

AUDITOR'S CORNER

Supply Chain Affects Bottom Line

If an organization's supply chain is hindered by inefficiency and waste, the implications for your revenue cycle, and ultimately your bottom line, could be severe.

Cost-Saving Opportunities

Unified clinical and inventory management software can strengthen business operations and offer significant cost-saving opportunities.

A greater ROI. According to an Efficient Healthcare Consumer Response study, using IT can reduce U.S. health system supply-chain costs by \$11 billion, or about \$900,000 per acute center. Consider how substantial that number is. To achieve a \$900,000 improvement in your bottom line, you would need to generate \$45 million in additional net revenues. Generating new revenues is quite a challenge in today's competitive healthcare market. Looking for ways to reduce costs is key.

Improved payment. Software that automatically assigns the supply charge to the patient bill guarantees that the organization seeks payment for all the supplies needed for patient care. And a rules and alert engine takes this approach one step further. If a chosen supply does not correlate with the procedure or diagnosis code, the system alerts the clinician to update the documentation so the payer will not challenge the claim and withhold payment.

Reduced inventory. By tracking item usage, slow and nonmoving items are easily identified. Organizations can improve inventory turns by optimizing inventory levels at a specific item and location level. An organization can reduce the inventory on hand and ensure that the materials stocked in its supply cabinet are not obsolete or expired.

A Proven Approach

[Continued on pg. 2](#)

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“Medical supplies represent the second highest expense of many healthcare organizations—typically 25 percent to 35 percent of the operating budget.”

QUOTE OF THE MONTH

“Desire is the key to motivation, but it's the determination and commitment to an unrelenting pursuit of your goal – a commitment to excellent – that will enable you to attain the success you seek.”

- Mario Andretti
(Race Car Driver)



INSIDE THIS ISSUE

- Supply Chain Affects Bottom Line
- What Makes a Good Leader
- Aetna to Quit Paying for “Never Events”
- Emergency—Department Wait Times Growing
- About Us

To go to the Auditor's Corner Archives, [click here](#).
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Supply Chain, cont. from pg. 1

A regional, community hospital in Arkansas improved operating efficiencies for both the main operating department and the ambulatory surgery center by creating a seamlessly functioning work±low process that unites the clinical and managerial facets of the surgical services business. The hospital was able to standardize its inventory, significantly reduce supply costs, and implement a "par level" inventory management model.

This IT strategy enabled the surgery department to pursue a business analysis model focused on measuring, reporting, studying, and improving standard practices. The financial data used to analyze and optimize supply usage is generated from clinical documentation captured in

the surgical patient's electronic medical record. Data accuracy is validated by the documentation of supply items used during surgery. When the organization compared laparoscopic cholecystectomy costs, reports showed that monthly supply costs and case times varied significantly, while resulting outcomes did not. Department leadership was able to objectively demonstrate that product standardization for these procedures was the best practice from a business perspective. Decisions such as this have resulted in huge savings since unifying and automating the surgery and supply chain processes.

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Aetna to Quit Paying for "Never Events"

"Based on an article by Modern Healthcare Online which was posted on January 15, 2008" Aetna is incorporating language on serious medical errors into its hospital contracts, including no longer paying for so-called "never events."

Included in Aetna's template hospital contracts for new negotiations and renegotiations are the Leapfrog Group's policies on never events. These are 28 medical errors identified by the National Quality Forum that are so egregious to patient safety that they should never happen, such as operating on the wrong body part, leaving a foreign object inside a patient after surgery or a patient death or disability associated with a fall.

Aetna's template contract calls on hospitals to report never events to an accrediting agency within 10 days, such as the Joint Commission or state health agency. Hospitals are also asked to take steps to ensure the error won't be repeated, waive all costs related to the event and apologize to the affected patient and family members. Aetna says it is the first health plan to endorse the Leapfrog Group's approach to never events. Since the CMS announced last fall it would halt reimbursements for some never events, payers such as the Blue Cross and Blue Shield Association have said they will follow suit.

"More than 600 hospitals across the country already have agreed to report these events voluntarily," Troyen Brennan, Aetna's chief medical officer, said in a written statement. "We want to support their leadership and safer healthcare for all patients."

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AHAP INC. CONTACT Info

Toll Free: (888) 816-7758
Local #: (949)-448-8296
Fax #: (949)-203-2298
E-mail: info@ahapinc.com
Web: www.AHAPInc.com

What Makes a Good Leader

It goes without saying that good leadership is crucial to any successful business. But, what makes a good leader and how can someone develop himself or herself into a good leader if they are not one to begin with? The answer is that there are many factors that contribute to good leadership. And, whether someone is naturally a good leader or not, anyone can become a good leader.

GET TALKING

One of those factors of good leadership is communication. Communication is one of the most key elements of leadership. Good communication skills need to be learned to effectively become a good leader or manager. When communication occurs, as a leader, you will be able to accurately convey your ideas and thoughts to those that work for you. In fact, simply being able to convey these things in the first place, much less accurately, puts you in the right direction for leadership. If employees have no idea what is on your mind, your leadership is going to falter. Employees are not typically mind readers.

[Continued on pg. 3](#)



Turning promise into practice™

What Makes a Good Leader, cont. from pg. 2

If there is a problem a certain employee is experiencing, good communication can filter the problem out. You, as a leader, can dissect the problem and offer solutions in various ways.

Ideas that are given to employees work both ways, as well. Employees can give helpful feedback and generate new ideas to you that help the company as well, when good communication is present.

GET THINGS MOVING

Motivation is another variable that plays into good leadership. Employees tend to stagnate when motivation decreases...and it will decrease, without proper motivation. Many leaders try to motivate the old-fashioned way...through fear. (Do what I say or something bad will happen) This is not advisable, since it tends to only deliver short-term results and cause even less competent work in the long run, due to resentment resulting from the fear tactics.

Instead, try adding challenges for employees. A fresh challenge always adds excitement and spawns creativity. Challenge your employees with tasks that may be slightly out of their range and let them at it! This increases motivation. If they run into a snag, guide them towards a solution but don't offer the actual solution outright. Coach them into discovering the solution themselves. Once they have, their self-esteem will rise, thereby raising their motivation level.

TWO HEADS ARE BETTER THAN ONE

Teamwork is always something to consider when striving to become a good leader. This means not only teaching your employees to work together but to become part of the team yourself.

Use others' potential. Many times, employees' potential is wasted. A good leader recognizes that his or her employees

are more than just employees, they are people too. These people have lives outside of work where they have to make decisions on a daily basis, from how to deal with house payments, to car bills, to raising children, to uncountable tasks in everyday lives. Yet, at work, their decision making skills are not trusted enough to choose what type of toner needs to be ordered

for a set of printers. The point here is that employees need to be trusted to do more. A good leader doesn't manage every single detail. Use others' potential to your benefit. You will find that you have become a better leader for it.



BACK TO SCHOOL

As always, increasing your education is definitely a good thing when trying to improve leadership, but the school that really needs to be brought at attention here is the kind of school that you don't get a degree for.

Take the time to learn as much about your position of being a leader as possible. Do some reading at the nearest bookstore. Talk to other leaders and see how they do things; trade notes. The more you continually evaluate yourself and your practices and search for as much information on leadership as possible, the more you will be able to keep up with changing times and the better leader you will be for it.

By Myron Curry, President of BusinessTrainingMedia.com

Emergency—Department Wait Times Growing

Wait times in hospital emergency departments are getting longer each year for all patients, regardless of race, ethnicity and health-insurance status, according to a new study published in the journal *Health Affairs*. Using data from the National Center for Health Statistics, Harvard Medical School researchers at the Cambridge Health Alliance in Cambridge, Mass., analyzed more than 90,000 emergency-department visits nationwide between 1997 and 2004. Results showed that the number of emergency-department visits increased an estimated 18% to 26% as the number of emergency departments decreased between 9% and 12%, resulting in a 78% increase in visits between 1995 and 2003.

"I think this is something of a perfect storm," said Andrew Wilper, lead author of the study, of the rise in patient visits and decrease in available space. "One clear contributor is crowding," he said, also citing a lack of available specialists and limited availability of primary-care services as other leading causes of the growing problem.

Increases in wait time of 4.1% per year occurred for all patients but were especially pronounced for patients with acute myocardial infarction—known more commonly as a heart attack—for whom waits increased 11.2% per year. Also, blacks, Hispanics, women and patients in urban emergency room departments waited longer than other patients, the study said.

The full study is available as a Web-exclusive item on the [Health Affairs](#) Web site. -- by [Jessica Zigmund](#)