

## Managing Observation: The Value of an Observation Unit

Carol Teets

*Lehigh Valley Health Network, Carol.Teets@lvhn.org*

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# Managing Observation: The Value of an Observation Unit

Lehigh Valley Health Network, Allentown, PA

## Background

The Two Midnight Rule poses a challenge to hospitals and healthcare consumers:

- Hospitals are reimbursed at a lower rate for observation (OBV) status patients.
- Patients with Medicare Part B are responsible for 20% of their entire observation visit.

Prior to the initiation of a designated Observation Unit, these patients were scattered throughout the hospital. As a result, testing and treatments were often delayed leading to an increased length of stay (LOS), constrained bed capacity and financial loss.

## Goal

Design a process to improve the overall management of observation patients, provide a cost savings, decrease bed capacity and improve LOS.

*In January, 2014, a 32-bed closed observation unit opened to care for emergency medicine and hospital medicine observation patients.*

## Process

4 Key Strategies to improve overall management of observation patients:

1. **Education** provided to nurses - Care of OBV patient
2. **Designated Unit** - Bed management instructed to assign all OBV patients to 5C
3. **Provider Coverage** - Staffing Model Redesign  
8am-4pm: two hospitalist Advanced Practice Clinicians (APCs)  
5pm-11pm: unit cross-coverage  
7am-1am: one emergency department (ED) APC
4. **Daily Rounds**

10am collaborative rounds to discuss each patient's plan of care and discharge needs

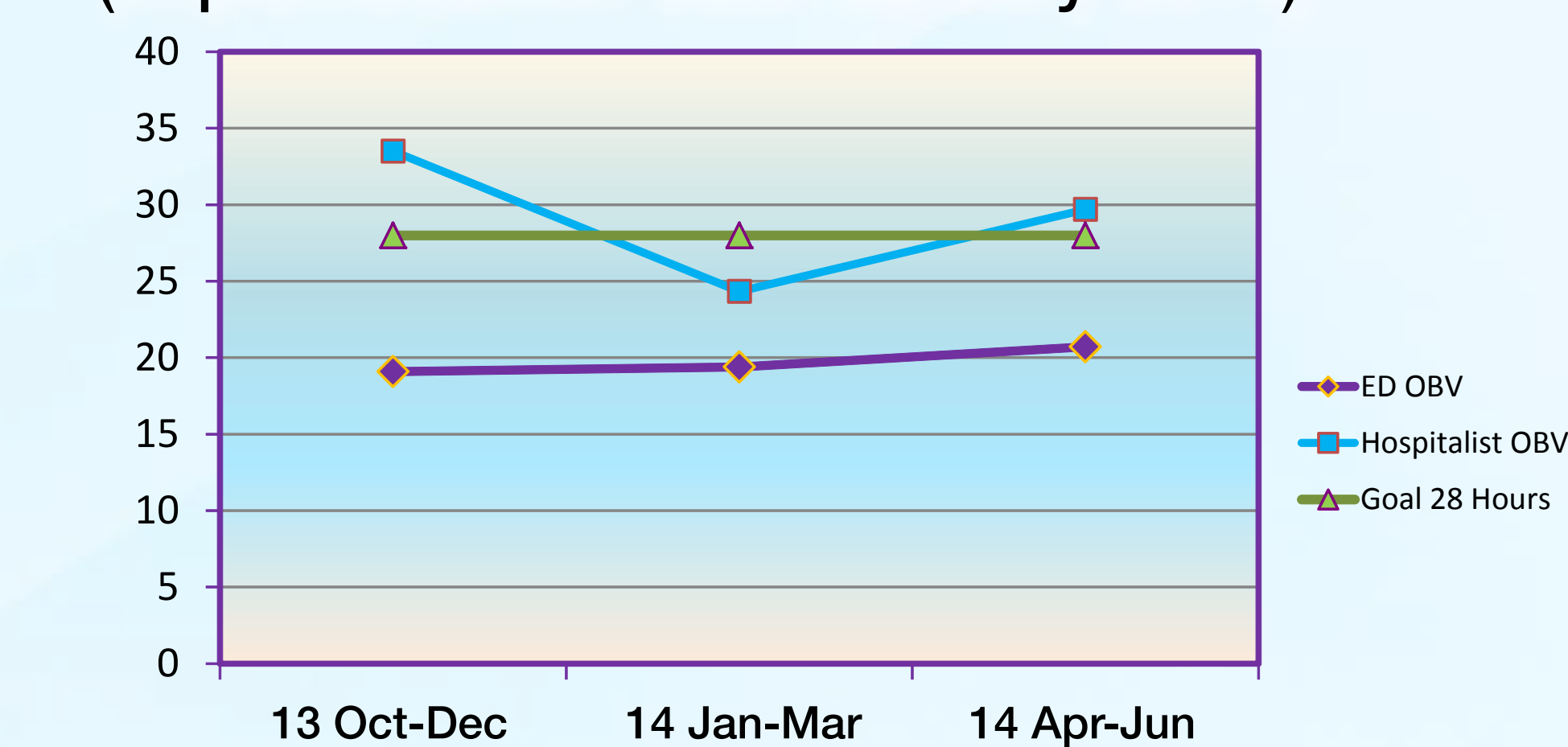
Participants include:

- Unit APCs
- Case Manager
- Registered Nurse (RN)
- Unit Leadership

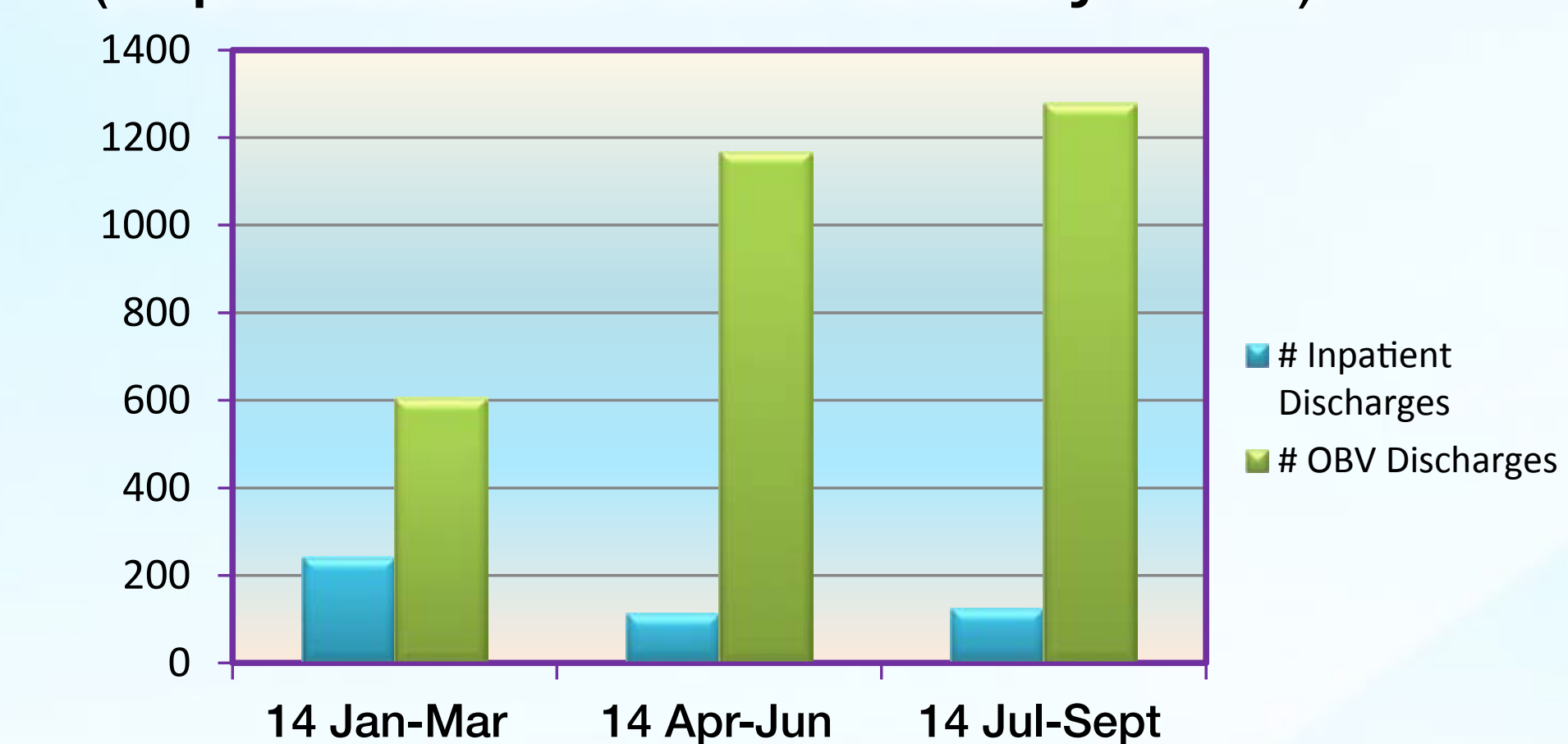
## Outcomes

January through July 2014	
Advanced ED Pull Time	51 minutes
Total OBV Patients	3680
1/3 of Medical-Surgical ED admission volume	

ED Physician vs. Hospitalist - Impact on 5C LOS  
(Implementation Date: January 2014)



Inpatient vs. Observation Discharges  
(Implementation Date: January 2014)



## Next Steps

- Continue to improve LOS, educate and develop staff; collaborate with other specialties, and develop inclusion/exclusion protocols

### References:

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- 2 CMS (2014). Retrieved from: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/FY2014-IPPS-Final-Rule-Home-Page.html>.

