Conducting a financial assessment to determine viability of a Level II Trauma Center

Who/where

Level II Trauma Center, Midwest, USA.

Challenge

Determine whether or not the trauma center delivers a profit to the hospital and should continue operation as a Level II trauma center, be downgraded to a Level III, or be divested all together.

Solution

Philips Trauma Center Consulting Services led an engagement to assess trauma center operations through financial data review, coding and billing process review, onsite observations, and stakeholder interviews.

A large regional medical center in the Midwest, has been operating an ACS verified Level II Trauma Center since 2000. In an effort to optimize hospital operations and improve profit margins, Philips was engaged to conduct a financial assessment of the trauma center to determine if the trauma center was a viable service line.

Results*

The consulting team provided an objective evaluation and detailed assessment of trauma-specific coding issues/opportunities to identify areas of revenue improvement, enabling continuation of Level II Trauma Center services.

The challenge

There is significant cost to maintain trauma center readiness. Cost drivers include salary/benefits for clinical and medical staff, and administrative and program support staff, in addition to costs for in-house operating rooms. To assure a positive revenue stream, every effort must be made to maximize proper coding and billing processes.

A well-established ACS verified Level II Trauma Center in the Midwest has been in operations for more than two decades. However, they believed that the center was losing money and a substantial savings could be realized by closing or downgrading the service line. They felt that in their region, there was enough trauma support at other hospitals to offset these actions. What they were unable to do was to verify this assumption.

A Philips trauma center consultant with expertise in trauma center financial analysis was brought in to assess the situation and present recommendations based on three prospective scenarios:

- Remain as a Level II Trauma Center
- Downgrade to a Level III Trauma Center
- Close the trauma center

Assessment methodology

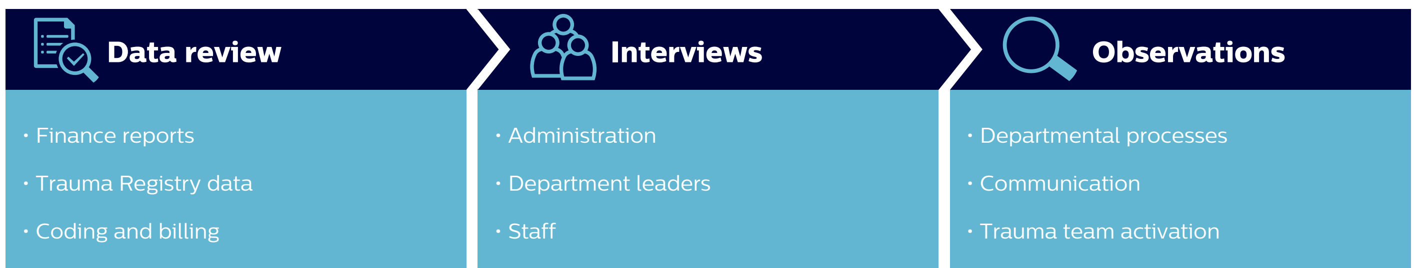
The consultant looked at the available data, conducted interviews with key stakeholders involved with trauma center billing and coding, then spent time observing people and processes to see learn how the center operated.

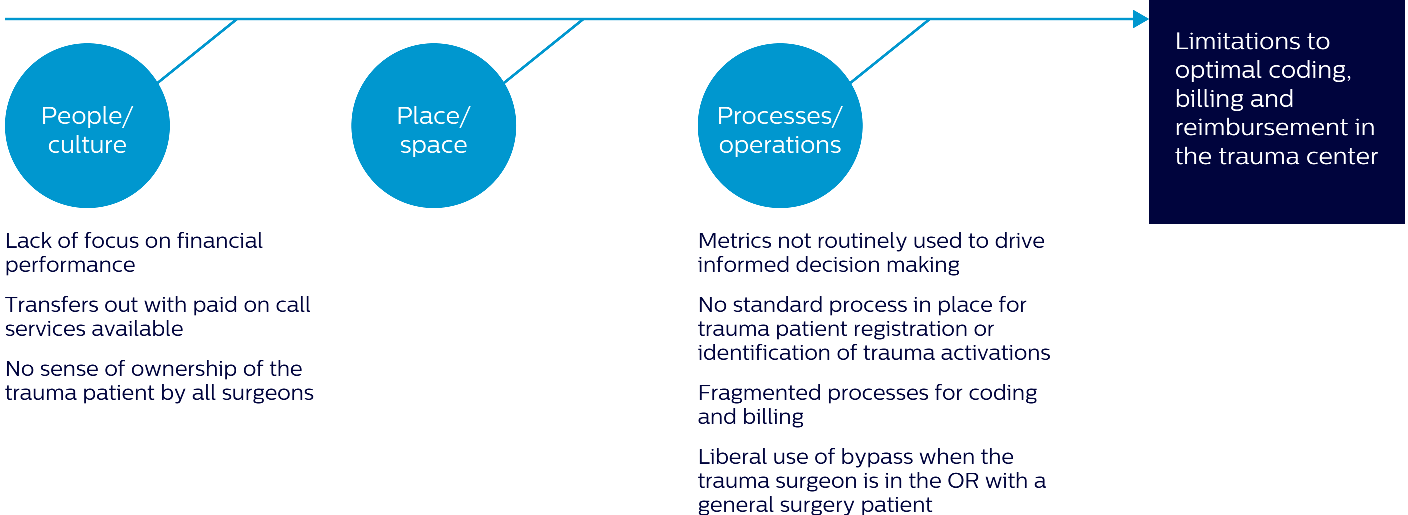
Current state issues

An analysis of the catchment area indicated that the trauma center did indeed bring value to surrounding communities. Other indications suggested excellent patient care (based on strong TQIP results), steady trauma registry volume growth, consistent EMS volume, and quality trauma protocols that help reduce overall length of stay.

Discrepancies became evident when trauma data was pulled from a variety of sources – trauma registry, finance, billing UB682 (code for activation fees), pre-review questionnaire (ACS), and trauma patient registration identifier. This data was mapped to the trauma team activation levels of full, partial, lowest, and UB682 without critical care. Results for each data source ought to have matched across trauma team activation levels, but did not – an indication of lost billing opportunities.

A more thorough review of the coding and billing process, demonstrated existing inefficiencies and errors.





Specifically, there were three areas where improvements could be realized.

- **Trauma registration** – Significant duplication of effort (and re-work) was identified at the point of registration. Staff was not using the 'Form Locator 14, Type 5 code' upon patient admission and therefore billers had to review and correct this on the backend.
- **Code UB682** – The CMS universal billing code for trauma activation fees (UB682) was not being applied properly. The lowest level team activation criteria was missing, team activation time documentation was inconsistent, and daily audits missed billing opportunities.
- **Code UB208** – This ICU accommodation code is assigned for the level of care and it was being applied incorrectly. They were assigning it based on admission diagnosis not patient type and therefore missing out on significant revenue.

Even with these inefficiencies, a financial analysis (based on the data provided) showed, almost $1 million in net revenue was already being realized. This suggests that without any improvements, the trauma center was a profitable service line for the hospital.

Recommendations

Based on the financial assessment and process improvements, remaining as a Level II Trauma Center while taking advantage of additional charge opportunities was shown to be the most profitable decision. The potential annual revenues could be realized by accurately coding UB208, reducing bypass hours, reducing unnecessary transfers, and increasing the lowest tier activation fee to $1,000.

The Philips consultant recommended ten specific actions for the hospital to remain viable as a Level II Trauma Center.

Actions to remain a Level II Trauma Center

1. Dedicate a service-line leader
2. Reinstate the Trauma Finance Committee
3. Conduct daily reconciliation of registry and finance data to eliminate lost charges
4. Create a standard process for patient registration including unique patient identifiers
5. Maintain back-up call for trauma surgeons to avoid bypass
6. Establish a mechanism for regular, direct communication between trauma program leadership and C-suite
7. Define criteria for lowest level activation (Evaluation)
8. Provide Advanced Practice Provider support to improve throughput and extend physician services
9. Negotiate trauma carve-outs with private payers
10. Investigate opportunities to bundle call pay with subspecialists

Consideration for the other two scenarios were included in the final recommendation report, but neither offered the same revenue benefits. Downgrading to a Level III Trauma Center would deliver an annual savings, but would incur a significant annual loss in team activation fees and inpatient and downstream revenue. Closing the trauma center would save a substantial amount of money, but at the expense of a potential losses in inpatient, outpatient and downstream revenue.

Results*

The positive financial assessment was good news to the hospital. It allowed them to turn their focus to other areas of concern, while feeling comfortable that their trauma center was a viable service line – one with significant upside potential.

Importantly, Philips Trauma Center Consulting Services helped prevent the shutdown of a Level II Trauma Center, so they could continue their legacy of providing exception care for their patient population. A win for all.

Learn more

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