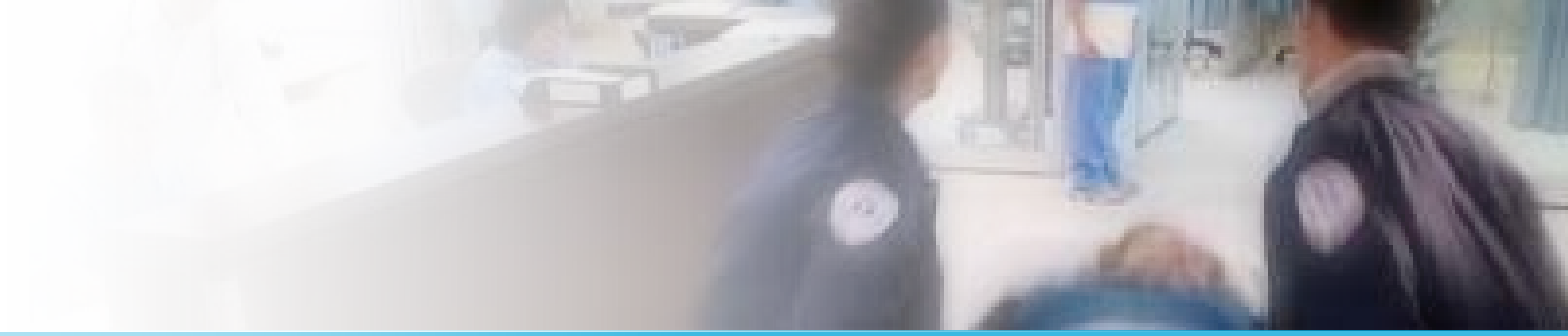


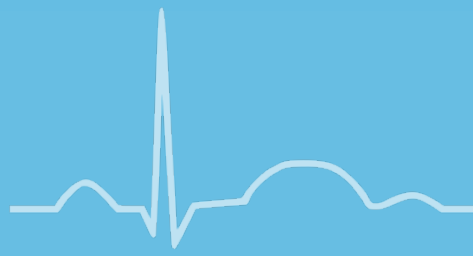
Operating an OBSERVATION UNIT

KAY STYER HOLMES MSA, BSN, RN, CPHQ
ACCREDITATION REVIEW SPECIALIST

Objectives

1. Provide a historical overview of observation medicine
2. Identify ten key steps to a successful observation unit
3. Analyze and apply the benefits of an observation unit

Historical Overview



1980's

Medicare changed from cost based reimbursement to Diagnosis

Related Groups (DRG) - Observational services came to light

1998

Office of inspector general (OGI) study of observational services

2000

Outpatient Perspective Payment System (OPPS) begins

2001

Coalition (SCPC, ACEP, ACC, AHA, etc.) meets CMS on this issue:

Six point proposal supported by AHCPR research

2002

New OBS APC (0339) created for 3 conditions

- Chest pain, asthma, CHF
- Multiple condition restrictions

2007

New composite APC (8003) for all conditions

What is Observation Services?

MEDICARE DEFINITION:

A well-defined set of specific, **clinically appropriate services** include:

— ongoing, short term, treatment, assessment, and reassessment before a decision will require further treatment as:

- hospital inpatients
- discharged from the hospital

Medicare policy manual rev. 137 12-30-10

Medicare Manual

Observation services are those services:

a) Furnished on a hospital's premises
b) Includes use of a bed/periodic monitoring by nursing or other staff
c) Reasonable and necessary
d) To evaluate an outpatient's condition
e) Determine the need for possible admission as an inpatient
f) Ordered by physician
g) Usually do not exceed one day
h) May go for up to 48 hours
i) Under unusual circumstances may exceed 48 hours

Medicare from HIM-10 455 (Pub. 100-2, Medicare Benefits Policy Manual, Chapter 6, 70.4)

When Is Observation Appropriate?

Based on 3 concepts:

1. Probability of disease versus harm of the potential disease under consideration
2. Need for further testing to make a definitive diagnosis
3. The patient's condition warrants further observation and evaluation by the physician

Categories

Patients generally fall into two categories- *diagnostic treatment* versus *short term therapy*

ADDITIONAL TESTING

Chest pain
- serial biomarkers

Syncope-resolve

Abdominal pain-
- serial WBC

SHORT TERM THERAPY

Acute exacerbation of CHF
- lasix, nitrate

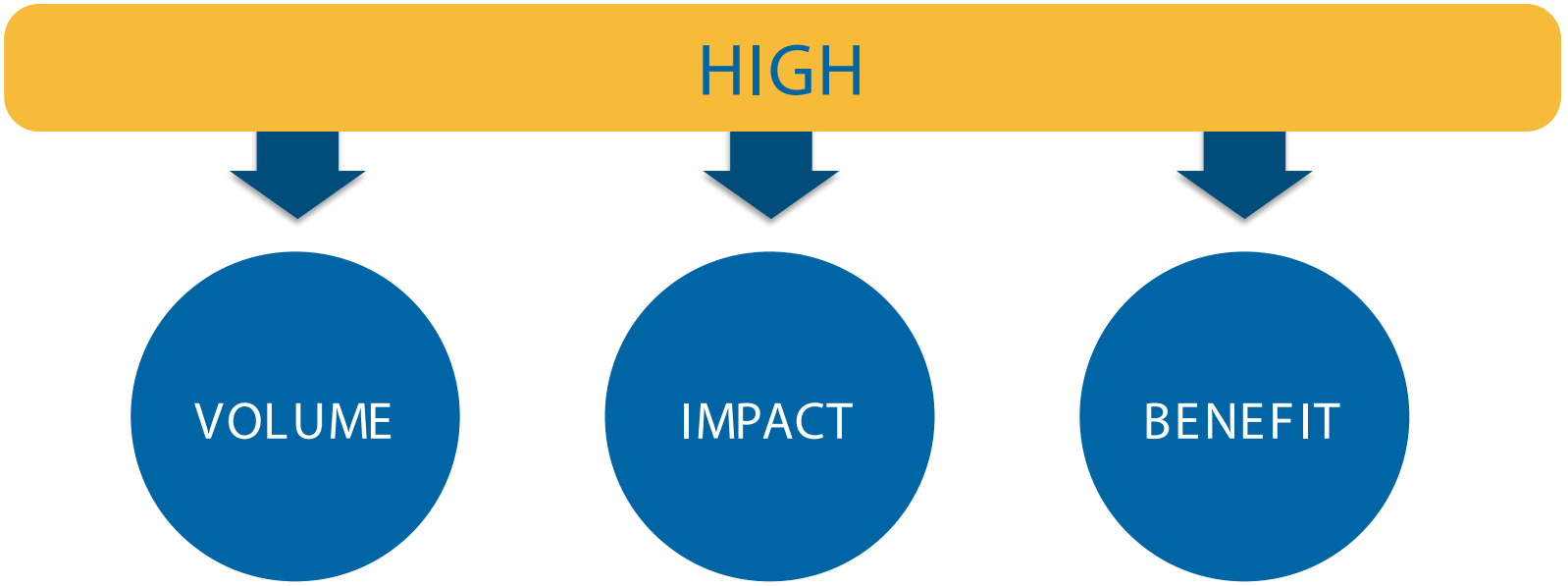
Cellulitis - IV antibiotics

A-fib- medications

Asthma
- nebulizers, steroids

Advantages of Observation Services

Observation services and units provide:



Advantages of Observation Services

Advantages of Observation Services

1. Meet 2014 CMS quality indicat

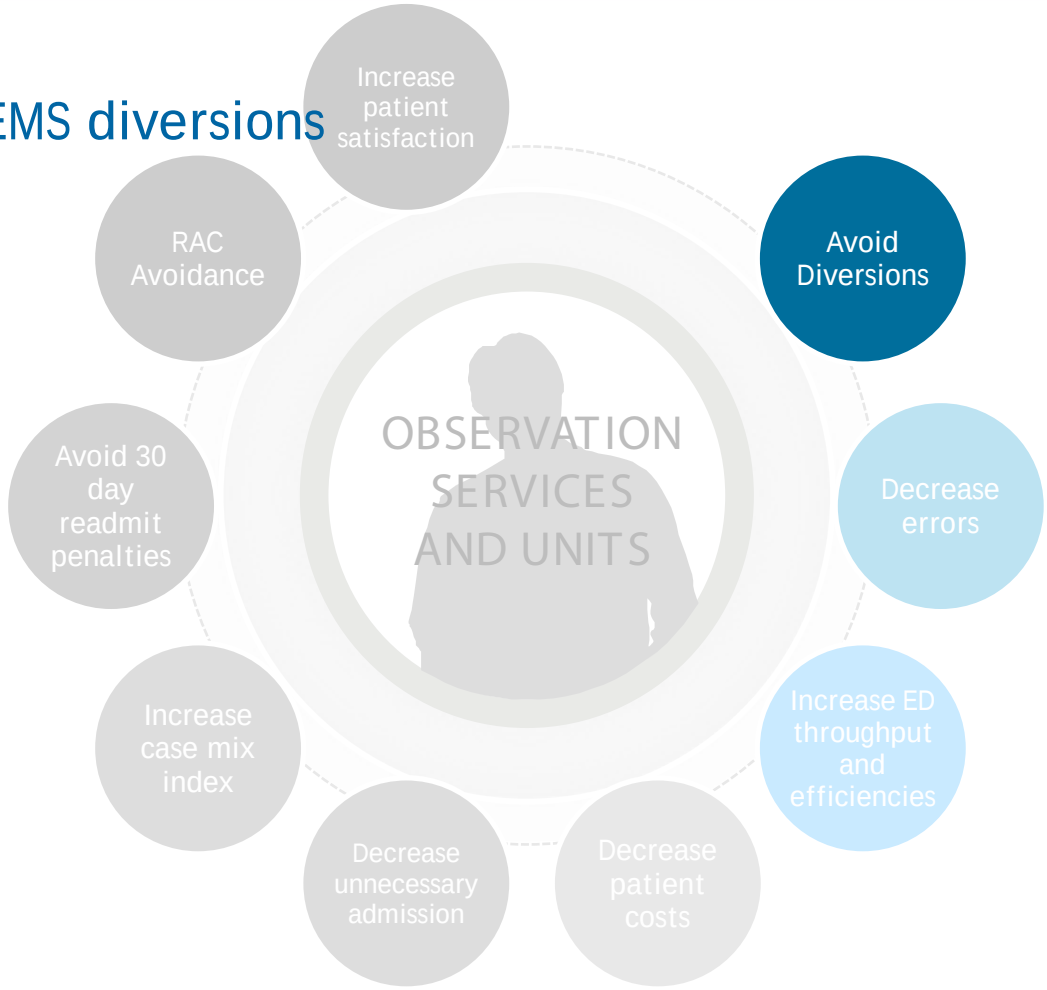
Advantages of Observation Services

1. Meet 2014 CMS quality indicators:

    - Median time from admit decision time to time of departure from the emergency department (ED) for ED patients admitted to inpatient status.
    - Median time ED arrival to time of departure from the emergency room for patients admitted to the facility from the ED.

Advantages of Observation Services

2. Avoid EMS diversions

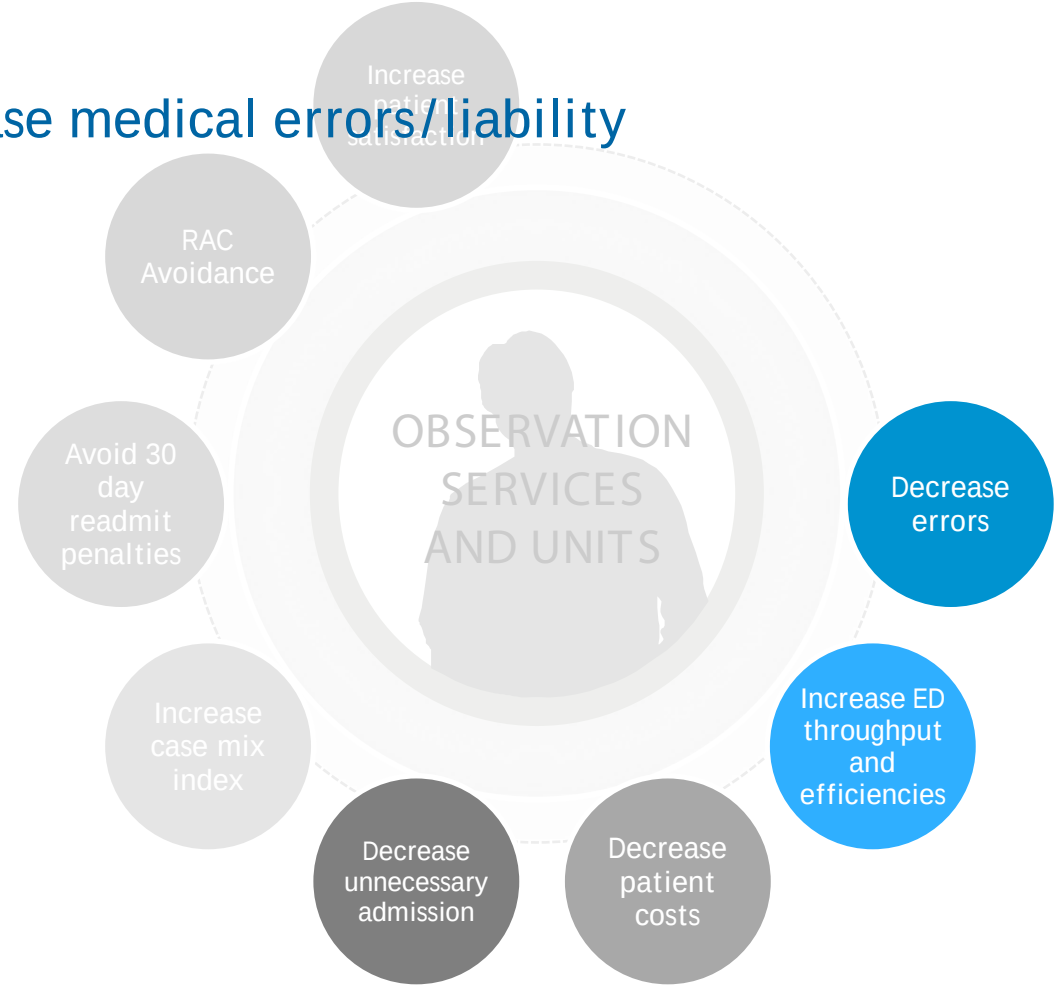


Advantages of Observation Services

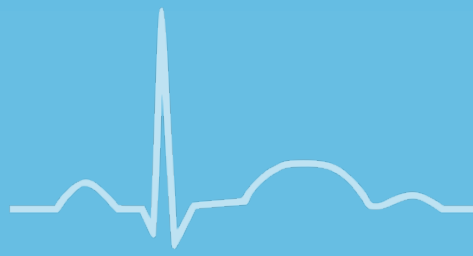
2. Avoid EMS diversions
   - EMS business partner, national average for EMS ED volume= 15%
   - Admission rate for patients via EMS = 34% nationally
   - Nine Boston area implemented a diversion ban in January 2009.
     - What Happened?
       – Hospitals volume rose 3.6 percent after the diversion ban BUT length of stay dropped 10.4 minutes for admitted patients, while ambulance turnaround time decreased 2.2 minutes, according to a ***study*** in the December Annals of Emergency Medicine

Advantages of Observation Services

3. Decrease medical errors/liability



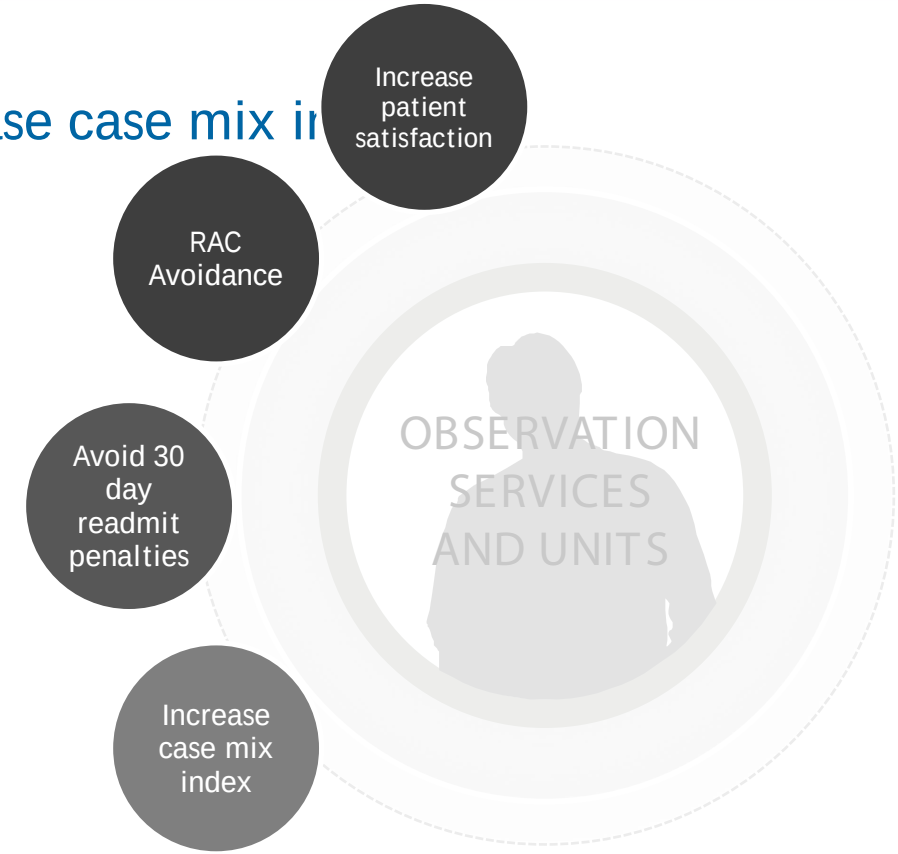
Advantages of Observation Services



3. Decrease medical errors/liability
4. Increase ED throughput and efficiencies
    - Less boarding
    - Decrease Left Without Being Seen (LWBS)
    - Decrease ED LOS
5. Decrease patient costs
    - Make sure the patient understand they are in an outpatient status
6. Decrease unnecessary admission
    - Observation admission gives time needed to make a decision

Advantages of Observation Services

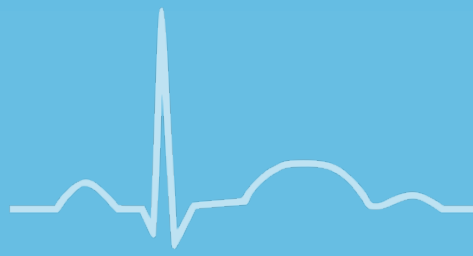
7. Increase case mix in



Advantages of Observation Services

7. Increase case mix index
8. Avoid 30 day readmit penalties
9. RAC avoidance
    - One day inpatient stays
10. Increase patient satisfaction
    - Return to work, instant gratification-reality- halo effect on Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS)

Current Status



2003	2006	2007
19% EDOU USE	The Institute of Medicine Support EDOU use	36% INCREASE IN USE OF EDOU
National Survey - *Emergency Department Observation Units (EDOU) in 19% of US hospitals* - *12% planning a unit.*	**The Institute of Medicine supported the use an EDOU to decrease ED boarding, ambulance diversion, and avoidable hospitalizations**	**National Hospital Ambulatory Medical Care Survey data:** - *the percent with an EDOU had increased to 36%* - *with more than half managed by ED*

Ross et al. Critical Pathways, 2012 The State of the ART: Emergency Room Observation Units.

Team Members

Finance

Must be an expert in Observation billing

Must capture charges as well as time

IT

Can the facility's software accommodate observation documentation?

Do not use the inpatient model- overkill, will cost staffing time

Administrative Director

Where does the buck stop?

- Observation Medical Director
- Observation Nursing Director

Facility Director

Addresses space issues

- Where is the unit located?
- Capital equipment expenses

Staffing Model

ED nurses rotate or dedicated staff??

Team Members (cont.)

Pharmacy

Must have protocols regarding patient taking home meds within OBS setting

Case Management

Utilization

Education

Additional education for nurses/physicians to understand observation status

HIM

Hospital Health Information Management

Laboratory

Turnaround time for labs will directly effect LOS

Stress Lab Director

Turnaround time for stress testing will effect LOS

PEPPER RESOURCE

- Short-Term Acute Care
- Program for
- Evaluating
- Payment
- Patterns
- Electronic
- Report

Website: PEPPERresources.org

- Report available to all types of hospitals ie: short and long-term, critical access hospitals

-Helps to identify trends and comparisons to other facilities

- Key for Observation Services

RAC-Recovery Audit Contractor

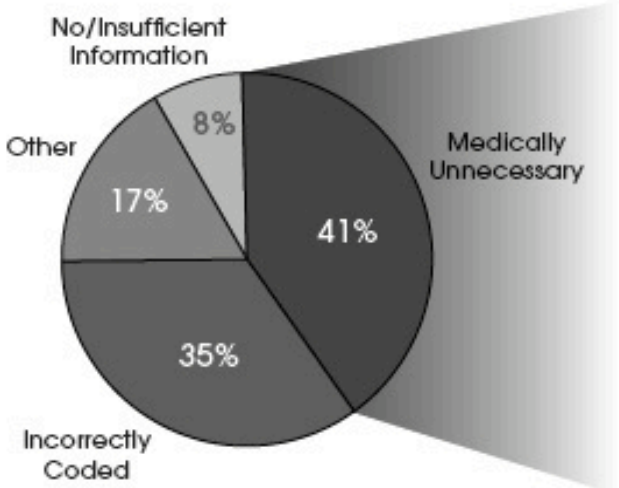
1) Detect and correct past improper payments in the Medicare fee-for-service program

2) Provide information to CMS and to the Medicare claims processing contractors that could help protect the Medicare trust funds by preventing future improper payments.

    - All one day inpatient stays
    - If an inpatient is not discharged and the billing has not occurred the facility can use code 44 to convert the patient from inpatient to outpatient status

A Justifiable Concern Over One-Day Stays

Overpayments by Error Type, RAC Demonstration Project



Top Five Medically Unnecessary Services

Paid Claims Error Rate, 2007

Service Type	(DRG)	Paid Claims Error Rate	Projected Improper Payment
Chest Pain	(143)	20.1%	$118M
Medical Back Problem	(243)	15.5%	$59M
Esop[2]/Gastroent[3]/Misc Digestive Disorder	(182)	11.9%	$164M
Nutritional/Metabolic Disorder	(296)	10.7%	$99M
Circulatory, Card Cath[4] WO Comp[5]	(125)	9.8%	$46M

84% of American Hospitals Association's survey respondents indicated that medical necessity denials represented the most costly and complex form of denials.

More than 50% indicated they spent roughly $10,000 managing the Recovery Auditor (RAC) process during the second quarter

- 9% say they spent more than $100,000.

[1] Due t
[2] Esoph
[3] Gastr
[4] Cardi
[5] Witho

30

Observation Research

American Journal of Emergency Medicine 2003, Mace et al.

Average LOS	75% < 18 hours
Number of patients placed in observation unit	91%> 3100
Percent admitted to an inpatient status after an observation study	25-40%
Number of observation beds	91% had 16 beds or more
Number of observation units in operation	91%
Nurse to patient ratio	4:1

Health Affairs

National level:

- Use of observation care after an ED visit increased from 0.6% in 2001 to 1.9% in 2008

Simulation model:

- $3.1 billion in annual national cost savings from 2.4 million avoidable inpatient admissions.

The use of observation care in the setting of a dedicated unit should be included in health policy and delivery reform discussions and payment systems should be evaluated to encourage changes to support it.

Baugh,c et al. Health Affairs, October 2012

Emory Study

Characteristics of the 18 Participating Hospitals

- Total # ED visits- 1.28 million
- Total # Hospital Responders -18
- Average # Hospital Beds -602 (± 213)
- Hospital Inpatient Occupancy %-82.3 % (± 8.5%)
- Average ED Visits in 2007
- 75,570 patients (± 24,895)
  - Average # ED Beds 59 (± 19)

Average # Beds in the EDOU	13.3 (7.4)
Percent of ED census that is *observed*	**7.2% (+ 6.7%)**
Number of EDOU beds per ED beds	**4.25 ED beds / 1 EDOU bed**
Number of EDOU beds per ED visits	**1 EDOU bed / 7,461 ED visits**
Daily number of EDOU pts / EDOU bed	**1.14 patient / bed / day**

Average # ED Patients Observed	4,430 (3,478)
% of EDOUs Located Within/Adjacent to ED	82.3%
% of 'CLOSED*' Units (EM only)	93.8%
Average ED Length of Stay for EDOU Patients	**4.2 hours (1.6 hrs)**
Average EDOU Length of Stay	**15.7 hours (3.8 hrs)**
% Discharged From EDOU	**82.4% (4.3%)**

Society of Cardiovascular Patient Care CPC

Observation Survey

Sent 789 Surveys Sent

Response Rate 11.5%

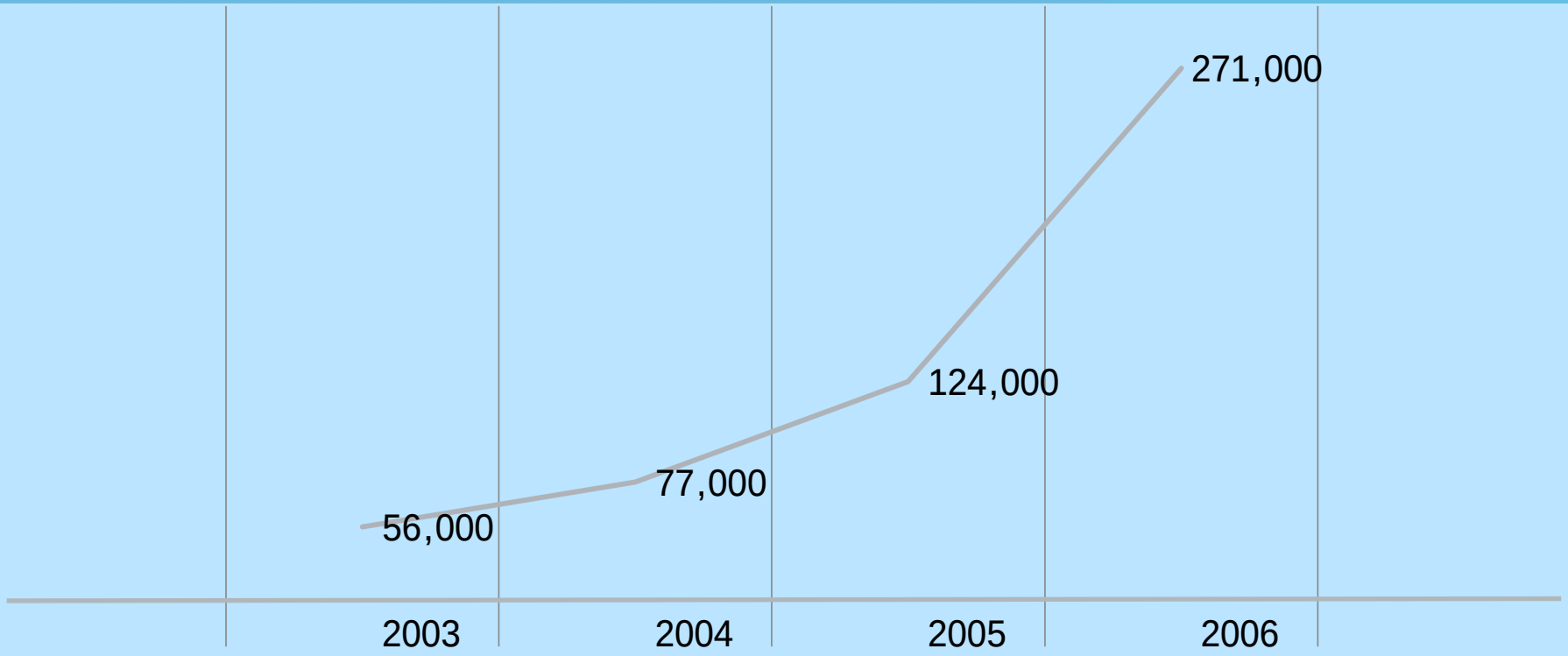
Number of Observation Beds	8
Ratio ED Beds/Observation Beds	3.8 :1
Number of Observation Patients per year	1550
Percent of patients discharged after treatment	89.1%
Length of stay	19.5 hours

Society of Cardiovascular Patient Care

SURVEY QUESTION	MEDIAN
Number of inpatients beds	250
Percent Inpatient Occupancy	70%
Number of Emergency Department Beds	27.5
Number of ED visits annually	41,660
ED length of stay prior to Observation (hrs)	3.18 hours

Medicare Observation Claims

National Hospital Ambulatory Medical Care Survey: 2003 Emergency Department Summary Advance Data Number 358. 38 pp. (PHS) 2005-1250.



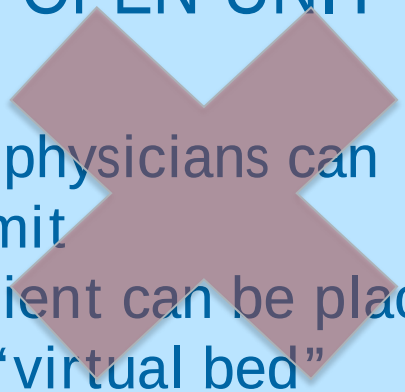
For every **1,000 Medicare admissions** in 2009, there were another **116 observation care visits**, 34 percent more than in 2007 -Brown University

Types of Observation Units

CLOSED UNIT

- Limited admitting physicians
- In a designated area

OPEN UNIT

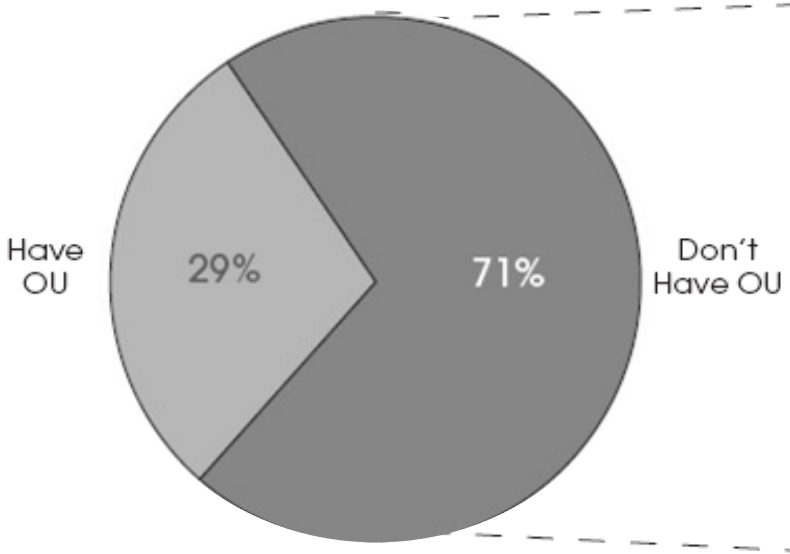


- All physicians can admit
- Patient can be placed in “virtual bed”

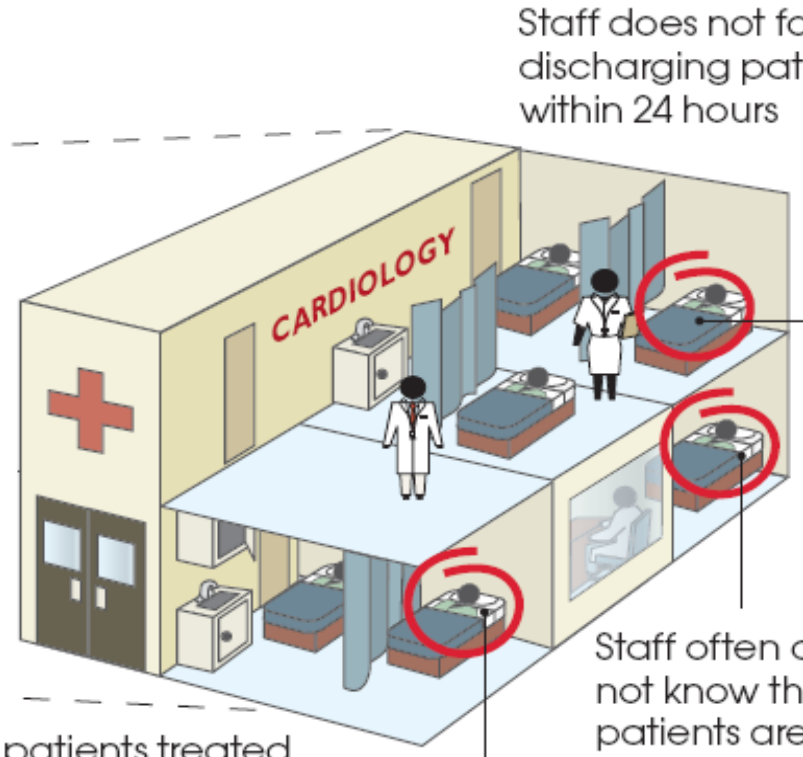
Out of Sight, Out of Mind?
The Challenge of Managing Virtual Patients

Clinical Advisory Board Members with Observation Units

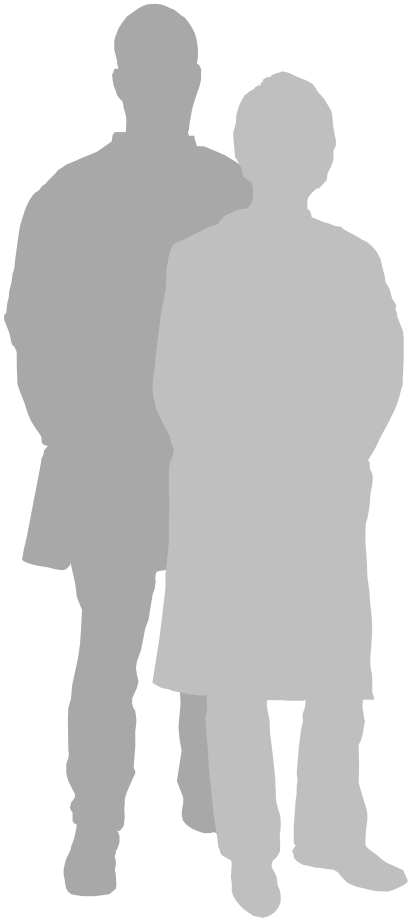
n=32



Mixed Across Disparate Patient Locations



Staffing



- A 2003 survey reported that units were staffed with an average 4.2 patients per nurse
  - Reality -5 patients per nurse
- 21.4% used associate providers (physician assistants or nurse practitioners)
- ACEP endorses Emergency Medicine oversight of observation unit
- Many facilities use mid-level providers to cover the units as physician extenders

Mace SE, Graff L, Mikhail M, Ross M. A national survey of observation units in the United States. Am J Emerg Med. 2003;21:529–53

Physician Time

In a physician work-time study by Graff:

- the typical ED patient required 22 minutes per case
- observation patients required a total of …58 minutes per case

Although these patients are requiring less than one half of the amount of emergency physician service per hour (amount of work divided by length of stay), their total amount of emergency physician work required is more than double the overall average ED patient.

Graff estimated that for every 3000 patients observed, one physician full time equivalent (FTE)

Physician Documentation

- Document Emergency H&P
- Separate Observation documentation
  - Order to place patient in observation status time and date
  - Note medical necessity and risks
  - Treatment plan
  - Progress notes regarding ongoing care
  - Discharge note should include:
    - Final exam
    - Course of treatment
    - Final diagnosis
    - Final disposition

Non-Qualifications for Observation Services

- Routine stays after surgery
- Diagnostic testing
- Outpatient therapy/procedures
- Normal post-op recovery time
- Convenience stays
- Stays prior to outpatient surgery
- Stays over 48 hours
- Stays while awaiting Extended Care Facility (ECF) placement
- Routine prep
- Recovery from a diagnostic procedure

Suggested Metrics

Observation Metrics

- Length of Stay- by diagnosis
- Utilization
- Percent observation to inpatient conversion
- ICU admissions
- Work with finance to determine financial measurements
- No. patients/EDOU bed/day
- Cardiac Biomarker TAT

Suggested Metrics

Emergency Metrics

- Decrease left without being seen
- Length of stay in ED
- Return visits with 7-14 days
- Decrease boarding hours
- Decrease ambulance diversion hours- translates to revenue
- Cardiac biomarker TAT

Summary

The key to wellness and
its efficacy is in cost avoidance
-it is not in cost prevention.

The objective is to decelerate
the trend in rising health care costs.

Lab can help impact Outcomes!

- Leadership in guidelines applied to practice
- Drive quality at all Levels
- Be patient centered and outcome-oriented
- Communicate and collaborate with all disciplines

SCPC Resources:

www.scpcp.org

info@scpcp.org

SUBJECT LINE:

SCPC Observation Subject-Matter-Expert: Kay Holmes

SOCIETY OF CARDIOVASCULAR PATIENT CARE

Contact:

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SOCIETY OF CARDIOVASCULAR PATIENT CARE