

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



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About SMDC Health System

- 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

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

The Problem

- 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

- 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

- 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

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

- 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.

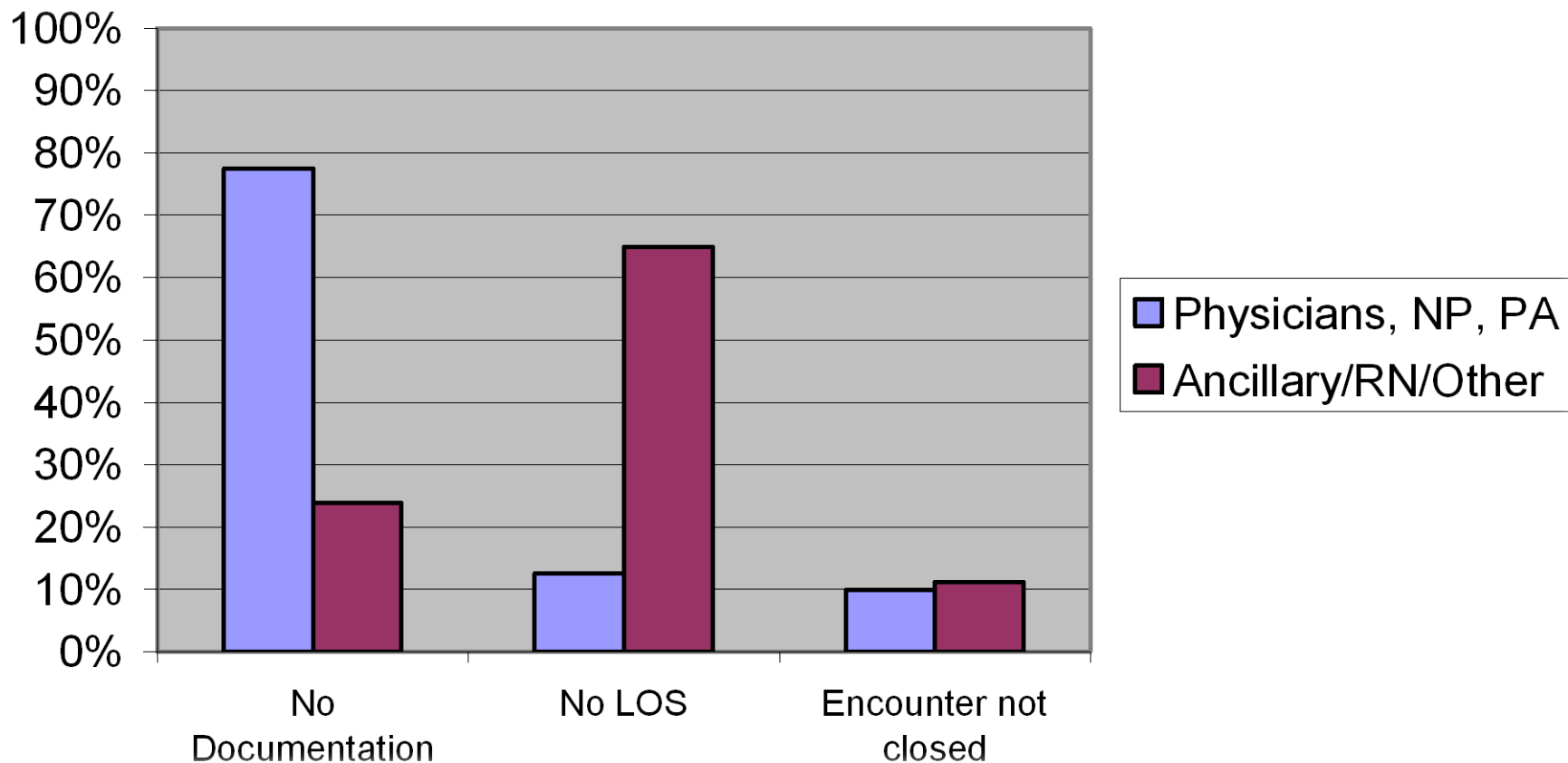


Monitoring and Evaluating Over Time

- 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.



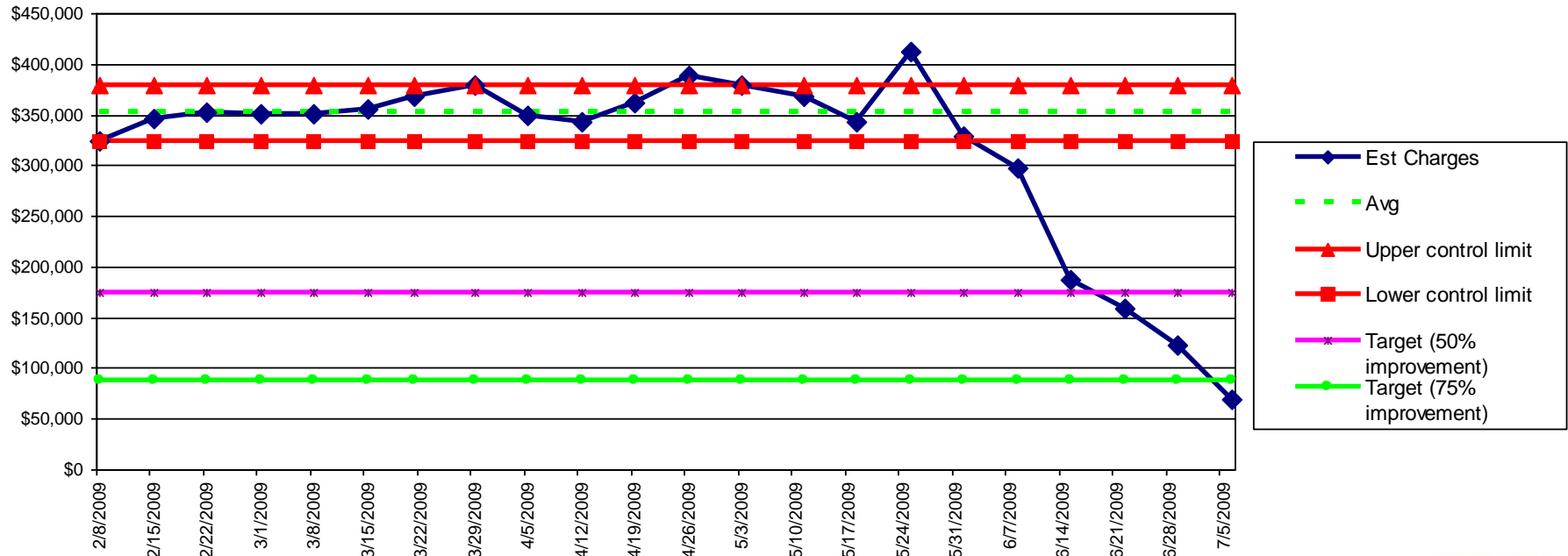
Reasons Encounters Have No Charges



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)



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- Learn more about SMDC Health System:
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- More case study presentations are available from the ASQ Healthcare Division:
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