



## Service Agreements

While the terms service agreement, referral guidelines and referral process is commonly used almost interchangeably, these terms have distinct meanings, and these distinctions are critical for success. The term service agreement refers to an agreement with four clear components. The term referral guidelines or referral process both refer to single processes within the larger service agreement.

The term service agreement is all encompassing and refers to agreements that have four distinct components:

1. The first component consists of a definition of work, and agreement on who is going to do the work, coupled with agreement for the requested or required packaging of that work. This component allows an organization, or even a division or department to accurately review and clearly define its own capacity. All systems have a defined capacity limit, which can be measured. No system can perform well (or actually avoid failure) if there is a demand -capacity mismatch. This component allows an organization to define and shape that limit with conscious and intentional planning, or if a department/division is acting in isolation apart from the referring sources, this component requires the Specialty Care receiver to review and define capacity limits, and as such to make decisions about which symptoms, conditions or diagnoses can be safely received given the measured capacity.

The second part of the first component consists of requested or required packaging to accompany the demand when it is sent. This part of an overall service agreement is commonly called "**Referral Guidelines**". If the effort stops here, we will fail, it is a fundamental error I commonly see. The guidelines must address the fundamental question of "what's in it for me" for the senders of the work. For complete and long lasting success, teams need to take these guidelines further, to truly develop agreements and to accomplish the three critical components outlined below.

2. The second component is the most neglected, it is the understanding and agreement that accounts for the other two stakeholders (Primary Care and patients) and their need to minimize delays. Specialty Care groups often neglect to take this need into account and focus on their needs in the first component. If referring providers feel that they have reviewed the work for correctness, focused on the correct work-up and packing, but don't get the benefit of a short delay, they will sabotage these agreements. The process will work better than previously but will certainly not be optimized.
3. The third component is the "**Referral Process**" itself. The process is the series of steps, tasks and actions sequenced to move the work from the sender to the receiver. This process is critical for success in both of the first and second components. If the



process does not address the appropriate work and work-up, the first component fails. If the process does not address delays then the second component fails. Often the biggest challenge within the referral process is the authorization step. Real delays, perception of delays, the fear of delays, and defensive processes built in anticipation of delays in authorization, often result in this step becoming the process flow constraint. Mapping, measuring, and changing the process with a focus on minimizing delays is critical to the success of service agreements.

4. The fourth component is audit. Implementation or improvement of the referral process, the service agreement or even the guidelines all requires change from current state to a new future state. The fourth component is the audit or measurement to see if the changes we make result in improvement. Once we have achieved a goal, how and what do we audit in order to maintain that achievement. A service agreement is a strategy crafted towards getting demand to supply sooner, more efficiently and with less errors and rework. The service agreement itself is NOT the goal, and neither is the development and implementation of guidelines. Improvement of the referral process is a goal if improvement means doing the work in less time, more efficiently and with fewer errors. The measure for success in implementation of service agreements is not whether there was an agreement implemented; rather, success should measure whether the improvement to the steps in the process allowed the process to proceed sooner. As secondary audit measures, look at whether there was adherence to the agreed upon guidelines for what can be referred, for the packaging and for the process. Look for continuous improvement to the guidelines and the process.