

SEPTEMBER 16, 2019

VOLUME 35 NUMBER 10

TRACKING THE TOP COST REDUCTION OPPORTUNITIES



Question: How does the Dow Jones Industrial Average (DJIA) of 30 stocks relate to the AMS 28, a comparative database of key performance non-labor benchmark indicators? Answer: Both are reviewed and updated over time to maintain relevance and do not change the number of elements being tracked. For example, since 1928 the proxy for how the broader US economy is performing can be measured by the 30 stocks in the DJIA. To maintain its relevance as a predictor of US economic performance, the DJIA changes all the time, and when one company is added, another has to be dropped. For example, last year the parent of Walgreens (British Company Boots now Walgreens Boots Alliance) replaced General Electric in the index.

AMS views its comparative database measure of 28 key non-labor performance indicators (KPIs) in a similar way. The current 28 are tracked in five areas: Medical-Surgical Supplies, Non-Medical Supplies and Services, Purchased Services, Utilities, Telecom and IT Services, and Administrative Discretionary Spend. Of the five categories, Purchased Services and Non-Medical Supplies and Services each have 8 KPIs.

In January 2019, AMS, while performing a non-labor benchmarking project at a Massachusetts-based specialty hospital, identified several research and development questions to pursue that might lead to better tracking of non-labor cost reduction opportunities. AMS wanted to validate that we have the most telling indicators in the AMS 28. Therefore, we decided to conduct a survey of client hospitals who have used this data to evaluate all 28 existing KPIs and see if there are better ones out there to track. The comprehensive AMS research and development project included 8 hospitals in the northeast. The research began this spring and is currently being completed. The presentations of results began with the R&D participants on-site at each hospital in August 2019.

Pat Corvino, Vice President, Supply Chain, led the AMS team on this research project. Here are Pat's observations as to what has changed for hospitals and health systems today vs. 5+ years ago:

- **Data Issues-** the AMS methodology is a 13-step process, and the analysis is a combination of computer-assisted review and consultant assessment. For some hospitals, 100,000 lines of coded supply expense had to be reviewed a line at a time. There are a dearth of new vendors and changed vendors due to

mergers and acquisitions in their field, and these had to be looked up and entered into the AMS model. AMS uncovered many errors in the way the health system's computer system was including or not including key pieces of information. *Of the eight study hospitals, three had to rerun data requests because there were errors and omissions, said Pat.*

- **Better Deals Are Out There**-the mergers and acquisitions in health care have made vendors and suppliers more aggressive. Hospitals have saved money on their purchases from existing vendors and by changing GPOs.
- **Surprise-New Non-Labor KPIs Are Related to Labor!** Hospitals had great interest in tracking insurance costs and salary, wages and benefits expense. These non-labor items are actually labor dependent and are now being considered by AMS in its non-labor analysis.
- **10 to 1 ROI.** Every hospital AMS looked at had at least a gross rate of return of 10-1 on categories of supply cost spend compared to the AMS median KPI.

AMS is now scheduling Non-Labor Benchmarking Reviews for the Fall. For more information, please contact Pat Corvino, Vice President, at pcorvino@aboutams.com.

AMS SPEAKER TO OPEN LEGISLATIVE CONFERENCE



The Massachusetts Health Information Management Association (MaHiMA) holds a legislative conference around election day every year. This year's conference will be held November 1st and is named the Dot Wagg Legislative Conference after the former MaHiMA president, national board member and champion of legislative involvement for the HIM professional. Dot was also an AMS vice president who died suddenly on March 16, 2003. With pride, this is an event AMS sponsors. This year the MaHiMA Legislative Committee has invited Lynn Mancini, AMS vice president, to deliver the opening address. The committee members have been following her blog and invited her to speak on some of the most pressing topics she is seeing in healthcare today. Lynn has posted 65 times to the blog in the past year. For more information on the conference see www.mahima.org. To subscribe to the AMS blog "Legal Topics In Healthcare - For The Non-Legal professional" go to <https://www.legaltopicsinhealthcare.com>.

REMEMBERING 9/11



The personal stories told by many will be the remembrances in years to come. Most of our readers who know AMS know that we heavily depend on air travel for our business. With 75% of our clients located outside of Massachusetts, there is rarely a day that goes by without one of our consultants working in another state. That was certainly true on 9/11. As a reminder, we have posted our BiWeekly from 9/21/01 on our website www.aboutams.com.

The “fire alarm” has sounded — what’s your first move?

- **HIPAA Breach/Liability** Patients and visitors are posting to Facebook? Patient kiosks are not timing out? Texts are being sent to and from unencrypted devices? You need a HIPAA risk management plan.
- **Denials Management**  Where’s the money? On average hospitals lose 3% of revenue due to denials annually. 90% of denials are avoidable. 66% of denials are recoverable. Proper assessment of your current financial, technical, operational state is key in your root cause analysis.
- **Personal Health Info and Technology** How can you protect PHI in an exploding data sharing environment? Applications (apps) for receiving, posting and sharing data are growing exponentially. New technology constantly creates new challenges you need to anticipate. 
- **Outpatient Clinical Documentation** As outpatient health care services continue to grow, proper documentation and coding leads to accurate reimbursement. Emergency department, ambulatory clinics, and observation services can benefit the most.
- **OIG Work Plan Changes** There are over 300 audits in progress listed on the OIG website. A thorough compliance program requires continuous monitoring of regulatory requirements with careful oversight of billing practices. Don’t get caught falling behind.
- **Inpatient Clinical Documentation** A strong CDI program is critical to the integrity of your documentation and the quality of services your organization provides. CDI programs enhance the ability to capture accurate data, leading to better outcomes and accurate reimbursement.
- **Risk Management** Risk Management responsibilities are growing at a rapid pace, both medically and financially. Assess, develop, implement and monitor risk management plans that minimize exposure to the patient and organization. 
- **Cybersecurity Risks** You’ve been hacked! Over 3.6 billion breaches occurred in healthcare between 2005 and 2018 due to phishing, network intrusion, inadvertent disclosure, and stolen/lost devices.
- **Computer Assisted Coding: Pros and Cons of AI** Who knew coding was trend setting? Artificial Intelligence is used in Computer Assisted Coder applications through software that searches for documentation in the EHR to identify new codes.
- **Joint Commission Accreditation** New changes to The Joint Commission (TJC) standards. The Elements of Performance standards align more closely with language in Medicare Conditions of Participation. TJC compliance now requires consistent focus 24/7/365 incorporated into every job function.

The HIMC group is an AMS team of Health Information Management and Compliance professionals.

To learn more please contact: info@aboutams.com

Subscribe to our blog, *Legal Topics in Healthcare for the Non-Legal Professional*: legaltopicsinhealthcare.com

Improve your bottom line with health information management

No other area in healthcare has undergone more change than **Health Information Management and Compliance**. To place in a historical context, AMS had electronic medical records arrival as number two on our "Top Ten Trends for 2010." In 2016, AMS predicted that by 2020, smart phones and tablets would be the "key" for health information and may become the only communication device needed.

The medical record is a unique asset of the organization.

Even though medical records have evolved to digitized health information, and medical record coding has become computer assisted and semi-automated, the input to patient information remains critical. "Garbage in, garbage out" still applies. Couple that with myriad regulatory, privacy, security and other concerns and the protection of health information is critical. It is a unique asset of the organization, for only in the State of New Hampshire does the patient own his/her medical record.

AMS history and experience with HIMC

AMS expanded its reach in HIMC in response to the 1996 implementation of HIPAA (Health Information Portability and Accountability Act). In the past ten years, we have helped 200 clients.

AMS has a solid performance record providing clients with the tools needed to manage their departments more efficiently, based on detailed analyses and data. AMS' HIMC division is comprised of credentialed professionals with varied experiences including:

- former directors of HIM departments
- coding specialists
- ICD and CPT instructors
- licensed attorneys with compliance operational backgrounds.

HIMC Services

AMS can improve your hospital's bottom line by providing the following health information management services:

- Benchmarking and Productivity Analysis
- Best Practices
- Case Mix and Documentation Reviews
- Coding and Audit Services
- Compliance Assessment
- Clinical Documentation Improvement
- Data Quality Review
- EHR Assessment and Implementation
- HIPAA Privacy Investigations and Audits
- Interim Management
- Joint Commission and CMS Survey Preparedness
- Management Support
- Operational Assessment
- Policy and Procedure Review
- Project Management
- Third Party Payer Audit and Appeal
- Revenue Cycle/Unbilled Mgmt./Denials Mgmt.
- Security Risk Assessments
- Training and Education
- Transcription Assessments/Strategy
- Tumor Registry

Our HIMC staff have worked with health information, medical record, coding, and case management departments operating under different models, customizing each analysis based on that department's specific characteristics and needs.

AMS has the staff, knowledge and expertise available to provide support to and assist with current issues with HIMC departments.

To learn more, please contact:

Alan J. Goldberg Principal and President (800) 462-1685 agoldberg@aboutams.com	Linda Mancini, JD, RHIA Vice President (800) 462-1685 lmancini@aboutams.com
--	---

THE WAR ON AMERICA

The tragedies of the events of September 11, 2001 are felt worldwide. For many Americans it was inconceivable that our freedom would ever be put in jeopardy; it is our sense of freedom that makes America strong. To draw on this strength, however, is only the beginning of what we will need to win this war. Yet, it is difficult to understand how America can fight a war against those who have no fear. The willingness to live and protect our country, the independent idealism that gives us hope, the very core of our democracy is what is being challenged. Prophetically, in the days since this disaster transpired, this has all been said.



The personal stories told by many will be the remembrances in years to come. Most of our readers who know AMS know that we heavily depend on air travel for our business. With 75% of our clients located outside of Massachusetts, there is rarely a day that goes by without one of our consultants working in another state. During Tuesday's attack, we had Senior Vice President, Donna Watson Dillon, and Senior Consultant, Maura Buckley, working at **Geisinger Medical Center**, Danville, PA. They flew out of the Logan Airport American Airlines terminal at 6:00 a.m. on Tuesday the 11th. Two days later, with a rental car and an 11-hour drive, they safely returned to Massachusetts. There was also Partner Thomas Webb and Senior Consultant Nadine Hill at **Our Lady of the Resurrection Medical Center** in Chicago, IL. Carpooling together to Cleveland then going their separate ways to Maryland and Massachusetts, they returned home 12 driving hours later. Partner Patrick Abrami, working at **Hialeah Hospital, Boca Raton Hospital, and North Broward Hospital District** in Florida decided that it made the most sense not to try to fly back home to New Hampshire when he needed to return to Florida the following week. Pat remained in Florida for one week after the attack. Lastly, and in some ways the most emotionally disturbing, Partner Alan Goldberg was scheduled to fly to LA the following day on the very same United Airlines flight that went into the World Trade Center.

AMS was fortunate that we were not directly part of this disaster, but indirectly, it is safe to say, we all were. Our sincere condolences and sympathy go out to all who know someone lost in this catastrophe as well as those who had to witness the horror of the destruction first-hand.
GOD BLESS AMERICA.