A Proven Strategy for Increasing the Value of Your Radiology Practice

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Introduction: A Proven Strategy for Increasing the Value of Your Radiology Practice

To remain competitive in the face of the most significant transformation in the history of the modern healthcare market, your radiology practice must employ new strategies and tactics to drive increased value. This whitepaper outlines common challenges faced by the imaging community and provides recommendations for achieving the highest level of performance and value through a proven strategy that drives client satisfaction, retention, and growth.

Widespread Radiology Industry Challenges

While the vast majority of industries have long recognized the direct correlation between caliber of client service and profitable business growth, the radiology industry has emphasized internal clinical processes while strategic, proactive client relationship management has suffered. Historical emphasis has been on measuring and managing clinical excellence while the process for gauging and improving client service levels has remained largely anecdotal. In some cases, a client may be lost without the radiology practice’s executive team having known that the client was experiencing what they perceived as unacceptable service issues.

Heavy investments have been made in radiology instruments, clinical technology, and process improvement to achieve imaging quality and turnaround time requirements on par with competitors. Although this investment is pragmatic, clinical excellence alone will not result in breakthrough growth and value creation for your radiology practice. In reality, strong internal clinical processes and measurement are merely the ticket for admission. To compete for clients against competitors who claim to deliver on that same value proposition, radiology practices must be able to clearly differentiate their service and value-added services from the competition. In order to succeed in the face of transformative market forces, including reducing reimbursements and the shift from quantity to quality-based care, growth-oriented radiology practices must do more than simply deliver accurate imaging results within the specified turnaround time. In addition to clinical excellence, radiology practices must gain a competitive edge by making every provider feel like their most important client and delivering on the promise of service excellence. To gain this competitive edge, radiology practices must have real-time access to a 360-degree view of all clinical and business activities plus business intelligence to instantly alert the client of critical issues before the client becomes at-risk and leaves for a competitor.
The following challenges that are consistently faced by today’s radiology executive teams are making it difficult to deliver on the promise of exceptional service:

**Healthcare Lacks Strategic Relationship Management Capabilities**

Historically, healthcare entities have focused on and excelled at managing internal clinical processes alone. Although client service is always considered a priority, the reality is that individuals spanning the radiology practice must serve client needs through coordinated, collaborative efforts and the radiology practice has not invested in solutions required to support this approach to serving clients. While effective internal clinical processes are mandatory for providing patient care, healthcare entities today must also optimize their relationships and communications with all constituents across the continuum of care to deliver high quality patient outcomes and meet federal mandates. Healthcare entities, including physicians’ offices, radiology groups, hospital systems, laboratories, home healthcare organizations, and the like, must operate in a coordinated manner to improve the quality of healthcare and the patient experience while reducing costs.

As non-healthcare industries have widely adopted customer relationship management (CRM) solutions in order to proactively manage their relationships with customers, partners, and other constituents, healthcare has generally failed in its attempts to take these “generic” systems and adequately customize them to suit their unique requirements. These “off the shelf” systems lack the functionality necessary to accommodate the complexities of the radiology market, which requires the ability to capture both clinical and business activities within one unified solution. Even after costly customization, generic CRM systems typically capture only 10% of the client picture given that they are limited to business activities (phone calls, emails, basic opportunities, etc.) and lack the ability to capture clinical activities—let alone the ability to associate business activities and clinical activities in an intelligent and useful manner. The only way to gain the true 360-degree view of each provider relationship that high performance radiology groups require is by accessing clinical and business transactions within one unified solution.

**Radiology Client Data is Spread Across Silos**

All too often, radiology groups span various departments running a myriad of disparate data systems, making the prospect of capturing a comprehensive client view a daunting proposition.

According to a recent Radiology Business Journal article, *Unlocking the Business Intelligence Vaults in Radiology*, traditional radiology reporting creates several issues:

- Time to Build Reports Reduces Value
- Reports Only Answer Pre-Identified Questions
• Old Data May Lead to Inaccurate Decisions
• Issues May Go Unnoticed Until It’s Too Late

Considering that a typical radiology practice’s quality review cycle occurs every 90 days to 120 days, and the reports that are reviewed have been manually compiled in arrears by employees, client issues often go unresolved for weeks or even months, during which time the client may engage a competitor.

External Factors Pose Major Threats to Growth

According to *Radiology Today*, “The traditional model of a local private practice radiology group contracting with a hospital to provide imaging services faces new competition from different models.”

These newer competitors in the imaging services market include teleradiology companies positioning themselves as national radiology practices, large regional radiology groups seeking to gain market share, and hospitals that want to bring radiology services in-house.

*Adds the Radiology Today* article, “Local radiology groups that truly provide good service have an advantage over such outside providers, but those groups need to remember that referrers have a larger role than providers in defining what “good service” means. Your definition of good services may not match your referrers’ definition.”

Mounting competition, decreasing reimbursements, and ever-changing legislation have created a perfect storm of factors that pose major threats to the future growth of radiology practices that have historically enjoyed healthy profits and growth rates.

In response to these disruptive forces taking place in the broader health care system, your radiology practice must adopt value-driven strategies that transform diagnostic transactions into powerful intelligence that positions you as a strategic partner to providers rather than merely a commodity provider of imaging services.

Despite these widespread challenges, an effective strategy has been proven to enable exceptional client service by delivering the real-time healthcare intelligence necessary for radiology practices to proactively manage their relationships.

Factors that Influence Radiology Practice Value

A simple method for establishing radiology value is to calculate the present value of future cash flows. There are a number of additional internal and external factors that also influence radiology practice value.
Factors That Influence Radiology Practice Value

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<thead>
<tr>
<th>Internal</th>
<th>External</th>
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<tbody>
<tr>
<td>Growth Potential / Historical Growth Rate</td>
<td>Opportunities for the Buyer</td>
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<td>Size (net revenue, EBITDA, number of accessions)</td>
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<td>Profitability, Stability, &amp; Reputation</td>
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<td>Composition of Revenue</td>
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<td>Billing Compliance, Collection Rates, Payor Mix</td>
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<td>Verifiability of Financial Data</td>
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<tr>
<td>Level of Working Capital to be Delivered at Closing</td>
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Source: Haverford Healthcare Advisors

According to Haverford Healthcare Advisors, a specialized financial consulting firm dedicated to serving the business valuation and transaction advisory needs of middle-market healthcare service companies, understanding the factors that drive value and aligning your leadership team’s objectives with these factors will result in the best possible outcome for shareholders. This approach is referred to as value-based management. A good leader who practices value-based management seeks to:

- Maximize sustainable value
- Monitor performance on a real-time basis
- Understand and monitor the direct correlation between actions and value creation
- Manage the internal factors which can be controlled
- Anticipate the external factors which cannot be controlled

Understanding the correlation between actions and value-delta is critical to success, and can ultimately optimize your radiology practice’s performance and value.

Improving Radiology Practice Performance & Value

In order to create sticky, profitable relationships that lead to stronger retention and growth, radiology groups must overcome the obstacles standing in the way of accessing real-time business and clinical intelligence while assessing up-to-the-minute key performance indicators (“KPI’s”). While the abundance of data stored in various radiology systems has the potential to enhance services and improve care beyond the delivery of imaging results, it is of little value when stored in multiple formats and spread
across disparate systems, making this critical information difficult to locate, compile, and report on without delays.

A radiology-specific customer relationship management (CRM) solution that delivers a 360-degree view of critical client interactions as they are happening has become a strategic asset to high performance radiology practices across the country. By adopting a radiology-specific CRM, radiology groups and entities across the continuum of care are achieving a number of benefits, including enterprise-wide accountability that puts the power to identify client needs and take action directly within the hands of employees.

A 360-degree view of each ordering provider is a critical aspect of keeping all stakeholders “in the know.” It means that the radiology practice and all relevant stakeholders can:

- Immediately access real-time, actionable information covering every facet of each client relationship from a single location.

- See 100% of interactions with every client. A radiology-specific CRM captures both the business activities and clinical activities required to create a 360-degree view of each client relationship—without requiring any custom programming or software development.

- View relevant, personalized information based on the specific needs of the individual user. For example, a radiology marketing and business development executive would likely want a daily view of which clients’ orders are trending up or down by sales territory while an operations vice president may desire a global view of client turnaround time and billing trends across all clients.

A radiology-specific CRM eliminates time consuming, manual steps with up-to-the-moment intelligence that arms your practice with the knowledge necessary to optimize relationships by providing guidance on ordering, results, trends, and more. It is important to note that a radiology-specific CRM does not replace the data systems a radiology practice has already invested in, such as its RIS, billing, or PACS. Instead, it leverages the information trapped within these data silos, bringing them together to deliver a meaningful, holistic view of the radiology practice and its clients.

**Harnessing the Power of Actionable Intelligence**

Today’s imaging leaders are embracing a world where it is possible to measure, learn, and confidently adjust. A radiology-specific CRM that includes healthcare business intelligence (BI) takes data accessibility to new levels by providing valuable insight at any time, from anywhere, and at the click of a
button. With Healthcare BI, trends and takeaways that may otherwise stay buried within various reports quickly surface. For example, your radiology team will have insight into valuable intelligence such as real-time productivity and critical results that ensure both optimization of resources and timely attention to urgent results.

Radiology Business Intelligence: Real-Time Productivity Views

Real-Time Critical Results View
When healthcare business intelligence is built upon robust, radiology-specific CRM functionality, users can seamlessly take action upon findings, including managing activities related to Critical Results.

**Seamlessly Take Action on Critical Results**

By delivering intelligence and trends through intuitive charts and graphs that include drill-down capabilities, a radiology-specific CRM makes it easy to assess what's happening within your practice and why. Your executive team will have the knowledge necessary to help guide each rep towards the top tasks that drive the most value, leading to increased volume from existing clients and new client wins. With critical trends at the forefront and an easy way to measure performance at any time, a radiology-specific CRM with healthcare BI capabilities provides your team with the knowledge necessary to develop a blueprint that leads to ongoing success.

In order to deliver the highest level of service, your radiology practice must translate the endless data contained within various systems into real-time healthcare business intelligence.

**Who Benefits from Real-Time Intelligence and How**

With a radiology-specific CRM, the organization gains access to a living, breathing solution that employees and executives can easily access and interact with in order to optimize client relationships. Additionally, by coupling real-time business intelligence within a radiology-specific CRM solution, it is
possible to tailor information delivery to the unique needs of each user based on their role:

- **Business Development & Marketing** – With a 360-degree view of every client, business development and marketing leaders are able to help their reps prioritize accounts, spend time in the right places, and duplicate success by measuring return on activity. Additionally, the entire department is able to forecast with confidence using radiology-specific opportunity valuation tools. Finally, sales and service remain in lockstep with an instant view of recently resolved or outstanding issues, eliminating surprise situations where reps are out of tune with the activities associated with a specific account.

- **Service** – The service team is able to stay a step of client needs, anticipate challenges before they arise, and proactively bring solutions to the table. Real-time notifications even alert the appropriate team members of changes in order volume, turnaround time delays, or outstanding issues that are due for resolution. Rather than waiting weeks or months to identify client needs, the service group can view client status anytime and from anywhere via easy-to-use dashboard analytics.

- **Operations** – By creating benchmarks and easily measuring against them, operations is able to keep a finger on the pulse of performance. Fragmented data becomes easy-to-access dashboards that help executives identify the top priorities for growth alongside consolidated views of key business metrics. With this intelligence, it is possible to zero in on areas that are trending positively as well as those that may need prompt attention.

- **Providers** - Additionally, a radiology-specific CRM creates a seamless environment where the radiology practice is able to interact with clients on important topics such as turnaround time and order status– without any special hardware or software required. Ordering providers are able to access information on a self-serve basis, eliminating delays in communication. By delivering unique, meaningful information, your radiology practice is able to develop a competitive edge, leading to higher client stickiness and retention.

With a single, cohesive view of client intelligence, every department is armed with the information necessary to deliver timely, superior service that leads to higher retention and more new client wins. The old way of manually compiling disparate data sources into numerous reports leads to a reactive mode of service delivery. Capturing client intelligence in a central location accessible to all stakeholders gives field representatives, managers, and executives a comprehensive and actionable view of the entire business. This approach results in improved communication among personnel and proactive service that makes every provider feel like your most important client.
Summary

In order to achieve the highest level of performance, your radiology practice must achieve outstanding client satisfaction, retention, and growth. The only way to accomplish this level of performance is to establish a real-time, 360-client view of every client relationship. A holistic client picture that combines business and clinical intelligence, hc1.com arms key stakeholders with the knowledge necessary to provide proactive, superior service that translates into stickier, more profitable relationships. With the ability to focus on monitoring and improving performance relative to key value enhancing benchmarks, all stakeholders are able to drive the actions necessary to increase practice value.

About hc1.com
hc1.com is the ultimate healthcare CRM solution that will transform the way your radiology practice manages client relationships.

- Your practice will win more clients and keep them for life by delivering the highest level of service.
- Your employees will gain back hours of productivity with instant access to a 360-degree view of every provider.
- Your executives will confidently make decisions with radiology-specific Business Intelligence and real-time alerts that uncover the underlying cause of issues.

Learn more at www.hc1.com.