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How to outplay the administrative variation that plagues health systems

Any time humans are involved in a process, inconsistencies are bound to happen. And while there has been a significant focus on removing inconsistencies in clinical practice to improve outcomes and reduce costs, there has been less attention paid to reducing variation within health care administrative and operational processes. But this is a missed opportunity.

As we emerge from nearly a decade of industry consolidation, the years of mergers and acquisitions have resulted in many systems struggling with a varied patchwork of differing management styles, processes and even business cultures that persist long after the deals close. The result of these variations in process are underperforming operations that weigh down a health system, literally costing it time and money. However, addressing administrative and operational variation can truly deliver the organization-wide benefits of working as a single "system." These benefits include compliance, revenue integrity and teams working more effectively from the same enterprise playbook.

While "systemness" can encompass many functional areas where health care organizations align their priorities, strategies and performance decisions, case management is one example where a consistent approach can drive improvement across a system. Many hospitals struggle with utilization review due to the manual nature of the process, whether carried out by case managers or UR nurses. Teams of doctors and nurses oftentimes read through patient charts to determine medical necessity, coordinate care and secure preauthorization.

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As with any manual process, human review introduces inconsistency from subjective decisions by individual clinicians even if they are working from the same set of protocols, because case managers' experience and clinical knowledge is widely varied. Even more, case managers are inundated with tasks brought in by expanded value-based care initiatives, which often competes for time with traditional case management duties. This has established a need for tools that speed up — or even eliminate — their manual processes.

Yet, case management is one of the most important processes in a health system because of its ability to obtain treatment authorizations, reduce patient readmissions and support value-based reimbursement initiatives. A lack of adequate management of a patient journey can have a cascading effect that may dramatically impact both the patient and the hospital's resources. One way to assess whether an organization has an issue with variation is to look at patient observation rates, which can indicate inconsistencies in the case review process, specifically its utilization review approach.

Organizations that adopt standardized processes to streamline a case management department's utilization review not only reduce administrative burden, they are more likely to be appropriately compensated for care, which in turn is a strategic business advantage.

How can this be achieved? Through the smart application of technology, people and partnerships.

Smart use of technology

In order to achieve high performance, all medical necessity case reviews should be based on common clinical references, protocols and logic. Because of this, they are an easy target to apply an AI technology, like machine learning, to automate the process and identify cases in a consistent way. By looking for patterns, AI can quickly identify exceptions to the rules — in this instance, pinpointing patient cases that need a physician advisor's detailed medical necessity review — which pushes the most critical cases to the top for clinician evaluation.

Technology like natural language processing can also be taught to interpret and understand clinical notes so that it becomes clinically aware and can point clinicians to the most relevant facts, freeing up time for physicians to leverage their expertise on more case reviews.

In addition, technology can help combat margin pressures by making the revenue cycle faster and reimbursement more accurate. When coding and billing are standardized and automated across a system, providers can be paid more quickly and with fewer denied claims. In fact, AI can save the health care industry **$18 billion** by improving administrative workflows.[1]

Billions saved

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1.   Accenture. AI: Healthcare's new nervous system. 2017.

People plus machine is better

While technology can transform the medical necessity case review process, humans are still a vital part of the case review equation. People can make decisions based on a variety of nuanced factors in ways that computers cannot. Working in conjunction with technology, adopting a physician advisor program or dedicating a utilization review team to the case management process can help providers further optimize utilization review.

A dedicated utilization review team and structure and physician advisor programs can potentially streamline communication and collaboration among clinicians, case managers and other non-clinical staff because that is all they do. Having a team own the process may improve quality reporting and prevents inappropriate patient status classifications and service use. In this process, they also improve clinical documentation, reduce administrative costs and ensure providers are properly reimbursed.

The end result: fewer denied claims, better reimbursement rates and less audit risk.

Hire an expert partner

As health systems consider their options, one gaining traction is the desire to identify a partner with specific expertise in managing the administrative side of medicine. The main benefit of a strategic collaboration — whether that is for all or some portion of case reviews and revenue cycle functions — is that it can create value much more quickly and at a lower total cost than staffing changes or the adoption of new technology. And for large systems, outsourcing is the ultimate mechanism to reduce variation by applying one standard approach.

While human beings are unique, variation is much less beneficial in health care administrative workflow and operations. In the same way that health systems have embraced standardized clinical best practices because they are better for patients, they have an opportunity to adopt administrative best practices to improve their own operational health — which, in the end, benefits everyone.

Learn how Optum can bring consistency to your utilization review program.

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