

# WDL Case Study

## Froedtert Health and Wisconsin Diagnostic Laboratories

How dissolving a third-party partnership and rebuilding its hospital-based laboratory improved Froedtert Health's patient diagnostics and care, elevated staff engagement and ultimately increased revenue.



### The Challenge

*Outsourcing laboratory services created obstacles to financial viability and high-value, patient-centered care.*

In the late 1990s, Froedtert Health, a health care system headquartered in Wisconsin, established a partnership with a large laboratory company that centralized laboratory services to its larger hubs and outsourced the Froedtert Health system laboratory work. Over time, operational efficiency emerged, and the focus shifted from patient-centered care to the commoditization of laboratory testing. Not only did Froedtert Health staff take note of the shift, but it began to impact patients as the quality of services deteriorated. Froedtert Health found itself in an unfortunate position: a financial situation that was advantageous to the large laboratory company yet had negative financial ramifications for its system, while Froedtert Health clinicians and patients no longer had timely access to high value laboratory medicine.



### The Solution

*A focus on rebuilding the laboratory to improve patient diagnostics and care, as well as staff morale.*

Froedtert Health leadership knew something needed to change. The system dissolved its partnership with the laboratory company in 2015 and retained its hospital-based laboratory. This situation had made it clear that laboratories are a cornerstone of medicine, and it was time to rebuild.

Froedtert Health brought in the right experts to help rebuild the laboratory and do it in the right way, meaning the laboratory needed to focus on the patient by providing maximum benefit and value. Froedtert Health and its partners rebuilt the laboratory from the ground up, starting with a new model, mission and vision. It improved the laboratory by focusing on decreasing testing turnaround time, eliminating functional vacancies and creating efficiencies. Froedtert Health then re-engaged staff and began to see an increase in morale. It also rebuilt the core infrastructure within the laboratory and conducted outreach to re-engage strong partnerships with vendors. When the two-year non-compete was up, the new and improved laboratory, called Wisconsin Diagnostic Laboratories (WDL), was positioned to commercially go into the market.





## The Results

WDL was empowered to generate revenue, improving Froedtert Health's business and partnership opportunities nationwide.



Froedtert Health experienced significant financial improvements in establishing WDL, saving well over \$1.4 million over the next year. Recruitment also soared as Froedtert Health built out a full team.



Within one year, Froedtert Health regained about 98% of the business that was lost during the large laboratory company partnership, continuing to grow at an 18% compound annual growth rate (CAGR). WDL improved Froedtert Health's bottom line by creating profit instead of losing revenue by referring a patient's test elsewhere. As a result of the resurgence and exemplary work Froedtert Health had done in the laboratory space, it was also positioned to partner nationally and integrate with other health systems.



## Conclusion

Froedtert Health and WDL navigated the rebuilding process and transition to high-value laboratory services alone.

**But you don't have to.**

Now, a platform exists to help accelerate this path for other laboratories and health systems. Health systems and physicians' offices can now access Atalan, a technology-enabled clinical partnership providing doctors and medical centers unprecedented access to a vetted network of the nation's foremost clinical laboratories. Atalan offers tools to accelerate growth and to partner with laboratories like WDL.

To access the network of laboratory partners, any medical center or provider can request a demo of the technology and learn more by reaching out to [access@atalan.com](mailto:access@atalan.com) or visiting [atalan.com](http://atalan.com).