

APC ADVISOR

The monthly survival guide to outpatient prospective payment

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Use competitor data to benchmark your OP department performance

A Kentucky Internet firm has all the APC performance information you might never have known you wanted -- information that can allow you to benchmark yourself against hospitals across the nation or across the street.

The best part: Much of it is free.

American Hospital Directory (www.ahd.com), Louisville, KY, has combined proprietary and publicly available information, mixed in some intuitive web design, and created easy-to-use reports detailing many aspects of a hospital outpatient department's performance.

"APCs are so complicated, hospitals have had a really hard time doing any kind of an impact analysis. That depends on the accuracy of documentation and coding in the outpatient area, and frankly, hospitals hadn't really focused on complete and accurate coding and documentation in that area," says **Paul Shoemaker**, chairman of American Hospital Directory.

AHD isn't new to this type of performance analysis; the company has offered detailed information on inpatient performance since 1997. But Shoemaker says the company recently decided that, with no competitors to its service, it was time to tackle the operating aspects of hospital outpatient services and charges.

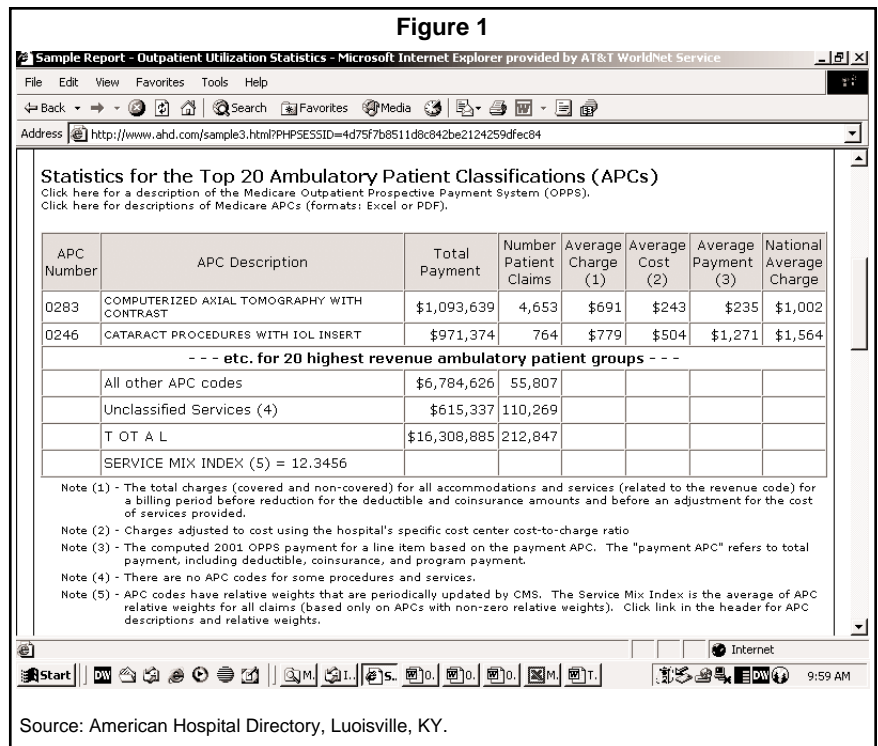
While a \$395 subscription will buy more detailed information and custom data reporting for those who want it, much of the content on AHD's website is free, and Shoemaker intends to keep it that way. "It's a mountain of data that's been very hard to access in the past, and very expensive to access as well," he says

For the free information, the AHD website reports a hospital's average charges, payments and costs for that hospital's 20 APCs with the highest revenue for the 12 months ending March 30, 2002 (see

Figure 1), statistics for the top 20 procedures (see **Figure 2**), and other data cuts. The subscription service provides even more detailed information (see **Figure 3**, which shows representative subscription information for Parkland Health and Hospital System, a public hospital in Dallas.)

Database built from claims

The data on the AHD website is gleaned from every acute care hospital that treats Medicare patients. The database of information is built from Medicare claims data and Medicare cost reports gathered by the Centers for Medicare and Medicaid Services (CMS) on more than 6,000 hospitals, and data is added from other public use files such as Medicare Provider of Services listings and Medicare Hospital Service Area



files. In addition, AHD licenses AHA Annual Survey Data from the American Hospital Association and contact information from SK&A Information Services.

"This information has been out in the public domain for quite a while, but it's been very costly and difficult to access. What we've tried to do is take the data and focus it to give it this high level view," says Shoemaker. "Our goal is to let someone come in and look at this data. If there's a data set out there that has useful information about hospitals or their outpatient or inpatient operations, we license it and put it on the site."

Available data includes volumes, average charges, average costs, and average payments to the hospital for individual diagnoses, procedures, and ambulatory patient groupings. The top 20 APCs that AHD's reports cover typically account for about half of a hospital's total outpatient revenue, Shoemaker says.

That information can be useful for comparing charge structures among hospitals and benchmarking performance and market share among peers around the country -- and competitors across the street. It's also useful for giving managers a sense of what they're getting paid versus what they're charging.

Comparative data helps with decision-making

But more than that, Shoemaker says the data gives managers a chance to really look at what's going on around the industry and make decisions on a hospital's service lines, such as which are doing well and which need work -- or even need to be jettisoned.

"That's kind of a new way of looking at things. When DRGs [diagnosis related groups] came around, hospitals started taking a product line orientation in managing the inpatient side of their business," he says. "The outpatient prospective payment system is going to compel hospitals to take a service line approach with the outpatient business as well."

Hospitals are changing some of their management focus in response to the outpatient prospective payment system, and they're eager to look at scorecards such as this, Shoemaker says. They're eager to consider different management techniques that might help

them survive and prosper under the system.

"We don't make any judgments about it. We don't say you're high, you're low, you're different, anything else," he says. "We just say 'here's the data you can use for improvement initiatives or to help focus on areas where you might need to concentrate.'"

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