Preferral

Identifying and Capturing Low Hanging Fruit to Increase Patient Referrals

Industry White Paper
July 2019

Among the many opportunities to improve the delivery and cost of healthcare in the U.S., one of the most impactful to address is patient referrals.

According to a study of 105 million referrals by the Archives of Internal Medicine, only about half of resulted in a visit to the Specialist[1]. It's a surprising reality, but when told by a primary care physician to see a specialist, about

1 IN 2 patients actually follow through with the appointment.

Our conversations with physicians and administrators support these findings. Referrals are time-consuming, inconsistent, often inappropriate, made with poor decision support, and lack communication and follow through. Additionally, referral patterns are notoriously difficult to track and analyze.

SOME ADDITIONAL FINDINGS TO CONSIDER WITH RESPECT TO REFERRALS:

- Across several studies, in more than half of referrals sent, the referring provider had no communication with the specialist[2]
- One study of referral data showed that only 35% - 45% of adult inpatient care remained within a health system[3]
- 80% of all serious medical errors involve miscommunications at the point of provider hand off[4]
- In one study, just one in ten patients whose referrals were screened, needed a face-to-face visit[5]
- More than 25% of malpractice claims involved a failure to refer[3]
- Referrals take an average of 20 minutes to complete, often over the course of 2 days

LIMITATIONS OF MANUAL REFERRAL MANAGEMENT

Factors influencing the low rate of referral follow through include:

- **COMPLEXITY OF THE REFERRAL PROCESS**
- **LOW PATIENT ENGAGEMENT**
- **PATIENT DECISION PARALYSIS**

when provided with several providers to choose from.

For most practices, determining which specialists work with a patient's insurance and considering patient preferences around location and availability is a manual, time-consuming process. In addition, numerous phone calls and faxes create a heavy administrative burden that is costly for both referring and receiving practices. Administrators hire full-time staff dedicated solely to managing this complex workflow. To streamline the process, some AMCs and large health systems have set up central call centers to reduce hold times and cut costs. However, managing these call centers creates operational challenges as they are still costly, prone to communication errors, and often fail to deliver actionable referral analytics.

LEVERAGING ONLINE REFERRALS

Several studies show that streamlining referral coordination has a significant impact on referral completion. One study of more than 50,000 referrals at an urban health system with over 1.2 million annual patient visits found that a web-based referral system increased referral scheduling by nearly three times and reduced the median time to appointment by more than 50%.[7]

Nearly 80% of the health organization's physicians felt ready for online scheduling and 75% said the system made it easier to schedule patients. Considering that about 10% of patient visits to a PCP result in a referral[1] and more than 50% of new patients for specialists come directly from physician referrals each year[8], this increase in patient/referral follow through presents a significant opportunity for practices and healthcare systems to capture more revenue.

Numerous studies have documented significant shortcomings in overall appropriateness of referrals. It is estimated that 20 million clinically inappropriate referrals are sent each year and that more than 20% of referrals are misdirected[9]. When this happens, both patient health and the patient experience suffer. It also poses serious legal risk and can harm the health system's reputation. More innovative practices can mitigate these risks by leveraging data captured in the referral process to make decisions on the appropriateness of referrals.

A physical therapy department at Cedars-Sinai Medical Center was able to reduce its inappropriate referrals by 70% in just three months by implementing "reason for referral" and "screening based on answers."[10] Likewise, an orthopedic practice was able to increase surgical procedures 40% by prescreening around diagnosis for appropriateness of each referral.

THE IMPORTANCE OF NETWORK RETENTION

Retaining patients within a provider's network is also a challenge for practices, many of which report less than 50% retention.[3] Others report leakage rates between 25-40%. One of the primary issues is that referrals are typically analyzed using data from claims that are 90 – 180 days old. This lack of real-time analytics inhibits a health system's ability to drive proactive improvements. Regardless of the challenges measuring leakage, it is typically a leadership-driven priority. In a 2015 survey of 140 hospital CFOs, 51% said they were focusing on leakage as an opportunity to generate revenue.[11] And that opportunity is significant as the average primary care physician generates between $500,000 to $1.4 million in referral revenue annually.[12]

The revenue impact is equally significant for physician networks. For example, a 500-physician network can miss nearly $100 million in annual revenue due to leakage.[13] It is likely that at least $50 million in referral-related revenue is sent outside the system and another $40 million falls through the cracks as referrals go uncompleted. From a cost perspective, it is expensive to hire dedicated staff to coordinate referrals, not to mention the time physicians spend on unnecessary referrals.

FINDING THE BEST REFERRAL SOLUTIONS

Successful health systems realize the opportunities afforded by new referral technology. By automating the referral process, these solutions help referring practices spend less time on the phone, reduce manual workflows, and make it easier to get patients to the right specialist.

The most effective solutions have the following features:

- Web-based applications that do not require additional investments in EMR/EHR platforms
- Do not require integration with existing practice applications
- Incorporate filters or screening criteria to increase appropriateness of patient/specialist match
- Provide in-depth analytics to track referral life cycle and outcomes of both individuals and populations
- Designed in collaboration with physicians
- Can be quickly implemented without disruption to daily operations
- Are intuitive and easy to learn
- Deliver Key Performance Indicators to ensure a positive return on investment

As the healthcare ecosystem continues to put downward pressure on revenues, health systems, physicians, and specialty practices need all the help they can get to grow and protect their referral base. Leveraging solutions that simplify and streamline the entire referral workflow can reduce costs, improve outcomes, and enhance the patient experience.

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[4] Joint Commission 2010a

[5] Bergus GR, Emerson M, Reed DA, Attaluri A. Email Teleconsultations: Well Formulated Clinical Referrals Reduce the Need for Clinic Consultation. Journal of Telemedicine and Telecare. 2006;12:33–38. [PubMed]

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[12] beckersasc.com/webinars/SCI_Solutions.pdf

[13] Statistics from Annals of Internal Medicine and The Advisory Board

[14] Projections based on conservative assumptions around referral inefficiencies

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