



STUCK BETWEEN COMPLEXITY AND COMMODITIZATION

By
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People who work in the clinical lab testing industry know very well it is a complex business. Before delivering a final report, there are multifarious stages a specimen travels, and it all begins with collection from the patient. It remains an obvious point that Murphy's Law can raise its ugly head at any point along the circuitous road before metamorphosing into a final report and generating a bill.

Labs—A Commodity?

Unfortunately, despite the complexities (especially billing), healthcare providers and office managers may generally regard labs as a commodity. A specimen goes out and a report returns. Easy-peasy. Even lab salespeople that have not been properly trained consider their employer a me-too company, compounding the perception when talking to prospects: “We offer 24-hour turnaround. We can integrate into your EMR. We provide free transport supplies. We have great customer service.” Duh. It's no wonder offices avoid talking to lab reps.

Selecting a Lab

There are certain things a healthcare provider considers when choosing a lab. But first come the assumptions—functioning quality control systems, easy report interpretation, reliable courier service, quick turnaround, quick access to clinical support, and good customer service. But stronger factors materialize that subdivide into logical and/or emotional components:

- A hospital or corporation buys a practice and requests the use of a particular lab.
- Social proof. Many colleagues use ABC Lab, so it must be reliable.
- A personal relationship exists between the doctor and a lab employee.
- Proximal location of the lab (or draw center).
- Where state law permits, a lab appoints an employee to draw blood within a doctor's office.
- A lab has many in-network insurance contracts.

The last point slays many marketers from smaller labs. Despite offering some major advantages, labs without in-network insurance contracts may be automatically scrubbed from consideration. Large insurance companies want to minimize the number of in-network lab agreements, and, as such, are very selective in their contracting. However, when labs gain coveted in-network status, it means the lab will accept each payor's net fees as payment in full (translation: no balance bill sent to the patient other than the usual co-pay or deductible). Additionally, the doctor's office does not have to experience irritable patients complaining about a lab bill. It's a win-win-win scenario, but 180° from those labs that are out-of-network.

On the other hand, any lab with proper certification can register with state Medicaid and federal Medicare and thus receive reimbursement according to their respective fee schedules. Accepting assignment from

these two agencies, nevertheless, may not be sufficient to overcome the client objection of having to remember to parse specimens between two labs. The topic of office *convenience* supersedes other positive characteristics a smaller lab may offer.

Summary

People may regard lab services as basically indistinguishable and, if the service is going well, they summarily brush off speaking to a lab salesperson. That's unfortunate, because there are differences that extend beyond sending a specimen through an automated machine and generating a report. The starting gun fires with proper specimen collection, traveling a progression through many hands, undergoing certain test methodologies and QC systems, and finally crossing the finish line with electronic transmission and subsequent billing. Indeed, it's a twisty road that requires in depth knowledge and skill from a marketing person—someone to make very clear that labs are *not* a commodity.

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