gain and Maintain

**Branding and Name Recognition**
- Website and Internet Searches
- Promote Services and Expertise
- Marketing Material or Flyer
- Promotional Items

**Questions to Ask**
- Ask prospective clients for business
- Ask current client if they utilize other providers
- Ask hospital clients to refer office specimens
- Ask current clients if they are visited by competitors
Summary-Identify New Sources of Revenue by Conducting a Market Analysis

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4. Develop Manageable Strategies to Maintain and Gain Business
Questions?

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