

## **Financial Implications: The Push from Inpatient to Outpatient Care**

On Thursday, August 25th, the American College of Healthcare Executives (ACHE) and the Healthcare Financial Management Association (HFMA) hosted the continuing education event, “Financial Implications: The Push from Inpatient to Outpatient Care”. A panel discussion featuring David Shimp, FACHE, COO, St. David’s Medical Center, Rebecca Posey, RN, Division Director for Denial Prevention, St. David’s Healthcare and Jeffrey Blackwell, FACHE, Chief, Business Operations Division, US Army/Carl R. Darnall Army Medical Center, was moderated by Andrew Lasser, DrPH, FACHE, EVP, Avanza Healthcare Strategies.

Kicking off the discussion, David discussed the macro and financial impacts, as well as, the future state for increasing focus on outpatient service delivery. Macro impacts include the need to accurately define total cost of care, consumerization adoption, hospital acquired infections and efficiency of care. Financial impacts were defined as joint venture ambulatory surgery centers, service line development, physician practice acquisition/development, facility expansion and intensity of care within the inpatient setting. Advancing care delivery will occur with outpatient total joint replacement, ICU growth and continued service delivery transformation.

In keeping with the financial impact theme, Rebecca presented denial management for the revenue cycle process. Denials have a significant impact on organization’s revenue streams and typically fall into three categories: a) lack of authorization, b) timely filing and c) medical necessity. In addition, the hotly debated observation status continues to be a point of contention that is further complicated by provider and payer’s utilization of unique and separate software for determination. Mitigation of discrepancies requires peer to peer review of contractual terms, timelines and operational issues, thereby reaching settlement or escalating to dispute resolution.

With a firm understanding of the move from inpatient to outpatient care, Andrew asked the panelists how their organizations were preparing for this step? Per David, market assessments will be key for outpatient services, while inpatient services should prepare for increased acuity. According to Jeff, Carl Darnall Army Medical Center will be assessing specialty care and adding a hospitalist function in order to recapture lost market share. For Rebecca, preparation includes establishing appropriate inpatient and outpatient rates in order to maintain the organization’s margin, with soaring inpatient denials potentially leading to higher outpatient rates.

As outpatient services become more prevalent, Andrew inquired how each organization is preparing for population health initiatives? As noted by David, the federal health exchange represents a small percentage of patients and hospital/systems are not equipped to effectively impact patient behavior on their own. Per Jeff, HEDIS measures and readmission rates continue to be reviewed, as quality improvement programs will ultimately drive population health.

For the final question, Andrew asked the group to define how they are partnering with organizations to reduce inappropriate ER visits and readmissions. According to Rebecca, case managers provide navigation services and work with DME, as well as, step-down organizations

in order to ensure medication and treatment compliance. For David, institutions do not receive reimbursement for many legitimate diagnoses, so the need exists to work with community agencies and external providers to change this process. As a former community health planner, Jeff believes that the Central Texas region should be focused on community health planning, with an emphasis on prevention versus management of acute symptoms.

The Central Texas ACHE chapter and the Healthcare Financial Management Association (HFMA) would like to thank the presenters for sharing their insights and best practices regarding healthcare transformation. For more information on future events, please visit us at [www.centraltexas.ache.org](http://www.centraltexas.ache.org) or send us an email at [info@centraltexas.ache.org](mailto:info@centraltexas.ache.org).