

TREO REPORTS

Resource Management – Charge (for all facilities/statewide)

- Cases
- Observed Average Charges
- Expected Average Charges
- % Difference Average Charges

Resource Management – Cost (for all facilities/statewide)

- Observed Average Cost
- Expected Average Cost
- % Difference Average Cost

Cost of Complications (for one facility – for postoperative sepsis*, postoperative pulmonary embolism or deep vein thrombosis*, postoperative hemorrhage or hematoma, iatrogenic pneumothorax*, and decubitus ulcer*) *This measure's outcome data is displayed on FloridaHealthFinder.gov.

- Total Cases
- Average Length of Stay
- Average Hospital Cost
- Average Hospital Charge
- Average Medicare Payment
- % of Medicare Payment as Outlier
- Average Medicare Margin
- Total Medicare Margin

Resource Management

Data: Florida

Year: 2009



Hospital	Cases	Observed ALOS	Expected ALOS	%Diff ALOS	Charge		
					Observed Avg Charges	Expected Avg Charges	%Diff Avg Charges
Sandypines	195	134.19	9.70	1282.83%	\$84,543	\$13,366	532.53%
Anne Bates Leach Eye Hospital	141	3.84	3.04	26.20%	\$25,148	\$28,170	(10.73%)
Manatee Palms Youth Services	118	169.04	10.64	1489.07%	\$101,425	\$13,856	632.01%
Lake Butler Hospital Hand Surgery Center	101	3.72	3.27	13.98%	\$11,341	\$20,272	(44.05%)
Uchltach At Connerton	94	25.71	15.03	71.10%	\$100,981	\$104,725	(3.57%)
Devereux Hospital & Children's Center of Florida	81	351.35	9.69	3526.80%	\$126,863	\$12,018	955.61%
Florida Hospital Oceanside	45	3.58	4.37	(18.08%)	\$11,943	\$26,763	(55.38%)
Gulf Coast Treatment Center	19	379.47	11.56	3182.91%	\$271,029	\$13,555	1899.44%
Ed Fraser Memorial Hospital	11	3.09	3.96	(21.96%)	\$12,457	\$21,468	(41.98%)
Kindred Hospital Melbourne	2	9.50	9.48	0.19%	\$23,406	\$39,434	(40.64%)
Aggregate	2,604,989	4.78	4.78	(0.00%)	\$37,686	\$37,686	0.00%

Resource Management

Data: Florida

Year: 2009



Hospital	Cases	Observed ALOS	Expected ALOS	%Diff ALOS	Cost		
					Observed Avg Cost	Expected Avg Cost	%Diff Avg Cost
Sandypines	195	134.19	9.70	1282.83%	\$27,405	\$9,926	176.10%
Anne Bates Leach Eye Hospital	141	3.84	3.04	26.20%	\$10,646	\$16,418	(35.16%)
Manatee Palms Youth Services	118	169.04	10.64	1489.07%	\$23,522	\$10,807	117.65%
Lake Butler Hospital Hand Surgery Center	101	3.72	3.27	13.98%	\$9,135	\$27,882	(67.24%)
Uchltach At Connerton	94	25.71	15.03	71.10%	\$3,681,297	\$724,023	408.45%
Devereux Hospital & Children's Center of Florida	81	351.35	9.69	3526.80%	\$81,190	\$8,910	811.22%
Florida Hospital Oceanside	45	3.58	4.37	(18.08%)	\$4,168	\$95,677	(95.64%)
Gulf Coast Treatment Center	19	379.47	11.56	3182.91%	\$172,103	\$9,749	1665.36%
Ed Fraser Memorial Hospital	11	3.09	3.96	(21.96%)	\$4,514	\$28,473	(84.15%)
Kindred Hospital Melbourne	2	9.50	9.48	0.19%	\$5,195,634	\$1,080,298	380.94%
Aggregate	2,604,989	4.78	4.78	(0.00%)	\$67,341	\$67,341	(0.00%)

Report Summary

This report examines the financial impact of complications within five of AHRQ's Patient Safety Indicators (PSIs). Within each PSI, using Medicare payment rules, total Medicare margin is compared for cases without complications vs. cases with complications.

Background

Medical and surgical complications increase healthcare costs. These costs include additional resource use at hospitals and increased payments to hospitals. The goal should be for payments to reflect resource needs while encouraging quality care. Under existing payment structures, achievement of this goal is not evenly distributed within the inpatient population. As seen by using Medicare payment rules in this report, the increase in payments are in large part due to increased outlier payments.

A key question is whether or not these payments match resource use. If payments match resource use then the payer is funding the cost of complications. If, on the other hand, payments do not match resource use then the hospital is bearing the cost of complications. From our analysis and that of others*, cases with complications do have higher payments than those that do not. For the purpose of this report, complications are defined in terms of five selected PSIs. Looking at payment alone it appears that the payer is bearing the additional costs. But by examining both hospital payments and costs together, a different conclusion becomes apparent: ***the increase in outlier payments does not fully compensate hospitals for their costs.*** In fact, increases in payment associated with complications often come at a prohibitive cost. As a result, ***hospitals absorb substantial financial losses for cases with complications.***

Report Column Heading Descriptions

Column Heading	Description
Cases Included in Analysis	For the PSI, inpatient cases meeting definitions and exclusions listed in PSI Description table on next page.
Average Length of Stay	Total inpatient days divided by total cases.
Average Hospital Cost	Total cost divided by total cases. Cost per case is calculated using Treo Solutions' departmental Ratio of Charges to Costs (RCC) methodology.
Average Hospital Charge	Total reported charges divided by total cases.
Average Medicare Payment	Total Medicare payments divided by total cases. Medicare payment is determined using 3M's Medicare Pricer. Pricing is hospital-specific.
% of Medicare Payment as Outlier	Portion of the Average Medicare Payment that is in the form of an outlier payment, as calculated by 3M's Medicare Pricer.
Average Medicare Margin	Average Medicare Payment minus Average Hospital Cost.
Total Medicare Margin	Average Medicare Margin multiplied by Cases Included in the Analysis.

* Medicare Payment for Selected Adverse Events: Building The Business Case For Investing in Patient Safety, by Chunliu Zhan, et al. HEALTH AFFAIRS - Vol 25, Number 5.

PSI Cases Included in Analysis/"With Complications" Definitions

Cases Included in Analysis	Cases Considered "With Complication"
<p>Postoperative Sepsis (PSI 13) Includes all elective surgical discharges age 18 and older defined by specific DRGs and an ICD-9 code for an operating room procedure.</p> <p>Exclusions:</p> <ul style="list-style-type: none"> principal diagnosis of infection, or any diagnosis of immunocompromised state or cancer; MDC 14 (pregnancy, childbirth, and puerperium); cases with a length of stay of less than 4 days. 	<p>All discharges with code for sepsis in any secondary diagnosis field.</p>
<p>Postoperative PE or DVT (PSI 12) Includes all surgical discharges 18 years and older defined by specific DRGs and an ICD-9 code for an operating room procedure.</p> <p>Exclusions:</p> <ul style="list-style-type: none"> cases where a procedure for interruption of vena cava is the only OR procedure; cases where a procedure for interruption of vena cava occurs before or on the same day as the first operating procedure; MDC 14 (pregnancy, childbirth, and puerperium). 	<p>All discharges with codes for deep vein thrombosis or pulmonary embolism in any secondary diagnosis field.</p>
<p>Postoperative Hemorrhage or Hematoma (PSI 9) Includes all medical and surgical discharges age 18 years and older defined by specific DRGs.</p> <p>Exclusions:</p> <ul style="list-style-type: none"> cases with ICD-9 codes for post operative hemorrhage or postoperative hematoma in the principal diagnosis field; cases where the only OR procedure is postoperative control of hemorrhage or drainage of hematoma; cases where a procedure for postoperative control of hemorrhage or drainage of hematoma occurs before the first operating room procedure; MDC 14 (pregnancy, childbirth, and puerperium). 	<p>All discharges with codes for postoperative hemorrhage or hematoma in any secondary diagnosis field and codes for postoperative control of hemorrhage or drainage of hematoma in any procedure code field.</p>
<p>Iatrogenic Pneumothorax (PSI 6) Includes all medical and surgical discharges age 18 years and older defined by specific DRGs.</p> <p>Exclusions:</p> <ul style="list-style-type: none"> cases with code 512.1 in the principal diagnosis field; MDC 14 (pregnancy, childbirth, and puerperium); cases with a diagnosis code of chest trauma or pleural effusion; cases with a procedure code of diaphragmatic surgery repair; any code indicating thoracic surgery or lung or pleural biopsy or assigned to cardiac surgery DRGs. 	<p>All discharges with code of 512.1 in any secondary diagnosis field.</p>
<p>Decubitus Ulcer (PSI 3) Includes all medical and surgical discharges 18 years and older defined by specific DRGs.</p> <p>Exclusions:</p> <ul style="list-style-type: none"> cases with a length of stay less than 5 days; cases with diagnosis code of decubitus ulcer in the principal diagnosis field; MDC 9 (Skin, Subcutaneous Tissue, and Breast); MDC 14 (pregnancy, childbirth, and puerperium); cases with any diagnosis of hemiplegia, paraplegia, or quadriplegia; cases with a diagnosis code of spina bifida or anoxic brain damage; cases with a procedure code for debridement or pedicle graft before or on the same day as the major OR procedure (surgical cases only); cases admitted from a long-term care facility; cases transferred from an acute care facility. 	<p>All discharges with code of decubitus ulcer in any secondary diagnosis field.</p>

Cost of Complications

Baptist Hospital of Miami

* Medicare payment rules used for all cases regardless of payer



Source: 2009 AHCA data IP discharge cases, all payer data.

Postoperative sepsis (PSI 13)

Total cases included in the Analysis: 634

	Cases Included in the Analysis (A)	Average Length of Stay	Average Hospital Cost (B)	Average Hospital Charge	Average Medicare Payment (C)	% of Medicare Payment as Outlier	Average Medicare Margin (C-B)	Total Medicare Margin (A*(C-B))
Without complication	624	6.79	\$350,366	\$144,330	\$26,042	11.9%	(\$324,323)	(\$202,377,658)
With complication	10	25.70	\$101,062	\$463,093	\$83,551	52.5%	(\$17,511)	(\$175,109)

Postoperative pulmonary embolism or deep vein thrombosis (PSI 12)

Total cases included in the Analysis: 7,383

	Cases Included in the Analysis (A)	Average Length of Stay	Average Hospital Cost (B)	Average Hospital Charge	Average Medicare Payment (C)	% of Medicare Payment as Outlier	Average Medicare Margin (C-B)	Total Medicare Margin (A*(C-B))
Without complication	7,314	6.27	\$208,823	\$106,581	\$18,859	12.6%	(\$189,964)	(\$1,389,396,895)
With complication	69	21.78	\$492,938	\$318,099	\$55,148	44.0%	(\$437,790)	(\$30,207,544)

Postoperative hemorrhage or hematoma (PSI 9)

Total cases included in the Analysis: 7,546

	Cases Included in the Analysis (A)	Average Length of Stay	Average Hospital Cost (B)	Average Hospital Charge	Average Medicare Payment (C)	% of Medicare Payment as Outlier	Average Medicare Margin (C-B)	Total Medicare Margin (A*(C-B))
Without complication	7,537	6.62	\$219,771	\$110,643	\$19,602	14.4%	(\$200,169)	(\$1,508,674,391)
With complication	9	18.11	\$658,686	\$301,005	\$48,455	51.0%	(\$610,231)	(\$5,492,080)

Iatrogenic pneumothorax (PSI 6)

Total cases included in the Analysis: 23,026

	Cases Included in the Analysis (A)	Average Length of Stay	Average Hospital Cost (B)	Average Hospital Charge	Average Medicare Payment (C)	% of Medicare Payment as Outlier	Average Medicare Margin (C-B)	Total Medicare Margin (A*(C-B))
Without complication	23,009	5.55	\$246,934	\$63,660	\$11,203	10.6%	(\$235,730)	(\$5,423,913,744)
With complication	17	15.53	\$1,315,940	\$322,076	\$57,614	41.7%	(\$1,258,326)	(\$21,391,543)

Decubitus ulcer (PSI 3)

Total cases included in the Analysis: 8,715

	Cases Included in the Analysis (A)	Average Length of Stay	Average Hospital Cost (B)	Average Hospital Charge	Average Medicare Payment (C)	% of Medicare Payment as Outlier	Average Medicare Margin (C-B)	Total Medicare Margin (A*(C-B))
Without complication	8,658	9.76	\$403,260	\$108,952	\$17,241	18.3%	(\$386,019)	(\$3,342,156,171)
With complication	57	28.75	\$1,163,053	\$420,364	\$72,736	60.8%	(\$1,090,317)	(\$62,148,073)

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