

Portland Lab Leverages Informatics for Growth

➤ **Legacy Laboratory Services sees opportunity in delivering enriched informatics capabilities**

➤➤ **CEO SUMMARY:** *In Portland, Oregon, Legacy Laboratory Services, a division of Legacy Health, continues to post strong volume growth. One driver supporting this growth is the lab's ability to implement connections between its laboratory information system (LIS) and the electronic health record (EHR) systems of its office-based physician clients. Further, the lab's strategy is to leverage its enriched informatics capabilities to serve accountable care organizations and medical homes.*

IT'S BEEN A DISCOURAGING FINANCIAL ENVIRONMENT for hospital laboratory outreach programs in recent years. Yet some outreach lab companies are finding a path to success.

That is the case for **Legacy Laboratory Services**, a division of **Legacy Health** in Portland, Oregon. The 22-year-old laboratory company serves Legacy's six hospitals and also provides outreach lab testing services to office-based physicians and other clients.

One way that Legacy Laboratory Services is fueling growth from the outreach market these days is by leveraging its ability to deliver data connectivity to office-based physicians, other laboratories, and employers in the region.

➤ **Data Connectivity**

"For us, data connectivity is one of the competitive elements we have when we compete with other labs," stated Don Toussaint, Vice President of Laboratory Services at Legacy. "We derive competitive advantage when we can quickly complete an interface with an office-based physician and then offer that new client the capabilities of our laboratory.

"However, it was not easy to reach this point," he said. "Like other labs, in the early days of the federal meaningful use program, it was a struggle to fully connect our lab with new clients. We changed this situation for the better because of how we engaged our information technology vendors.

"As most lab administrators know, office-based physicians have two expectations of the laboratory provider when it comes to informatics," explained Toussaint. "First, they want a fast implementation of the interface and connection to their electronic health record (EHR) system. Second, they want our LIS to work smoothly with their EHR.

"To gain competitive advantage, we decided to engage our informatics vendors and some third-parties," he said. "That was a smart decision. Our vendors have helped us make it easier and quicker for us to connect.

"More specifically, we've tapped our vendors' expertise to handle a wide variety of file formats," continued Toussaint. "Their experience is in health information exchange. Therefore, they can apply what

they know from that field to get us connected quickly. That shortens the time to implementation.

“We see two major benefits from our strategy of fast and robust connections between our LIS and the EHRs of office-based physicians,” he said. “One is an immediate benefit. The other is a long term benefit and is associated with health-care’s transition to integrated clinical care.

► **Competitive Advantage**

“In the short term, we get competitive advantage because physicians see a smooth implementation of our LIS-to-EHR interface,” Toussaint explained. “It all happens in the background, even as they gain new capabilities to access lab testing services and utilize lab test data in patient care.

“In the long term, we think our informatics strategy will be essential to serving the needs of physicians practicing in an integrated care delivery organization—whether it is an inpatient, outpatient, or outreach setting,” he stated. “As we all know, accountable care organizations (ACOs) and patient centered medical homes (PCMHs) are being formed.

“But that is not the whole story,” explained Toussaint. “Along with these new care delivery models will come new payment models for these ACOs and PCMHs.

“Here in Portland, labs have not yet been asked to participate in these models on a large scale,” he added. “But these new payment systems are on the drawing board and we know their time is approaching.

► **Connecting Labs To ACOs**

“Like most, we don’t know precisely how ACOs and PCMHs will affect labs,” emphasized Toussaint. “But we do know that our laboratory will be required to connect to them just as we now connect with physicians’ offices.

“Whereas 10 or 15 years ago, few wanted this connectivity, today everyone

wants to be connected electronically,” noted Toussaint. “As well, we know that ACOs and PCMHs will want to have lab data to support population-wide outcomes management and to control costs.

“These are the reasons why Legacy Laboratory Services needs to have the right information technology vendors working with us,” he continued. “Our lab must be prepared to connect to providers operating in any of the new models of healthcare delivery. We think working with vendors familiar with health information exchange (HIX) technology could be a significant success factor for us in the next few years.”

Here is where Legacy Laboratory Services is investing dollars today to position itself as a competitive lab test provider for the future. It is working with **Certify Data Systems** (CDS), a health information technology company in San Jose, California.

Few lab administrators or pathologists are familiar with this company. Certify Data Systems specializes in developing health information exchange systems for hospitals, health systems, labs, accountable care organizations, and other providers. Last year, CDS was acquired by **Humana Inc.**, the managed care company in Louisville, Kentucky.

► **Connecting Labs To Docs**

“Certify Data Systems does make it simpler and faster for our laboratory to hook up each physician,” stated Toussaint. “When adding a new outreach customer, our biggest challenge is to get the electrons flowing through the wires. This requires us to resolve issues with the phone company, the servers, the network people, and security. To make it all work, there are a lot of moving parts that have to be aligned and we want our informatics vendors to do that for us.

“Of course, the need for physicians to demonstrate meaningful use to qualify for federal EHR incentives is a big factor in

Market May Encourage Different Strategies For ACOs to Achieve Uniform Lab Test Data

LEGACY LABORATORY SERVICES is a lab outreach program that is structured as a business and run as a business.

“We operate as an independent business under the umbrella of Legacy Health,” stated Don Toussaint, Vice President of Laboratory Services. “Thus, we are not operated by the health system’s hospitals.”

The lab has a staff of 600 employees working in lab facilities spread across Oregon and into Southwest Washington. It also works with 18 pathologists from **Cascade Pathology Services Corporation**, an independent pathology group in Portland.

This summer, the lab broke ground for a two-story 63,000 square foot lab in Portland that will serve as its new home when it opens next year. “The new facility will accommodate the current level of lab testing volume, which is about 4.3 million billable tests annually,” stated Toussaint. “It has the capacity to support our expected future growth.”

“Our lab has two main components,” continued Toussaint. “One is serving the inpatient needs of the hospitals and clin-

ics in the Legacy Health system,” he added. “But most of our business comes from outside of Legacy Health.”

“For this reason, we see ourselves as a regional reference laboratory,” said Toussaint. “By contrast, a hospital outreach program is often one or two hospitals selling excess testing capacity off the back loading dock of the hospital. The outreach testing goes to the hospital where it is simply an extension of the hospital’s overall outpatient business.”

“We operate as a regional reference lab and compete against other regional reference labs such as **PeaceHealth Laboratory** and **PAML**,” noted Toussaint. “We also compete against **Providence Health, Quest Diagnostics Incorporated**, and **Laboratory Corporation of America**.”

“Our growth in specimen volume and revenue comes from several primary sources,” he said. “We add tests that have value to our current customers. We regularly expand our geographic footprint into new communities. And, as noted earlier, we offer enriched laboratory informatics services to office-based physicians and others.”

today’s marketplace,” he commented. “Meaningful use requirements drove physicians to purchase and implement a wide variety of EHR products, which created a problem for us.

“Today, there are so many EHR systems in the market that every lab must be flexible enough to adapt its LIS to whatever EHR system is in use by the doctor’s office,” Toussaint added. “This is another place where we call on our vendors to help us normalize the levels of quality we find with so many different EHRs.

“Further, because the labs were the first ones to work with physicians installing their EHRs, it falls to us to edu-

cate and communicate with the doctor’s office staff,” he continued. “It’s remarkable how unprepared they are to handle an EMR interface. They think it’s like a TV, where they buy it, plug it in, and watch the show.

“But an EMR is not like a TV at all. For us, we have do daily monitoring and sometimes babysitting, depending on the capability of the staff and the EMR,” concluded Toussaint. “It requires constant communication with our customers to fix problems as they arise.”

TDR

—Joseph Burns

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