



case study

## CLINICAL PERFORMANCE IMPROVEMENT

Hospitals across the country are challenged with interpreting payer rules and complex CMS guidelines. Misinterpretations can be costly when they impact patient classification (inpatient vs. observation), medical necessity denial rates, and an organization's ability to overturn the denial concurrently.

Impact Advisors was engaged to determine why a health system's revenue wasn't improving alongside a slight increase in patient volumes. The team uncovered a higher-than-expected observation rate and a need to improve patient classification, create a stronger denial mitigation program, and redesign the physician peer-to-peer processes.

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## Reimagining the Utilization Review Department

A not-for-profit healthcare system with eight hospitals (plus one more scheduled to open in late 2024) was hesitant to engage a consulting firm due to prior experiences and a dedication to its strong internal performance improvement team. However, their challenges required swift resolution and subject matter expertise they lacked internally.

The system has more than 20,000 employees, over 1,750 employed medical providers, more than 3,000 total providers on its medical staff, and a total of 2,254 licensed beds. In addition to a strong research program, the hospitals provide inpatient and outpatient general care as well as specialty care, including heart, neuroscience, cancer, orthopedic, women's, and pediatric services.

The health system sought assistance with establishing standard work around patient classification, clinical appeals, and reinvigorating the physician peer-to-peer processes. This would require a redesign of the remote Utilization Review (UR) department, including its operational process, tools, and technology, and a change in organizational structure. To further complicate matters, these initiatives were developing amidst adding four new facilities to the system and integrating new care management technology to improve clinical workflows. Impact Advisors' Clinical Optimization team was engaged to help.

*"Our work with Impact Advisors represented the best engagement we've ever had with any consulting firm by far. They formed a true partnership with us." - CFO*



From the onset, the client's and Impact Advisors' teams worked side-by-side, developing a strong partnership founded on speaking up, considering feedback from all parties, and making decisions based on patients, providers and staff.

### Implement UR at Points of Entry (ED) to Support Patient Care

Impact Advisors supported the 90-day pilot and implementation of a UR ED nurse at five of the hospitals to improve patient care and classification. The team paved the way for this new position to succeed by cultivating relationships with providers and setting clear and defined communication pathways while considering role sustainability. As full-time client team members were hired, Impact Advisors was heavily involved in onboarding and training the permanent nurses.

### Building a Centralized UR Team with a Unified Patient-Centric Approach

In anticipation of the UR transition to a centralized model, the team identified areas of opportunity within the previous structure. This led to foundational UR education including weekly staff development training customized at the payer level to cross-train and develop

staff. Providers were also identified as an audience with little education and communication around patient classification. The team implemented system-wide observation management huddles to increase communication and accountability of observation patients. These improvements were critical given updated CMS rules and the implications of the 2 Midnight rule impacting the system and patients.

Additionally, over 15 system-wide department policies and procedures were produced along with standard role descriptions, leadership rounding tools, and onboarding packets. The team of nurses, physicians, and operators was unified under one patient-centric approach, motivating them to partner on initiatives impacting patient experience.

### Reducing Denial Rates

The UR department reported to Managed Care, atypical of its placement under Revenue Cycle or the CNO. This enabled faster escalation of disagreements between the UR department and the payer team due to payer knowledge and relationships. Additionally, the client's newly installed physician advisor team was directly involved in conversations regarding medical necessity denials and high-cost outliers.

Impact Advisors monitored denial trends, raising issues quickly. The team also led appeal writing workshops to strengthen the organization's approach to ongoing communication with payers.

### Results

The training, education, and onboarding delivered by Impact Advisors resulted in the capture of:

- **Over \$34M (annualized) in patient revenue** due to patient classification improvements and denial reductions
- **A 50% decrease in observation patients' average length of stay (LOS)**
- **A 9% decrease in the overall system observation rate**

A KPI dashboard was developed to track denial trends and observation conversions, allowing the client's team to focus on key data points and maintain their success. ■

*"Impact Advisors' team worked with us side by side. They have walked in our shoes – their clinical knowledge was appreciated by our team and made it easier to work together and get results."*

Chief Revenue Officer