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KA Consulting
Services, LLC

Our Comprehensive Approach

to manage short stay denials and the over-utilization of observation services



HIGHLIGHTS

- Over-utilization of observation services often leads to revenue erosion.
- An approach that leverages expertise in data analytics, compliance, the revenue cycle and clinical decision-making can lead to sustained improvement.
- Data helps hospitals make successful policy and procedural changes with their physicians.



The Hospital's Challenge

A client hospital needed help improving and tracking appropriate patient status assignment. Despite past efforts and initiatives, they were still having problems correctly assigning observation and short stay inpatient cases. They believed that their observation services were being over-utilized, which may have been leading to revenue erosion. In addition, they were seeing increased denials in their short stay inpatient cases. In short, they maintained that their current processes were leading to both compliance and revenue issues.

Comprehensive Solution

The client sought our assistance in validating their concerns. In addition, they wanted us to provide them with a solution that could lead to sustained improvement in these areas. We suggested a comprehensive approach that would provide not only a complete picture of their observation and short stay utilization trends but would also help to target, develop and monitor specific performance improvement initiatives.

In collaboration with the client, it was decided we would develop a solution (S²O Monitor) that leveraged our expertise in data analytics, compliance, the revenue cycle and clinical decision-making.



Our Strategy

Utilizing the S²O Monitor, we performed the following:

Data Analytics

The S²O Monitor employed proprietary data analytics to identify specific cases where the client might not have assigned appropriate patient status. We looked for cases that may have been at risk for denials, as well as accounts that could have been inappropriate admissions or placed incorrectly into observation. In addition, our data analytics provided the client with peer comparisons, where we benchmarked the client's quarterly utilization of observation and short stay admissions against their peer group.

Medical Necessity Review

Based on the results of the data analytics, we performed targeted medical necessity reviews to validate that the appropriate patient status was assigned and that the documentation was clear and complete.

Case Management Assessment

Incorporating the findings of our medical necessity review and data analytics, we identified specific areas in case management that could be improved. Specifically, we assisted in crafting a plan that would help them meet their internal compliance benchmarks.

Findings

The S²O Monitor's initial findings were significant. We validated that the client had specific observation utilization issues. Using our peer comparisons, we identified that the client had more long-hour observation cases than their peer group did. When digging into the data, our medical necessity review identified two important issues:

1. A number of their observation cases could have been valid inpatient admissions.
2. Another portion of their observation cases didn't meet the criteria for that level of care.



Outcome

After reviewing the results with the client and continuing to work with them in subsequent quarters, the combined components of the S²O Monitor provided our client with several notable positive outcomes:

1. Utilizing the process improvement initiatives identified in the case management review, the client was able to reduce the over-utilization of observation services and improve both compliance and revenue.
2. The client now has the appropriate data to trend and monitor their short stay and observation utilization rates. This allows them to ensure that corrective action measures continue to be effective.
3. Using this data, the client has been far more successful in making beneficial policy and procedural changes with their physicians. This has been a vital plank in maintaining process improvement.
4. The client was able to develop and measure targeted improvement initiatives for physician and case management education.
5. The client's accuracy and timeliness of patient status assignment has improved.

Our Commitment

Through our partnership with the client, they were able to achieve their goals in improving the appropriate assignment of patient status. As a result, they significantly reduced short stay denials and identified additional appropriate inpatient revenue. An additional benefit of this collaboration was the capability for continued monitoring of short stay and observation cases, which ensured that compliance practices were being followed.

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