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HIStalk Interviews William Seay, CEO, Lifepoint Informatics

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William Seay is founder and CEO of Lifepoint Informatics of Glen Rock, NJ.

Give me some background about yourself and about the company.

I started in the lab business in 1988 working for Clinical Diagnostic Services, which is a laboratory in the New York City area. First I was involved in operations. It was a small lab at the time, so I've done accessioning, order entry, driven courier cars, and prepared for CAP inspections. I'm not a med tech, but I've done nearly everything in the lab short of performing a lab test.

In the early '90s, I transitioned into sales. I've sold in Manhattan on the Upper East Side and the area of New York Hospital, where I was competing against NHL, Roche, Smith Kline, and Corning at the time in a highly competitive market. By the mid '90s, we had seen at CDS labs the success of C.C. Link from Quest and we saw that they were developing a Web product.

The laboratory decided to undertake a pilot program. We started Labtest.com — which is a DBA now of Lifepoint Informatics — with the intent of building a portal for order entry and result reporting that would compete against the large national labs in the New York City marketplace.

Back then, those big labs started dropping printers and fax machines into physician offices right in the back yards of hospitals where those physicians practiced. Was it as dramatic as it seemed when people started realizing that these large, focused companies were willing to invest in technology to go after reference lab business?

Yes, it was dramatic. At one point before we started LabTest the company, we were trying to productize and commercialize tele-printers. Those were very popular at the time. The fax machine era was pretty short-lived because of the Stark rules –the fax machine is a dual-purpose device. But at the time, the nationals were very strategic in their use of technology to retain

clients and to gain new business, so it was dramatic.

Our product was crafted after a product called LabConnect from an LIS vendor that CBS was dealing with, which was in turn crafted after C.C. Link. We had the workflow down and we knew what doctors wanted from the ground up at Labtest.com / Lifepoint. We had our functionality and features and functions mapped out because we saw what was successful with the thick client systems.

What are the downsides of just letting the corporate reference labs plug in their technology?

I think the downside for the smaller regional labs is that it's expensive to compete. I think technology certainly does solidify and in some ways lock in the business. In some areas, especially in Manhattan — and I have seen this in other metro areas — the physicians don't want another piece of equipment. If they have one or two tele-printers, it's tough to put in a third.

When you look around at your competition now, is it still primarily the internally developed systems from the national reference labs?

We're seeing some of that. I think the trend going forward is for those homegrown systems to wane over the next five or six years. We see that as a business opportunity.

Obviously we have other connectivity vendors that we compete with that have very similar business models to ours, but the fact of that matter is Quest really drives the demand nationally for products like ours, because what our customers are looking for is a way to compete and level the playing field, particularly with Quest these days.

What challenges are hospitals facing with connectivity and outreach programs?

They move a little slower because of their non-profit status and mission. They have a longer sales cycle. I think they don't have the profit-driven mindset and the aggressive commercial nature that the commercial labs have. It's always amazing to hear stories about how a hospital lab has said, "Dr. Smith has been waiting for an EMR interface for nine months." If you heard something that at a commercial lab, that would never fly.

I see EMR companies and other people in the health IT field underestimating the complexity of lab order entry, asking order entry questions, the ABN printing, and the medical necessity checking. At Lifepoint, we have solutions that can plug in and connectors that can easily adapt to multiple EMRs, either from a single sign-on or through web services.

Hospitals want to get into the reference lab business, but it's driven by by scale. The more business you have, the more you can automate, so that the national labs supposedly have their tests down to a cost of pennies or less per test. Can hospitals

compete with that volume and the polished corporate performance?

One of the reasons that the outreach lab market has been so successful is that they're not only are they in it to increase their revenues, but they have untapped capacity. Normally they're testing during the day. With the average business, they're turning around specimens in the evening. In that respect, they're filling up their capacity and utilizing their instruments at a higher rate.

Is there a patient benefit either way?

I think there is a clear benefit for doctors and patients if you think about a patient-centric view of laboratory testing. A hospital outreach lab will have the inpatient work as well as the outpatient work together in our Web portal product. That's something that's really tough if not impossible for the larger national labs to replicate or compete with. For patient care, I think it's a benefit.

Do community-based physicians want a portal or do they want results sent directly into their EMR of choice?

I think they want a balanced approach and they want multiple delivery options. Auto-printing, which is the replacement for tele-printing, is where there's a workstation that has a small footprint piece of software that drives a network printer. That's very popular. The portal is still popular and so is the EMR interface. I'd say it's all three, typically, when you ask a doctor, "Would you like auto-printing or EMR or the portal?" They come back and they say, "Well, fine — I'll take all of them."

I think the portal will continue to be necessary going forward because it gives the labs a way to control their brand and their functionality, which they lose out on if the results are streamed into an EMR.

Do to have to deal technologically with the issue of physicians not receiving or not reacting to critical lab results?

From early on, we had pretty robust auditing capabilities, particularly because of HIPAA, On a patient level and on the accession level, we can drill down at when the result was viewed, by whom, and if it was printed. Down to that level. I think that helps mitigate some of the risks that the labs may be up against.

How does your product play with the emphasis on health information exchange?

We like to think that our InfoHub product, which to use Medicity's old words, is similar to a data stage. We can help the labs and the hospitals connect up to the HIE or out to a RHIO if they need that assistance. Our portal itself is very much like a local HIE or a private local HIE. It's being used that way by few of our clients. We see ourselves as complimentary to the larger HIEs

nationwide.

When you look at what information providers want to exchange, how much of that is laboratory based?

There's the 70-70-70 rule that says 70% of the patient's chart is made of laboratory data, 70% of treatment decisions are based on lab, and 70% of diagnoses are based on lab. Yet it represents only a little under 3% of total healthcare spending nationwide. It's quite a value.

It's growing it quite a clip, too. The laboratory market today is $62 billion. It's expected to grow to $100 billion by 2018 at a 6.5% growth rate.

Hospitals are focused on reducing duplicate radiology procedures. What's the level of interest in reducing duplicate lab tests, or is that a problem given that lab tests are relatively cheap and often repeated anyway?

One of the goals of healthcare reform in general is to eliminate some of the duplicate testing. When our portal is used and there's a local HIE, we can accomplish that. It's good that you bring up radiology, because our portal and our EMR interfacing capability can support other ancillaries besides lab, such as radiology, transcription, discharge summaries, and anatomic pathology.

With the emphasis on accountable care where you may have to eat the cost of extra tests, is there interest in a practice knowing that the hospital already did the test or vice versa?

Yes. Years ago, we learned that we shouldn't lead with that feature — that our portal and our capabilities can help reduce redundant testing. The labs had their own reasons for wanting to do that years ago. I think primarily around liability.

Now I think the momentum is towards reducing duplicate tasks. I'm pretty sure everybody's on board. I think the financial people at the hospitals have put this into their five-year plan — that they may lose out on some of the revenue that would have been generated by these duplicate tasks.

What trends do you see related to lab tests and lab results in the direction that healthcare is going?

I think it's going to be tremendously important. In the past, lab was primarily a tool to diagnose. Now it is central to not only diagnose, but to monitor and to screen. This monitoring and screening is preventive healthcare and it's where the industry is going.

We talked about 70% of the patient chart being made up of laboratory data. That's going to be the data that's looked at when we're looking to manage chronic conditions and when we're

looking at population-based preventative care. We are largely going to be looking at lab data. I think it's going to continue to play an important role going forward.

Any concluding thoughts?

I think there are some people in health IT that have a misunderstanding of how dominant Quest and LabCorp are. In fact, together they represent less than 9% of the laboratory test market by test volume. They only comprise 26% of the independent laboratory market volume.

What we're passionate about here at Lifepoint is enabling hospital-based outreach labs and smaller commercial regional labs to level the playing field and compete against the larger national labs with IT and connectivity solutions.
