

# CUTTING COSTS, IMPROVE EFFICIENCY IN THE OR

Precisely monitoring surgical expenditures while efficiently managing personnel and resources can save hospitals millions of dollars.

"Hospitals are starting to look at the operating room as a major area for improvements, so we're seeing a greater number of CEO-driven initiatives to optimize their operations," says Todd Cozzens, president and chief executive officer of Wakefield, Mass.-based Picis, a leading health care software company.

So far, more than 700 organizations are using Picis solutions to electronically track and evaluate surgical costs, calculate charges and bill patients. And they're reaping excellent results.

## Tangible Benefits

For example, by leveraging Picis' OR Manager to more efficiently track the materials used during surgery, Northern California's **Sutter Tracy Hospital** is able to submit claims to insurers more quickly. Plus, it has virtually eliminated the hundreds of thousands of dollars in late charges it was losing each month. Sutter Tracy is among the 10 Sutter Health hospitals leveraging OR Manager.

The Picis technology also enables **Lexington Medical Center** in West Columbia, S.C., to capture more than \$500,000 annually in charges that previously would have been lost.

Across the country, many hospitals are using OR Manager to accurately project how long operating rooms will be occupied, ensuring more efficient scheduling. And by blending OR information with hospitals' material management data, OR Manager enables vendors to receive automated supply updates to ensure there's always adequate inventory in stock.

In addition to OR Manager, the Picis CareSuite product line includes several other components such as:

- **Preop Manager** automates the pre-anesthetic evaluation so anesthesiologists can properly measure a patient's condition prior to surgery.
- **Anesthesia Manager** automates documentation for intraoperative and postoperative anesthesia activity.

- **PACU Manager** electronically captures vital signs and physiologic patient information in the post anesthesia care units.

"Picis is very clinically focused and spends three times as much on research and development as our nearest competitor," Cozzens says. "We're leveraging the work of 120 application developers and putting every dime back into the development effort."

The company also has several physicians on staff and approximately 30 operating room and intensive care unit nurses. Such specialists can closely relate to health care customers and are able to better understand their needs.

## Improving Efficiency

The benefits Sutter Tracy Hospital is reaping from implementing OR Manager are significant. Part of Sutter Health's network of 28 acute care facilities, the hospital is using the application for such functions as operating room scheduling, billing, and managing statistics to deliver custom reports.

Many payers require providers to file claims within five days after surgery. Missing that window can result in late fees or claims being rejected.

"Before, we were seeing about \$400,000 a month in late charges because of delays in receiving surgical supply information," says Wendy Maihack, a registered nurse and Sutter Tracy's clinical leader for the Picis project. "But after we started billing in OR Manager, the monthly lost charges dropped to \$200 or less."

The savings resulted from the hospital's ability to more quickly and accurately record its use of supplies, leading to the rapid submission of claims. The process is slowed when hospital personnel operate in a paper-based environment and have to go through the painstaking and error-prone procedure of keying inventory codes into a billing system for each item accessed during a procedure. OR Manager streamlines the process because the supply codes and charges already are built into the application.

The software also slashes the time normally required for record keeping, enabling hospital staff to

# CLINICAL AND ADMINISTRATIVE SPECIALIZED SOFTWARE

produce 10 monthly statistical statements within an hour, Maihack says. Some of the reports contain more than 400 user-defined fields; without OR Manager it would take one person manually gathering data a week to complete the work, she notes.

"This technology allows us to efficiently supply information to our central office when it wants to learn how long it takes Sutter Tracy to do a specific procedure, and how much equipment and personnel is required for that activity," Maihack says. "And if an auditor comes in, we can immediately access all requested cases."

Swiftly tracking and accessing data is vital to any effort to optimize the use of staff and facilities, she notes. By monitoring how long it typically takes a particular surgeon to complete a specific procedure, for instance, Sutter Tracy is able to more accurately book operating room time.

This precision helps to avoid the backlogs that can result when a doctor spends longer in an operating room than planned. It also enables the hospital to better determine personnel and equipment requirements.

Sutter Tracy also interfaces OR Manager with its materials management system for efficient inventory control. When items intended for a surgery are entered into the network, the supplies are electronically decremented from a materials list and automatically reordered.

OR Manager helped the hospital reduce its lost and late charges by 95% within the last year.

## Providing benchmarks

A similar desire for more accurate billings and operating room efficiencies led 292-bed Lexington Medical Center to implement OR Manager in 2001.

The automated accounting system enables Lexington Medical Center to capture at least \$500,000 to \$700,000 annually in charges that previously would have been lost, says Tammy Grubbs, Lexington Medical clinical systems coordinator. "It would be very difficult to keep up with this tracking in the paper-based world," she notes.

This monitoring of inventory used during surgery is enhanced through data analysis, Grubbs says. After an implant is performed, for instance, the center can run a report that details the number of implants that occurred over the previous 30 days, and then

electronically compare that figure to its complete record of implant charges for the month to root out inconsistencies.

The medical center also is able to speed up its billings by having charges electronically sent into its accounting system, rather than relying on staffers to key in data.

"Certain payers have a tight timeframe for getting your charges to them, and in a manual world, we would have to look into extending that window, or hiring more people to do charge entry," Grubbs says. "Now we can meet the requirements and not have to hold up a patient's account as we wait for surgery charges to be recorded."

For optimal operating room scheduling, OR Manager gathers data on a surgeon's last 10 operations. It ignores the procedures that took the longest and shortest to complete, and uses the average of the remaining eight as the benchmark for future bookings.

Having already gone paperless with its outpatient reports, Lexington Medical Center expects to use OR Manager to eventually add a paperless inpatient reporting system. In addition to functioning as an auditing tool, the application also is enabling the center to optimize all surgical-related operations and to catch record keeping errors before they occur, Grubbs says,

## CONTACT INFO

For more information, contact Picis at 781-557-3000 or visit [www.picis.com](http://www.picis.com)

