

Health Systems Performance Management News

McKesson Observation Services to Optimize Outpatient Reimbursement

Hands-on customer support model expected to streamline workflow, ease implementation

ATLANTA, Sept. 26, 2012 – Building on one of the most comprehensive sets of emergency department (ED) tools in the market, McKesson has now expanded its **Intelligent Coding** portfolio to include observation services. The new module is designed to help hospitals recognize revenue for patient observation services in an easy, consistent and compliant manner. By automating the complex manual process, providers can improve accuracy, reduce charge omissions and identify unrecognized reimbursement opportunities.

McKesson's consultative, hands-on approach to customer support, unique in the industry, is expected to speed implementation and training to support the new services. Dedicated project managers, including clinicians and certified coders, will help to design efficient coding processes. After implementation, project managers will stay involved with the hospitals, providing performance tracking, advice and best practices throughout the life of the services.

"Faced with greater demand for outpatient care, especially observation services, healthcare providers must maintain a sustainable business model and generate reimbursement in an area where revenue recognition has been difficult," said Billie Whitehurst, vice president and chief nursing officer, Workforce Management, Surgery and McKesson Intelligent Coding™, McKesson Provider Technologies. "Just as our technology has helped emergency departments (EDs) optimize their revenue, we believe that this new module can provide similar benefits for observation care."

While the ratio of observation services to inpatient admissions jumped by more than one-third from 2007 to 2009¹, hospitals have struggled with workflow and technical challenges related to coding these services and receiving optimal reimbursement. Inpatient-focused nurses, for example, provide observation services but often do not document the elements needed to code for the services they provide. Health systems also face evolving and complex coding rules, particularly when patients move from the ED to an observation unit.

In addition to seamlessly integrating with the company's existing coding portfolio, the new module will work with non-McKesson financial systems as well. It will help automate coding when patients transfer between ED and observation areas, simplify calculating observation units and improve charge capture for any nursing unit providing observation services. With the software designed to apply

¹ "Sharp Rise In Medicare Enrollees Being Held In Hospitals For Observation Raises Concerns About Causes And Consequences," *Health Affairs*, June 2012 vol. 31 no. 6 <http://content.healthaffairs.org/content/31/6/1251.abstract>.

appropriate and up-to-date coding rules, the module uses sophisticated logic for infusion and injection coding. The end result is a detailed coding summary of observation charges, ultimately streamlining the coding workflow and accelerating time-to-bill. The McKesson Intelligent Coding team supports these outcomes through knowledgeable, accessible and personalized consulting and performance tracking services.

“Launching this new observation services module is a natural extension given the strong market acceptance of our core emergency department coding portfolio and our customers’ focus on expanding outpatient services,” said Chris Bauleke, president, Health Systems Performance Management, McKesson Provider Technologies. “It’s also an important illustration of our [Better Health 2020™](#) commitment to helping customers improve financial performance and quality.”

About McKesson

McKesson Corporation, currently ranked 14th on the FORTUNE 500, is a healthcare services and information technology company dedicated to making the business of healthcare run better. We partner with payers, hospitals, physician offices, pharmacies, pharmaceutical companies and others across the spectrum of care to build healthier organizations that deliver better care to patients in every setting. McKesson helps its customers improve their financial, operational, and clinical performance with solutions that include pharmaceutical and medical-surgical supply management, healthcare information technology, and business and clinical services. For more information, visit www.mckesson.com.

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