CentralLogic

INDUSTRY INSIGHTS

How Transfer Center Optimization Can Maximize Fee-for-service and Value-based Revenue

By Angie Franks, CEO, Central Logic

Every healthcare organization is exploring ways to increase revenue and reduce costs. Taking drastic action, however, may not be necessary.

Instead, health systems could invest in a department they likely already have—their transfer center—and experience a significant increase to their contribution margin.

Transfer centers are often overlooked revenue generators in both fee-for-service and fee-for-value payment models, even though they can be a leading profit center for the health system when properly structured, managed and equipped.

In fact, an independent University of Utah study commissioned by our company found each patient transferred yields an average of $10,800 in contribution margin. In a fee-for-service model, transfer centers drive greater volume by keeping patients in-network and ensuring a quick, efficient process for referring hospitals and physicians, which results in more referrals from outside sources as well.

Under value-based payment models, a well-run transfer center can ensure that patients receive the highest quality care in the lowest cost setting within the health system. Additionally, a transfer center can help patients avoid unnecessary, redundant care by admitting them to a hospital or facility that will promote a faster recovery and overall better outcome while utilizing fewer resources. This approach reduces costs for the payer and provider, enabling the health system to capture a greater portion of the shared savings or bundled payment.

To maximize this ROI regardless of the payment model, the transfer center needs to be efficient. Efficiencies can include a single phone call by the referring provider to arrange transfer and transportation. Qualified and experienced clinical staff are also needed to help physicians and hospitals admit their patients to the right location with the right providers without delay, as well as streamlined communication and transparency over the entire process.

What's your transfer center worth?

While transfer centers can be tremendously valuable assets, healthcare organizations rarely assess how they can contribute to the bottom line. A customized review can provide the most precise view of performance, but the following are two broad benchmarks that give a high-level overview of how a transfer center should contribute:

- A 100-bed hospital should receive 100 transfers a month, which would mean 1,200 per year.
- Based on the findings of the University of Utah study mentioned earlier, each transfer contributes $10,800, driving an additional $13 million per year.

Numerous factors will influence that ROI, including the size of the health system, competition in the area and specialty offerings. To obtain a more precise idea of the ROI, an organization would need to conduct a complete assessment, which would include comparing its performance against specific benchmarks of comparable health systems. However, improving the transfer center processes to increase efficiencies—such as offering clinical staff integrated, centralized technology that provides an enterprisewide overview of the system—can accelerate improvements regardless of the transfer center characteristics.

What does a high-performance transfer center look like?

A primary feature that makes transfer centers so valuable, at least to the referring provider, is a single phone number to call to arrange the patient transfer. With one phone number to remember, providers and nurses in the community do not need to rely on their memory about which facility to call or just start calling with the hopes of finding an opening.

Once the referring provider calls that one number, the transfer center immediately manages all facets of the patient transfer based on efficient and proven methods, sound technologies providing various tools and protocols, direct communication to on-call providers and visibility of facility resources. The net result is to expedite the patient transfer to the right location and speed time to treatment.

That is because high-performance transfer centers would be staffed by skilled clinicians who can collaborate with the referring provider to ensure the patient receives the appropriate level of care without delay. Likewise, with a workflow system that is real time and transparent, the transfer center can notify and prepare transportation resources as well as care teams at the receiving hospital or facility so care can begin upon patient arrival.

That type of streamlined operation and transparency requires a robust transfer center design, a cohesive organizational approach and a dedicated software solution so transfer center staff can efficiently capture, manage and track the patient journey. Afterward, such a system would deliver accurate and reliable analytics of referral trends and patient outcomes to drive additional improvement.

> When properly implemented, this high-performance transfer center solution could **increase transfers by 20%** in the first year, based on our research.

An overlooked contribution margin and quality driver

The increased contribution margin from transferred patients is important to all health systems but particularly those with a mission for charitable care and serving their community. Such a mission may be at risk, considering that Moody's reported that fiscal 2017 nonprofit hospital margins fell to 1.6%, the lowest level the rating agency found. "Significant income contraction" was cited as a major reason for the declining margins.

Increasing contribution margins through the transfer center makes it more feasible for nonprofit health systems to fulfill their mission while ensuring sustainability. Continued margin support from the transfer center can also help the organization grow or introduce service lines which, in turn, drive more transfers to its system. This self-perpetuating cycle of growth has numerous patient care quality benefits as well such as helping close care gaps in the community and delivering world-class specialty care to patients who may not have had it available before.

As the healthcare industry continues to balance both fee-for-service and fee-for-value revenue streams, investing in and optimizing a transfer center can grow the contribution margin regardless of payment model. Not only do high-performance transfer centers help more patients in the community receive the right level of care without delay, they can also help optimize clinical outcomes. Meanwhile, consistent analytics generated by the transfer center software helps identify growth opportunities and areas where patients and referring partners could be served better.

A well-run transfer center creates a system to improve efficiency and quality while serving as a true health system asset that drives improved financial performance and a competitive advantage in markets.

To learn more, visit rebrand.ly/optimizetransfers.

This insight originally appeared in Fierce Healthcare.
rebrand.ly/fiercehealthcarearticle.

About Central Logic

Managing patient transfers is a life-saving endeavor. Central Logic is a pioneer in the space and was founded to support this mission. Our flexible, purpose-built solutions provide superior real-time visibility and unmatched business intelligence to optimize the operations of health system transfer centers. Clients count on Central Logic to deliver strong growth, find new ways to improve patient outcomes and make their operations more effective, today and into the future. Based in Utah, Central Logic is an industry leader with a 95% customer retention rate. The company has been named a “fastest growing private company” by both Inc. 500 and Utah Business Magazine. For more information, visit www.centrallogic.com.

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