

## Case Study

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### Organization

- General medical and surgical hospital
- Southeastern US
- <300 beds
- 23 physicians
- <60K ED visits per year
- <6000 observation visits per year

### Solution Spotlight

- McKesson Intelligent Coding™
- ED Facility module: Live 2013
- Observation module: Live 2013
- Data Link: Live 2012 Image Feed: Live 2012
- Horizon Clinicals®

### Critical Issues

- Missed opportunity for charge capture
- Manual processes that needed to be automated
- Uncertain compliance with complicated coding rules

### Results

- Increased injection/infusion revenue by 685%
- Improved per claim reimbursement
- Decreased bill drop turnaround
- Eliminated manual processes

## Southeastern healthcare organization increases compliance and charge capture for observation care

Coding and billing of observation care is challenging, and with the new two-midnight rule, the task is only becoming more complicated. Like many hospitals, this southeastern organization was faced with the ongoing difficulty of coding and charging observation care, especially for injections and infusions. The organization had been using McKesson Intelligent Coding™, a physician and ED coding solution, for more than a year but were still using manual processes to record observation care time. Also, they suspected that there were missed opportunities for charge capture, specifically for injections and infusions. Additionally, the complicated Centers for Medicare & Medicaid Services and American Medical Association CPC coding guidelines for injections and infusions contributed to their concern for coding accuracy.

### Challenges

While the organization had made great strides in automating processes, the organization was still challenged by the use of paper

charge sheets. A nurse would log documentation into a computer in each patient room and then log injections/infusions on a charge sheet, causing double work. Having two places to document injections/infusions made it a more difficult and confusing task for nurses, and it was possible some items were not making it to the charge sheet.

The manual work didn't end with the nurses. The paper charge sheet was then passed along to the coding specialists. In the billing department, charge sheets were compared to the chart to determine what should be billed.

The coding specialists compared records from ED and observation care to determine which injection/infusion was the "initial" one (regardless of the location it was given) and code appropriately. The hospital became aware that it might be missing reimbursement opportunities for injections/infusions and was uncertain if the coding was fully compliant in determining the coding hierarchy across the outpatient visit.

“We expected an increase in charge capture, but were surprised at how significant the results were after we started using the Observation module.”

*Charge Description  
Master Coordinator,  
Revenue Cycle Management*

The results of this organization were dependent upon a variety of unique factors. Each party's results will depend on the factors of its business.

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#### **Answers**

The leaders at this rural hospital met the challenge of observation care coding with more automation. In October 2013, the hospital implemented the McKesson Intelligent Coding™ Observation module to help free nurses from double documentation, systematically calculate injection/infusion codes and accurately capture charges.

After implementing the new system, nurses now enter all observation care treatments and procedure times straight into the electronic medical record with their other documentation, instead of on a separate sheet of paper. This efficiency saves time for both nurses and coding specialists by placing all chargeable items in one place.

Also, now the software takes the manual calculations out of the process. When coding specialists indicate a patient spent time away from observation, the system deducts that time from the total observation care time, using either specific averages provided by the hospital or actual time entered by the coding specialist. Additionally, by leveraging the ED Facility and Observation modules, the hospital relies on the McKesson Intelligent Coding drug hierarchy algorithm to calculate compliant codes.

#### **Results**

With the observation care charges going directly to the chart, the organization reduced the amount

of time to process bills. Previously, charges could sometimes pend for up to two weeks. “We still have to wait 24 hours after the chart closes, but within a day, we usually process charges — easily exceeding our three-day bill drop goal,” says their charge description master coordinator in Revenue Cycle Management.

Since the implementation of the Observation module, the organization has experienced an increase in injection/infusion gross revenue of 685%. “We expected an increase in charge capture, but were surprised at how significant the results were after we started using the Observation module,” says the charge description master coordinator. The number of observation accounts that received charges for injections/infusions increased from 46% to 71% in the first year, likely representing an increase in charge capture rather than an increase in injections and infusions.

The organization realized that historically, some of the separately reimbursed injections/infusions had not been billed. “With the use of the Observation module, the per-claim reimbursement has increased because we are accurately charging for separate injections/infusions. Nurses and coding specialists are happy with the new processes and I am very happy with increased revenue and accuracy,” says the charge description master coordinator.



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