Patient Leakage:

A new survey highlights high costs, limited control
EXECUTIVE SUMMARY

Healthcare organizations have many strategic priorities, but the data in this report reveals that one of the places where leaders should focus their attention is on patient referrals and leakage.

Why? Because the respondents revealed that a significant portion of their revenue is being lost to leakage, perhaps unnecessarily. Additionally, leakage can impact quality care: the majority of respondents reported that they do not know whether a patient actually follows through with the recommended care.

To gain new insights into leakage, in August 2018, Fibroblast commissioned an independent study conducted by Sage Growth Partners.

Over 100 executives, most of whom are C-suite executives, responded. This survey provides new insights into how healthcare executive perceive the problem and how they are addressing it.

There’s a gap between priority and action. Some 87% of healthcare executives say patient leakage is a high priority, but 23% don’t track leakage and 20% don’t understand where and why it occurs.

Failing to manage leakage has a high cost. Over 40% say they’re losing 10% or more of annual revenues, 19% are losing over 20% of revenues to leakage, and 23% don’t know how much they are losing.

There are many hands but few owners. The responsibility for tracking and managing leakage largely resides in the C-suite but 69% say it is assigned to more than one person.

EMRs are the default options, but 19% of executives aren’t satisfied and 57% are only somewhat satisfied with their EMR’s referral management capabilities.

Using tailored solutions built specifically to analyze and manage referrals is in its infancy but growing. Only 2% of executives today exclusively use a third-party solution but 19% plan to purchase one in the next year or two.
Key Findings

Executives say that patient leakage is a high priority
- 87% of respondents say that reducing patient leakage is very or extremely important and 12% say it’s moderately important.

But 23% of organizations don’t even track leakage.

The composition of respondents was:
- 76% are C-suite executives: 19% CEOs, 16% CFOs, 18% CMOs, 7% CIOs, 4% CMIOs, 4% COOs, 3% CNOs, and 5% other members of the C-suite.
- The remaining respondents include VPs, directors and a variety of other titles.
- 78% work in hospitals or health systems, 11% in provider groups and 6% in ACOs.

METHODOLOGY AND RESPONDENTS

To learn first-hand what healthcare executives are doing to understand and manage referrals and to gain insights into how much leakage is costing them, Fibroblast commissioned Sage Growth Partners (SGP), a healthcare consulting firm based in Baltimore, MD, to conduct an independent study.

In August 2018, SGP conducted an independent online survey of healthcare executives, with 104 respondents.

The composition of respondents was:
- 76% are C-suite executives: 19% CEOs, 16% CFOs, 18% CMOs, 7% CIOs, 4% CMIOs, 4% COOs, 3% CNOs, and 5% other members of the C-suite.
- The remaining respondents include VPs, directors and a variety of other titles.
- 78% work in hospitals or health systems, 11% in provider groups and 6% in ACOs.
And most say they don’t understand nor manage leakage very well.

- 20% say they don’t understand where and why patient leakage occurs.
- 47% do it only moderately well.
- Only one third claim to manage leakage very or extremely well.

Failing to manage referrals has a high cost

Many organizations are losing significant revenues due to leakage.

- 43% are losing more than 10% of revenues and 19% are losing more than 20% of revenues.
- That doesn’t include the 23% who don’t know or don’t track losses.

There’s also a clinical and quality cost when referrals aren’t managed.

- Some 60% of organizations don’t know if patients actually received the care for which they were referred.
One reason that leakage isn’t better managed is that there are many participants and few owners.

- 69% say more than one person oversees leakage.
- 10% say their CEOs are responsible, 9% say CFOs are, and 8% say CMOs are.
- However, responsibility ranges across a vast array of titles—from office managers to medical group leadership to marketing VPs to the C-suite.

There are multiple causes of leakage, most of which are addressable.

Executives believe that a variety of factors cause leakage—from physicians’ personal relationships to patient choice. Most of these can be addressed when physicians and patients receive good data on cost and quality.
Solutions for tracking leakage aren’t standardized today, but the EMR is the default approach.

- 38% of respondents manage referrals using their EMR.
- 16% use in-house solutions.
- 2% solely outsource to a referral management vendor.
- 34% use a combination of approaches.

Satisfaction with the EMR’s ability to manage referrals is limited.

- 19% are not at all satisfied with their EMR’s ability to track leakage and 57% are somewhat satisfied.
- Only 10% are extremely satisfied.

As a result, a number of organizations plan to purchase a third-party referral management solution.

- 19% plan to purchase a solution in the next year or two.

In the next one to two years, does your organization plan to purchase a third-party referral management solution?

19% Yes 81% No
Conclusion

To survive, today’s healthcare organizations must navigate both the fee-for-service and the value-based world. That means they need to grow revenues while demonstrating better value to payers and taking on more risk. At the same time, as organizations manage larger networks of physicians and facilities, they stand to lose considerable revenue and control when patients are referred to other networks or to poorer performing providers within their own network.

This survey demonstrates that the vast majority of executives recognize the importance of referral management, but that their ability to analyze and address patient leakage lags behind.

- 87% of executive surveyed recognize the critical importance of managing patient referrals but 20% don’t know when or why leakage occurs and 47% understood it only moderately well.
- 43% of organizations report losses of over 10% of their revenues and another 23% admit that they don’t know what they’re losing.
- Executives are using the EMR as the default option but are not highly satisfied with its referral management capabilities. That may be the impetus behind the fact that 19% plan to purchase a third party solution in the next two years.

This gap between executives’ recognition of and ability to solve the problem is costing many organizations to lose substantial revenue as well as negatively impact quality and costs. To close the gap, a growing number of executives are looking beyond their EMRs and in-house solutions to third-party referral management solutions that were specifically designed to analyze referral patterns and guide patients to high-performing providers within their network.

Fibroblast is a referral management platform that fixes the broken referral process by empowering providers with easy-to-use, end-to-end tools that actively manage referrals. By closing the referral loop, it prevents patient leakage, increasing revenues for fee-for-service organizations and lowering risks for accountable care organizations to deliver a clear, compelling return on investment.

Sage Growth Partners accelerates commercial success for healthcare organizations through a singular focus on growth. The company helps its clients thrive amid the complexities of a rapidly changing marketplace with deep domain expertise and an integrated application of research, strategy, and marketing. Learn more at sage-growth.com.

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