



USING TECHNOLOGY TO TAKE BACK LOST REFERRALS

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As patients continue to play a bigger role in their own healthcare, the need to improve communication throughout the referral process becomes paramount. How can you become easier and more efficient to work with? How will you track referral sources? How will you improve the experience for both the referring doctor and the patient? How will you ask current referring doctors to send you all their referrals and get new doctors to refer to you? Answering these questions will help you determine how to take back lost referrals and win new ones.

Some practices might add to their teams, investing in a role to develop

and manage relationships with referring doctors. Some might focus on improving the referral experience for referring doctors and referred patients through technology.

What's key: Practices that equip their staff and referring doctors with a better way of communicating, scheduling, and exchanging information will enhance their reputation and gain market share.

COMPARING RELATIVE COMPETITIVE ADVANTAGE

Tools such as dedicated referral portal technology, referral management networks (a close cousin of referral portals), and to some extent electronic health records (EHR) tied into a regional health information exchange (HIE) system can tremendously streamline referral capture.

With EHR alone, you can send notes back to referring doctors. Often this is a static communication limited to a certain format and specific information coming from the patient's electronic chart. Coupled with a good HIE system, though, you might be able to receive referrals into your EHR from other doctors on the HIE. Unfortunately, however, typical EHR technology is focused on a transactional export of data and not necessarily on workflow. This means you can send a patient's chart or notes after surgery as part of a transition of care, but there is minimal tracking, and the system lacks alerts, detailed reporting, etc.

Since mass participation in an HIE network varies widely by geography, as does optom-

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etrists' use of EHR, an EHR system might still leave you on an information island when it comes to improving how you manage and grow referrals. As a result, faxing is still used extensively nationwide because systems for exchanging communications are incompatible.

Referral portal technology is changing the game by making communication more universal regardless of varying EHR or practice management systems.

BENEFITS OF REFERRAL MANAGEMENT TECHNOLOGY

One reason referral management technology and referral portals are beneficial is that they communicate independently of EHR or HIE systems. This makes it possible for your referring doctors to communicate seamlessly with your practice using a simple internet connection.

Another important reason for the success of referral portals is that their design is focused around workflow, allowing referring doctors to *schedule referred patients before they leave the office*. All referrals are tracked by source. Secure messaging allows any kind of information or imaging to be exchanged between the referring provider and the specialist.¹ Reporting provides real-time patient information to the referring doctor.

Specifically,

1. Every referred patient is scheduled. None is lost. Staff doesn't make a single call.
2. Patients go home with an appointment in hand, no longer responsible for taking the next step in their care.
3. Referring doctors "look good" to patients because they are empowered to take action on the patient's behalf.
4. You know where all your referrals are coming from.
5. The referring doctor's experience improves because s/he has clarity and monitors patients' progress through the specialist's care setting.

Every practice has a different degree of sophistication when it comes to referral management, and technology is not a panacea for all ills. A critical success factor with referral portal technology, like all information technology, is good staff who can help accelerate adoption by explaining to referring doctors how the technology is to be used.

RETURN ON INVESTMENT

Should you invest in staff or technology to grow your referral base? Give thought to how much your investment will move the needle. How many more referrals will you get if you add a dedicated business development or referral coordinator staff person? Will creating a new

VIP phone line to answer referring doctors on the first ring pay for itself? Investing in a referral technology platform will make it easier for referring doctors to refer to you, but how much will that increase referrals? Each financial investment will produce a return in the form of additional surgical volume. Your own unique market and practice characteristics will determine what growth is reasonable to forecast. Considerations:

- **Conversion rate.** How many *more* referred patients will now be scheduled?
- **Bigger piece of the pie.** How much more often will referring doctors refer to you than they have in the past? Will they start sending you all their referrals?
- **New referral sources.** How many new doctors (primary care diabetic referrals, optometric, etc.) will start referring to you?

For illustration purposes, consider cataract referrals from optometrists, which will generally result in surgery. Assume an initial cataract consultation is worth \$250 to your practice with surgery being worth \$600/eye, and using an industry-average² 15% conversion rate to premium lens worth \$2,000/eye. By this analysis twenty additional referrals over the course of the year (about two per month) would be worth \$21,200; the average value of each new additional cataract

consult is \$1,060 (see **Figure 1**). Comparing investment cost estimates (see **Figure 2**) allows you to see if your growth forecast justifies the investment.

APPLYING ROI ANALYSIS TO REFERRAL CAPTURE

When determining whether to invest in staff or in technology, remember to account for critical success factors in your analysis. For example, staff will need a marketing budget. A referral portal needs staff promotion. Add these calculations to your analysis to get a baseline for comparison. Remember that additional revenue will be generated from other referral types—LASIK, diabetics, retina, etc.—and these will further enhance your return.

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NOTES

¹This, of course, means using the technology incorporates an “extra step” (i.e., in taking the information from the EHR system and adding it to the communication), but this constraint applies equally to referrals made via fax or other communication technologies.

²As presented in Market Scope’s 2018 IOL Report, available at <https://market-scope.com/products-page/cataract-reports/2018-iol-report/>.

FIGURE 1. Illustration of average and total additional revenue from twenty cataract referrals with 15% premium lens conversion rate.

	STANDARD LENS	PREMIUM LENS
	85%	15%
	17	3
Consultation	\$ 250	\$ 250
Surgery	\$ 600	\$ 2,000
	\$ 14,450	\$ 6,750
Total		\$ 21,200
Average Per Referral		\$ 1,060

FIGURE 2. Comparing investment cost estimates, divided by average income per referral, to calculate number of consults needed monthly to break even.

INVESTMENT	MONTHLY COST ESTIMATE	MONTHLY BREAK-EVEN # OF NEW CONSULTS NEEDED
Business development staff	\$4K–\$6K	4 – 6
Referral coordinator staff	\$2,500–\$3,300	3
Referral portal	\$300–\$2,000	1 – 2



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