

Strategies & Solutions is the monthly electronic newsletter published by Health Strategies & Solution, Inc., which provides cutting-edge strategies, innovative solutions, and practical ideas for health care professionals. We welcome your comments and feedback. To subscribe or unsubscribe to this publication, click on the links at the bottom of this page.

[CLICK HERE](#)

to view a case study on clinical research trials, which is included in Jennifer Etkin and Alan Zuckerman's article "**Clinical Research Trials: Creating Competitive and Financial Advantages**," which was published in the January issue of *Managing the Margin*.

[CLICK HERE](#)

to link to the Association for Clinical Research Professionals

[CLICK HERE](#)

to view the Pharmaceutical and Research Manufacturers of America 2003 Annual Survey

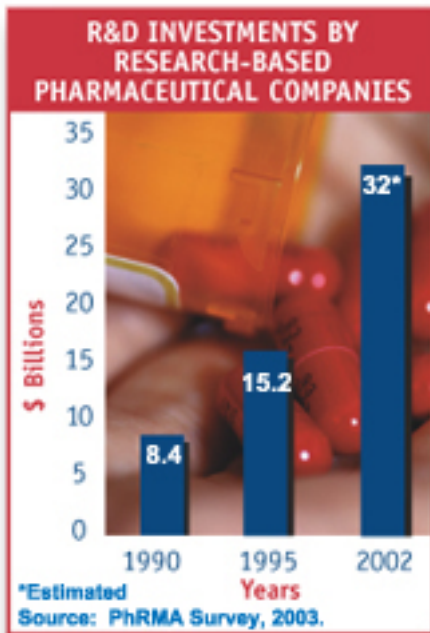
Leveraging Clinical Research Trials into a Strategic Initiative and Revenue Producer

Access to new patient populations, enhanced image as a state-of-the-art provider, and increased revenue are several of the multiple benefits experienced by health care providers that leverage clinical trials into a strategic initiative. Most community and teaching hospitals are hesitant to provide specifics regarding what trial participation adds to the bottom line, but clinical trial participation in a physician's office can contribute up to 3 percent of total practice revenue. A halo effect in the form of increased referrals and awareness of other clinical offerings are further benefits generated by many clinical research trials.

Two key developments have emerged that are widening the window of opportunity to participate in clinical research trials: movement of research out of strictly academic settings and growth in research funding from pharmaceutical and medical device companies. In the 1980s, about 80 percent of clinical research trials were conducted through academic medical centers. Today, private funding sources are actively seeking nonacademic providers to conduct research, creating vast opportunities for hospitals, physicians, and outpatient providers.

A key driver of movement of research away from

academic sites is the amount of time required to gain protocol approval in academic settings. Funding sponsors want to initiate trials quickly to allow as much time as possible for actual testing. Academic medical centers have been known to take two to six months to approve initiation of a study. Physician practices and non-academic hospitals can typically approve clinical research trial participation in one to two months, or less.



Pharmaceutical industry growth continues on its record pace, with scientific advances driving growth in research and development funding. In 2001, estimates indicate that private funds and public sources spent at least \$50 billion on pharmaceutical research. The Pharmaceutical Research and Manufacturers of America's 2003 survey indicates that pharmaceutical companies invested an estimated \$32 billion in research and development in 2002, up from \$8.4 billion in 1990.

The great potential for revenue enhancement and other possible benefits from clinical research trials must be tempered by a careful analysis of the costs and administrative requirements for conducting trials. For example, one small physician practice reported that 10 percent of its total practice revenue was from research trials, but the costs associated with running the trial were 50 percent of total practice costs.

To ensure that participation in clinical trials results in added organizational benefits and not a financial burden, health care providers should consider these critical issues.

Key Considerations for Clinical Research Trials

- 1 Conduct a comprehensive budget review.** Know the costs associated with running the study. Estimate costs for all potential resources, including staffing, supplies, and lab work.
- 2 Negotiate wisely with funding sources.** Use the estimated trial costs during the negotiation process. Payment per patient varies greatly and funding sources tend to be fairly flexible.
- 3 Coordinate administrative functions.** Identify a central contact to serve as the liaison for funding sources, principal investigators, and compliance officers.
- 4 Restrict overhead.** Avoid high indirect costs, such as graduate medical education.
- 5 Consider Phase III (pre-market trials).** Participate in Phase III trials, which are often more heavily funded than other clinical trials.
- 6 Leverage clinical research trials with centers of excellence.** Pursue drug and device trials that tie in with your organization's centers of excellence.
- 7 Treat the trial as a business line.** Apply product line business practices to clinical research programs.

Learn more about HS&S services:

- Strategic Planning
- Business and Financial Planning
- Clinical Program Planning
- Medical Staff Development
- Physician/Hospital Relationships
- Facility Planning and Space Programming

For more information on clinical research trials, please contact [Jennifer Jones Etkin](#) or [Alan Zuckerman](#), or call 215-636-3500.



If you would like a free subscription to Strategies &

● Demand Forecasting and
Resource Development

● Performance Improvement

● Governance and Management

Solutions, please [click here](#).

©2003 by [Health Strategies & Solutions, Inc.](#)

8 Penn Center

1628 John F. Kennedy Boulevard

Suite 200

Philadelphia, PA 19103

(215) 636-3500

www.hss-inc.com

Reproduction in whole or in part without written
permission is prohibited.

**Competitive strategies.
Innovative solutions.
That's our business.**

