

**Quality and Productivity Commission
31st Annual Productivity and Quality Awards Program
"Celebrating Quality Service"**

2017 APPLICATION

Title of Project (Limited to 50 characters, including spaces, using Arial 12 point font):

NAME OF PROJECT: REDUCING DENIED DAYS VIA DAILY AUDIT & FEEDBACK

DATE OF IMPLEMENTATION/ADOPTION: 7/1/2015
(Must have been implemented at least one year - on or before July 1, 2016)

PROJECT STATUS: Ongoing One-time only

HAS YOUR DEPARTMENT PREVIOUSLY SUBMITTED THIS PROJECT? Yes No

EXECUTIVE SUMMARY: Describe the project in 15 lines or less using Arial 12 point font. State clearly and concisely what difference the project has made.

1 Reducing denied days (DDs), or days of hospitalization that aren't reimbursed by third
2 party payers, is critical for hospital financial stability. In 2015, Medi-Cal denied payment
3 to LAC+USC on 24.2% of all hospital days. The Department of Medicine (DOM) had
4 4979 of 20563 (24.2%) hospital days denied during the July-December 2015 baseline,
5 accounting for 53.1% of the total 9372 hospital denied days. Using the Medi-Cal per
6 diem rate of \$4130/hospital day, the approximate total money lost due to denied days is
7 \$38.7 million. Our aim is to reduce the DOM DDs from 24.2% to 15% by June 30, 2017.
8 We used lean problem solving to reduce denied days. Specifically, we engaged
9 physicians through the daily audit and feedback of real-time InterQual (IQ) reviews of
10 their patients. In addition, we engaged and empowered the Nurse Care Coordinators
11 (CCs) to take action on avoiding and reducing denied days. As of December 2016, we
12 reduced the DOM denied days from 24.2% to 18.9%, a relative reduction of 22% of
13 Hospital DDs. The total number of DDs avoided results in an estimated cost of \$11.3M
14 over FY16-17.
15

BENEFITS TO THE COUNTY

(1) ACTUAL/ESTIMATED ANNUAL COST AVOIDANCE	(2) ACTUAL/ESTIMATED ANNUAL COST SAVINGS	(3) ACTUAL/ESTIMATED ANNUAL REVENUE	(1) + (2) + (3) = TOTAL ANNUAL ACTUAL/ESTIMATED BENEFIT	SERVICE ENHANCEMENT PROJECT
\$ 11.3M	\$	\$	\$ 11.3M	<input checked="" type="checkbox"/>

ANNUAL = 12 MONTHS ONLY

SUBMITTING DEPARTMENT NAME AND COMPLETE ADDRESS Utilization Review Department LAC+USC Medical Center 1100 N. State Street Los Angeles, CA 90033		TELEPHONE NUMBER (323) 409-2962
PROGRAM MANAGER'S NAME Maria Cristeta Garan-Martinez, RN		TELEPHONE NUMBER (323) 409-8032 EMAIL cmartinez@dhs.lacounty.gov
PRODUCTIVITY MANAGER'S NAME AND SIGNATURE (PLEASE CALL (213) 893-0322 IF YOU DO NOT KNOW YOUR PRODUCTIVITY MANAGER'S NAME) Gerardo Pinedo 	DATE 7/6/2017	TELEPHONE NUMBER (213) 240-7948 (213) 240-7988 EMAIL gpinedo@dhs.lacounty.gov
DEPARTMENT HEAD'S NAME AND SIGNATURE Mitchell Katz, MD 	DATE 7/6/2017	TELEPHONE NUMBER 213-240-8101 MKATZ@DHS.LACOUNTY.GOV

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1st FACT SHEET – LIMITED UP TO 3 PAGES ONLY: Describe the **challenge(s), solution(s), and benefit(s)** of the project. What quality and/or productivity-related outcome(s) has the project achieved? Provide measures of success. Use Arial 12 point font.

Challenge:

Reducing denied days is a primary goal for the Utilization Review (UR) Department at LAC+USC Medical Center. In the past, we have used various methods of engaging physicians in this effort. While some of these past approaches have had some success, none have been as systematic at understanding the processes or process failures that led to DDs and outlining clear solutions to the root causes of the process failures. While we clearly understand the financial impact of reducing DDs, as clinicians, we are also very much interested on the impact our efforts may have on care delivery. We must ensure that our efforts will help eliminate inefficiencies in providing care to our patients while also reducing denied days. From the outset, we focused our efforts on the DOM given that this service line provides direct care for ~60% of our patients and whose denied days accounted for 53.1% of the total hospital denied days during the July-December 2015 baseline. Using the Medi-Cal per diem rate of \$4130/hospital day, the total money lost for all hospital denied days during our baseline time period was approximately \$38.7 million of which \$20.6 million belongs to the DOM.

Solution:

We categorized DD in 5 ways:

Category	Definition
Admission Denial	Care provided at our ER could have been done at an outpatient setting
Level of Care not Justified	Documentation of medical necessity for level of care provided did not qualify for reimbursement
Non-Medi-Cal Benefit	Medical services provided to patient did not meet Medi-Cal's definition of ER or Pregnancy related service
Service Delay	Delay in providing or requesting services timely, including consults, diagnostic tests and labs
Waiting for Placement	Time waiting to transition patient to appropriate care setting post hospitalization

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Our analysis showed the highest number of DDs in the DOM were incurred as Level of Care not Justified and Service Delays. These DDs accounted for 1955 (39.3%) of all DOM denied days. Since the physicians and clinical teams have the most amount of control over these 2 categories of DDs, we focused our improvement efforts on these two categories. Our project's aim is to reduce Department of Medicine denied days from 24.2% to 15% by June 30, 2017. We used A3 methodology to improve our process. Through this process we developed the following countermeasures and improvement cycles:

- Cycle 1 – Daily audit and feedback to physicians about their documentation
- Cycle 2 – Denied day rounds (daily meetings with a medicine team to discuss and reduce denied days)
- Cycle 3 – Monthly firm meetings, which included meeting with 4 separate medicine teams at one time
- Cycle 4 – Nurse Care Coordinators (CCs) huddles with UR Nurses

First, we provided daily feedback to physicians about when their documentation triggered a denied day. To do this, we changed the CCs retrospective IQ reviews to same day IQ reviews. The UR nurses identified daily progress notes from Medicine services that did not justify acute hospital care and discussed with CCs. Then the CCs provided immediate feedback to the physicians to ensure the documentation accurately reflected the actual diagnosis, events of patient care, appropriate treatment, and encourage teams to move the patient along the continuum of care. Second, the CCs and UR leadership met with each Medicine service sequentially for a week at a time to discuss strategies to reduce DDs—a process called DD Rounds. We reviewed the team's DDs accrued from the prior day. We discussed the denial reasons, and identified how the team can course-correct the DDs and/or prevent a DD from happening in the future. As each team completed their weekly session, we moved to ongoing audit, feedback and coaching through the team's CCs. To sustain these efforts, we held monthly huddles with the three Medicine Firms, a collection of four Medicine teams, to educate and reinforce the importance of avoiding DDs, our third test of change. Last, we held daily huddles with the teams' CCs to discuss and problem-solve the day's DDs.

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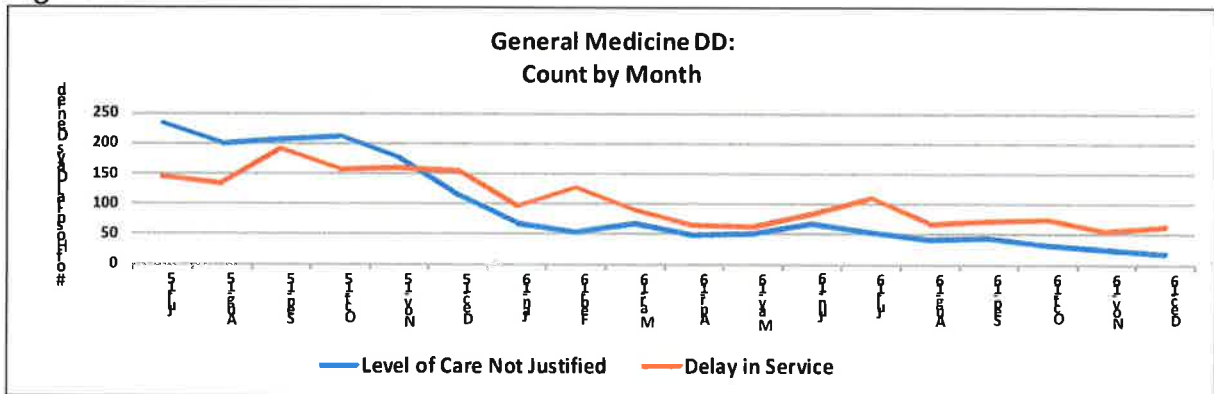
Benefits:

Through December 2016 Medicine teams accrued 7231 DDs during 38326 total hospital days. The average total number of DDs per month fell from a baseline of 830 DDs/month to 603 DDs/month post-intervention (Table 1). This improvement represents a reduction of estimated money lost by \$938 thousand per month.

Table 1

Department of Medicine (DOM)	Jul-Dec '15	Jan '16-Dec'16
Avg. DD per Month Count	830	603
Avg. DD per Month Percentage	24.2%	18.9%
Avg. Estimated Loss per Month	\$3.4M	\$2.5M

Figure 1



The impact on delivery care has been significant. Not only did we improve our organizations' financial gain, but through the recurrent themes of denied days, we identified system issues and inefficiencies that we then corrected. As UR leadership, we developed and streamlined processes, collaborated with diagnostic and outpatient services to provide outpatient procedures to our patients instead of admitting them, and actively transitioning care of DHS and Non-DHS patients to their primary medical homes.

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Linkage to the County Strategic Plan – 1 page only. Which County Strategic Plan goal(s) does this project address? Explain how. Use Arial 12 point font.

County of Los Angeles 2016 – 2021 Strategic Plan outlines three overarching goals; (I) Make Investments That Transform Lives, (II) Foster Vibrant and Resilient Communities and (III) Realizing Tomorrow’s Government Today.

Our DD Reduction efforts over the FY15-16 and FY16-17 fall in line with Goal III.3 “Manage and Maximizing County Assets: Maximize use of County assets, guide strategic investments, and support economic development, in ways that are fiscally responsible and align with the County’s highest priority needs.” As a safety-net hospital, LAC+USC Medical Center is at the center of the County’s highest priority need areas, and we assume the responsibility to provide the best patient centered care to all who come through our doors. One of our primary objectives is “to ensure effective and efficient utilization of hospital resources including the appropriateness of the setting and the medical necessity of admission, length of stay, and professional services.” Our project counter measures have made a significant impact on reducing patient care delivery inefficiencies that result in denied days. Moreover, we have demonstrated that we can sustain these efforts by engaging providers through daily audit and feedback and empowering our nurse Care Coordinators to take immediate action to avoid or reduce denied days. This project has been very successful and we are spreading our gains to Acute Care Surgery, Orthopedic Surgery and Psychiatry Services. We continually partner with the multidisciplinary team such as Physical Therapy and Social Work to create innovative ways to reduce denied days and deliver quality care.

In summary, in order to provide this level of care, our principal aim is to maximize the good we can do for our patients by being excellent stewards of county’s resources. The initiative to reduce denied days highlights the innovation and hard work our department has undertaken to achieve this aim.

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COST AVOIDANCE, COST SAVINGS, AND REVENUE GENERATED (ESTIMATED BENEFITS TO THE COUNTY): If you are claiming cost benefits, include a calculation on this page. Please indicate whether these benefits apply in total or on a per unit basis, e.g., per capita, per transaction, per case, etc. You must include an explanation of the County cost savings, cost avoidance or new revenue that matches the numbers in the box. Remember to keep your supporting documentation. Use Arial 12 point font

Cost Avoidance: Costs that are eliminated or not incurred as a result of program outcomes. Please indicate whether these are costs to the County or to other entities.

As a result of these efforts, the UR Department at LAC+USC will avoid incurring an estimated loss of \$11.3M in revenue based on Medi-Cal’s per diem rate (Table 3).

Table 3

Department of Medicine (DOM)	Avg. DD	MCAL Per Diem Rate	Avg. Total	x6 months	x12 months
Jul 15 -Dec 15	830	\$4,130	\$3,427,900	\$20,567,400	\$41,134,800
Jan 16 -Dec 16	603	\$4,130	\$2,490,390	\$14,942,340	\$29,884,680
Jan 16 -Dec 16 Difference	227	\$4,130	\$937,510	\$5,625,060	\$11,250,120

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