

# *Reduction in the Percentage of Open Patient Encounters at the SMDC Clinic in Duluth, Minnesota*



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# About SMDC Health System

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- Serves a regional Midwest population of 460,000 at 17 locations.
- Includes four fully-owned hospitals and the Duluth Clinic, a multispecialty clinic with more than 400 physicians.
- Mission: To bring the soul and science of healing to the people we serve.
- Vision: Working together with our patients and communities, we are creating the next generation of integrated healthcare.



# The Project Team

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- Senior process expert
- Manager decision support
- Physicians
- Clinic managers
- Business analysts

# The Problem

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- In the ambulatory setting, clinic practice management is integrated with the electronic health record.
- Providers determine the codes and diagnoses for patient visits and are responsible for documenting care. When documentation is not entered in a timely manner, it affects timely billing and patient care.
- It is the action of completing and closing the patient encounter that causes the coding to post the charges for the visit.
- When an encounter is left open, no revenue is realized for that visit.
- As the organization implemented provider-based billing at the clinic, it was even more imperative to force the timely release of the charges from closed encounters, as UB04 billing did not allow for line-item billing but required all charges to be posted before billing.
- Previous efforts to address this problem resulted in a one-time cleanup, but old practices resurfaced and the problem returned to former levels. No formal monitoring occurred and the focus was departmental versus system monitoring.
- The project team focused on the process of closing encounters.



# Project Goals

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- Decrease unrealized dollars by \$200,000, from \$350,000 to \$150,000.
- Decrease the percentage of open encounters by half, from 0.35 percent to 0.17 percent.

# Root Cause Analysis

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- Baseline: 0.35 percent of all encounters remained open between 10 and 180 days. While this appears to be a low percentage, this in fact represented 1,600 encounters and \$350,000 in unrealized charges on an ongoing basis.
- In-depth analysis revealed that this was not a system issue, but rather an individual physician issue. The problems were caused by 10–15 physicians in 2–4 departments.
- The root cause analysis showed that 80 percent of encounters were not closed because the documentation had not been completed. Without the documentation, the encounter could not be closed.
- Physicians' lack of organizational skills contributed to their failure to complete the documentation in a timely manner within the electronic health record.
- The organization has had electronic health records for approximately five years. Administration had made various attempts in the past to enforce compliance, but they had been inadequate.

# Addressing Root Causes

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Eighty percent of patient encounters remained open due to lack of documentation.

- Physician leadership established strong guidelines for completion of documentation, with consequences at 7, 14, and 21 days of noncompliance.
- The 48-hour requirement for completion of documentation was enforced.
- Where needed, assistance with organizational skills was provided to help physicians meet deadlines for completion.
- System-wide monitoring was implemented so that leadership was able to see outliers and watch system improvements. The openness of system-wide monitoring has proven in the past to be an effective way of producing results.



# Return on Investment

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- The timeliness of documentation was improved during the clean-up phase, ensuring better patient care when patients return or peers are required to treat patients.
- The captured revenue to date is \$275,000, which equates to approximately \$165,000 in net payments.
  - This is a one-time capture of these dollars. Further ongoing compliance is required to ensure the revenue is not lost again if the volumes are allowed to rise back up.
- The delayed charges within provider-based billing were key in increasing the accounts receivable, although small compared to the overall system.
- Now fewer resources are required to review late charges, which often trigger manual intervention.



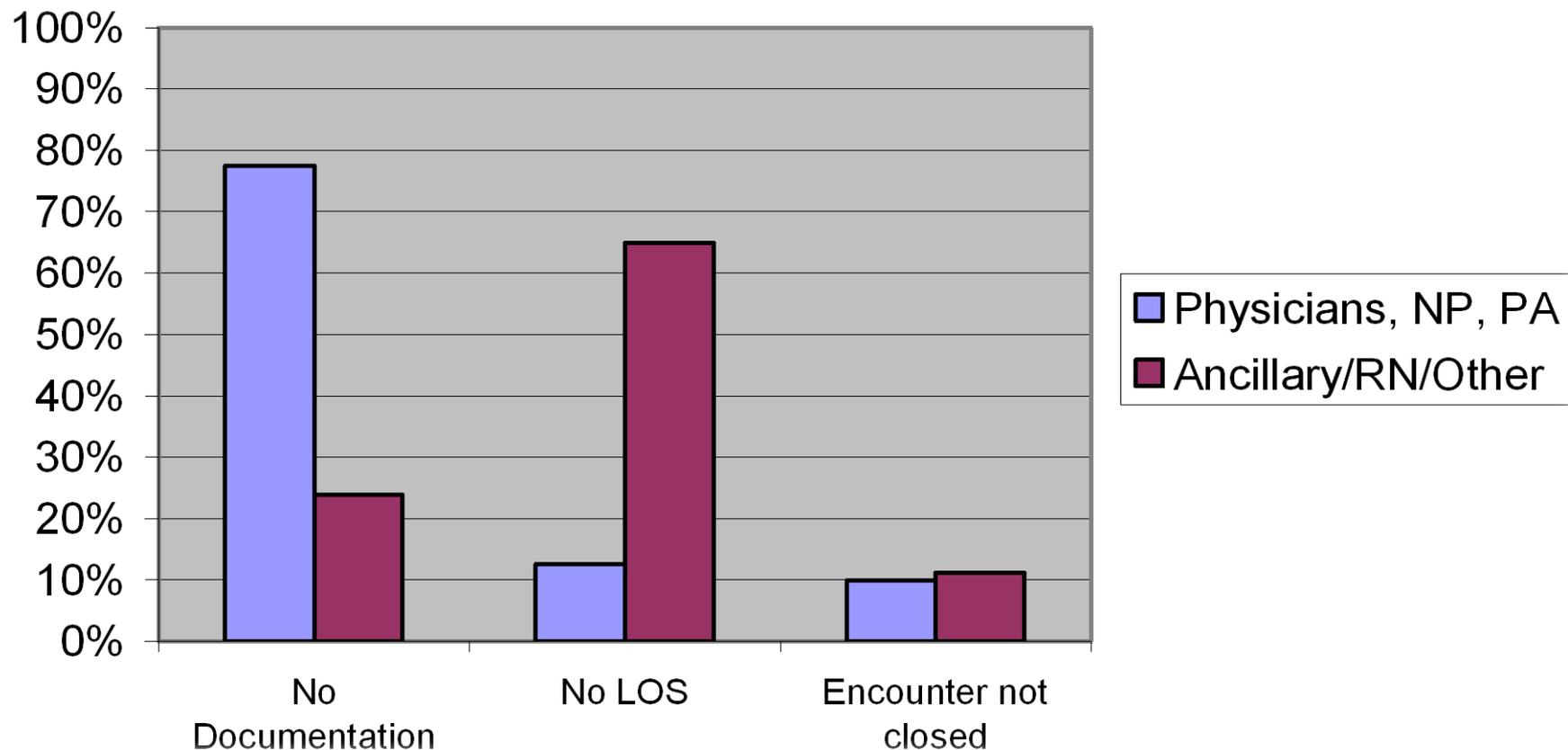
# Monitoring and Evaluating Over Time

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- Three reports:
  - System-wide department-monitoring report totaling unrealized dollars and volume of encounters not closed. This tool calculates the missing revenue per department to draw attention to a vital, easily recognized impact.
  - System-wide report to monitor performance of individual physicians and help management work with those physicians not in compliance.
  - Control charts tracking the baseline during the project and tracking compliance as improvements are made.
- A countermeasures plan for off-specification performance was established and is implemented by physician leadership across the system.



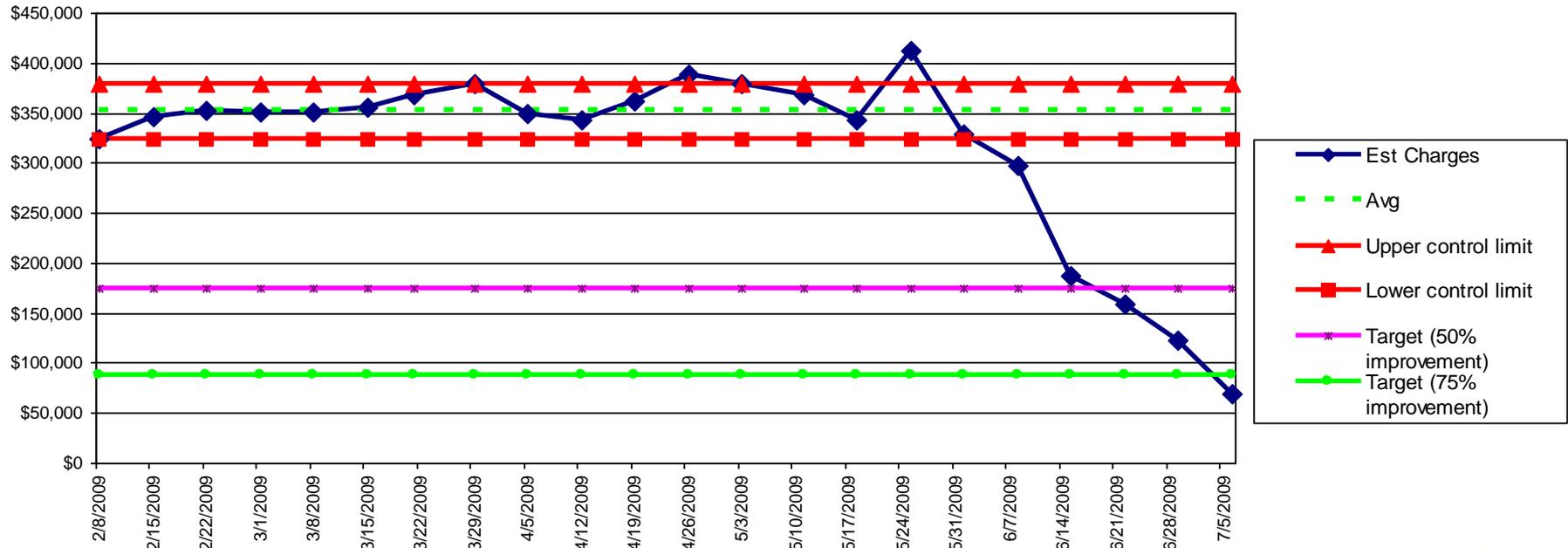
# Reasons Encounters Have No Charges



# Revenue from Unrealized Charges from Open Encounters

PE Team #  
PE 000304

Revenue from  
Unrealized Charges from Open Encounters  
11-180 days  
(Encounters still open after 10 days up to 180 days post date of service)



# For More Information

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- Learn more about SMDC Health System:  
[www.smdc.org](http://www.smdc.org).
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