



## ARE YOU REALLY *MANAGING* YOUR SLEEP LAB?

by *Duane Johnson PhD*

It was a delight to meet hundreds of you at the 8th Annual Focus Conference in Nashville a couple months ago. At this meeting, during the question and answer period and during my conversation with attendees after my presentations, many of you expressed fearful concerns about third party reimbursement reductions, increases in overhead and a perceived threat of portable monitoring reducing your sleep lab's market share and revenue. My counsel to concerned sleep colleagues

was that the potential sleep patient market has not diminished. It is still huge and growing. Educated estimates of 15 to 18 million persons in the U.S. with life threatening sleep apnea remain real.

Yes, CMS now allows portable monitoring to diagnose sleep disordered breathing for reimbursing CPAP treatment. But that opens more sleep patient business opportunities. Creative marketing strategies to profitably implement portable monitoring services can be found and developed. This will uncover even more "bricks and mortar" sleep patients who have co-morbidities that must be tested in a formal sleep lab.

Besides this new venue, other sleep service market opportunities are yet to be developed; such as in sedated patient care settings (see [www.sleepapneamonitoring.com](http://www.sleepapneamonitoring.com)), or in business and industry where employees' sleep related deficits impact a company's "bottom line", or collaborating with other medical specialties to handle patient sleep problems, i.e. cardiology, family medicine and psychiatry. Growing your business is necessary to function as a business.

One of the deficits, I have found when consulting, is that sleep lab managers fail to operate their IDTF, hospital or sleep lab practice extensions like a business. The simple practice of developing a written annual sleep lab business plan with a financial revenue and expense budget document will provide the sleep team a document to focus what actions must be done to accomplish the written targets. Therefore, the business plan and budget become monthly tracking tools directing decision-making. Conducting your practice in a businesslike manner serves to improve clinical services, promote clinical quality, and foster patient-centered care.

Traditionally, it is easier to simply "wing it" by allowing "whatever happens" instead of assertively planning and making things happen. As a result your competition becomes the leader and financial revenue becomes strained. One of the definitions of "management" is making

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the things happen that you planned to make happen. Great leaders use effective management to excel!

Successful sleep lab owners, physicians and managers invest valuable time determining and planning actions of a profitable "patient first" service oriented business plan and budget. They map out an effective plan and budget to make the things happen that they want to have happen. They assertively pursue success rather than being "too busy" and not doing this essential management activity.

How are you going to integrate the new emphasis on portable monitoring into your current sleep lab operations and menu of services? To whom and how will you market? What do you project your equipment and staffing needs will be? How many new "brick and mortar" sleep patients will you gain? What percentage of your present referrals will be studied by portable monitoring?

These questions and others must be answered so that you can develop projections for your business plan and budgeting. Indeed there are unknowns, but educated assumptions must be decided and adjustments made as more 'knowns' become available. Then, the diversity of patients and referrals you need to reach your budgeted sleep lab revenue goals will drive your marketing plan.

Another factor required to effectively manage the sleep lab is to know your costs and consistently evaluate them to reduce waste of resources. No expense should be trimmed if it negatively impacts essential patient service quality and standards of care. Therefore, actively assess expenses to build profits.

The preparation and use of a detailed business plan and revenue/expense budget guides a manager in marketing for patient revenue, controlling costs, pricing services and negotiating third party payer contracts. Both the business plan and budget are tracking tools. You do not develop these on an annual basis and only look at them at the beginning and end of your fiscal year. But these tools should be broken down into monthly segments and tracked as budgeted monthly vs. actual monthly. This allows a manager to monitor revenue and expenses and adjust for corrections before problems become serious or excellent results marketing become overwhelming causing de-marketing results.

The new CMS portable monitoring ruling demands and challenges REAL sleep lab management. So do not spend or waste your time decrying and bemoaning changes. Create benefits from change. "Grab a chance from change." Take on the challenges and use your solid management skills, create "outside the box" marketing, and passionate commitment to help millions of individuals who are experiencing a much lesser quality of life because they are suffering from undiagnosed, life-threatening sleep apnea.

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