DETERMINING THE IMPACT OF PROSPECTIVE REIMBURSEMENT ON SHAPING INFORMATION REQUIREMENTS IN HEALTH CARE

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Abstract

The implementation of prospective reimbursement will demand innovative and comprehensive changes regarding health care information requirements. Information architecture must address the total health care delivery system in a holistic manner. Administrative/Management practices, clinical behavior and overall resource planning will be impacted. This panel discussion evaluates each of these needs and proposes alternatives for the future.

Introduction

Prospective reimbursement introduces a force for radical change in the health care delivery system. The move from retrospective to prospective payment has profound implications for each component of the system. Several primary areas for systems planning will be evaluated in this discussion. Management practices, administrative procedures, physician clinical behavior, financial resources, information architecture and reporting will be analyzed. Each panel member will address one segment, with discussion of each topical area designed to provide creative information strategies.

The discussion segment on management practices will be presented by Robert B. Fetter, Ph.D., Professor and Director, Health Systems Management Group at the Yale School of Organization and Management. Dr. Fetter will review the evolution of prospective reimbursement including current trends, with applications for management reporting. In particular, Dr. Fetter will provide insight into the change in management style required by the Diagnosis Related Group product oriented approach. From his research and consulting experience, Dr. Fetter will introduce reporting concepts such as case-mix accounting and DRG decision-support systems. This topic is designed to establish the framework for management awareness of changes required.

Requirements for administrative planning and procedures will be articulated by Charles B. Mullins, M.D., Executive Vice-Chancellor for Health Affairs at the University of Texas System. This discussion segment will focus on the formulation of administrative strategies to cope with prospective payment. Dr. Mullins will identify administrative directions for planning, budgeting and resource analysis which are anticipated to meet with future needs. From the perspective of an administrator and physician, Dr. Mullins will integrate his skills to develop awareness of the total impact of prospective reimbursement on the health care delivery system. In this manner an administrative orientation to new methods of resource evaluation will be achieved.

New criteria for physician clinical behavior will be developed by Paul Y. Ertel, M.D., Clinical Professor of Pediatrics and Faculty Associate in Center for Utilization of Scientific Information, University of Michigan at Ann Arbor. Dr. Ertel will concentrate on the ethical criteria suggested by prospective reimbursement. Other clinical considerations reviewed will include parameters for testing, treatment and admissions/transfer/discharge decisions. In addition, Dr. Ertel will also provide information from his research and consulting regarding coding requirements and prospective payment incentives/disincentives for physicians. This discussion segment will define behavioral guidelines for clinical care.

The financial impact of prospective reimbursement will be the discussion segment presented by Park Haussler, C.P.A., FHFMA, Chairman of the Healthcare Financial Management Association and Senior Vice-President of Erlanger Medical Center in Chattanooga, Tennessee. Mr. Haussler will contrast the primary differences between retrospective and prospective reimbursement systems, and outline the changes required in financial planning. Other topics reviewed will include the necessity to integrate medical records, utilization review and financial systems into uniform reporting, as well as current reporting regulations. In addition, Mr. Haussler will provide an overview of the current direction of financial reporting requirements, and the impact on healthcare financial stability. In this manner the most recent developments in the financial implications...
of prospective reimbursement will be evaluated.

An outline of the technical requirements for monitoring costs and quality will be the discussion segment developed by Ned Troup, M.B.A., C.D.P., and partner with Arthur Anderson and Company in Pittsburgh, Pennsylvania. Mr. Troup will comment on the requirements for product line costing which are implied by prospective reimbursement. Information will be provided concerning the mechanics of standard costs systems for hospitals, as well as the means by which practice patterns and quality assurance indicators may be reported. Mr. Troup will provide specific illustrations from his consulting experience regarding the implementation of these categories of medical information. This discussion segment will provide some specific applications for information to comply with prospective reimbursement.

The general information architecture requirements for prospective reimbursement will be the discussion segment illustrated by Ross Hammarstedt, M.B.A. and International Business Machines Health Industry Advisory Representative in Seattle, Washington. Mr. Hammarstedt will develop his conception of the exponential change in health care information requirements. He will review what is termed the MEGA-Hospital Information System, and the future resources required to support this system. Specific topics which will be covered are strategies for positioning, key technologies and new applications areas. Through this evaluation Mr. Hammarstedt will formulate information architecture requirements for the future. The purpose of this discussion segment will be to identify the direction of information resources needed to support prospective reimbursement.

Summary

The most immediate impact which prospective reimbursement will have on the health care delivery system is costs. While delivery of quality care must become more efficient and effective, proper information must be developed to support new forms of operation. To maintain financial survival, health care professionals must apply integrated information strategies to meet what have formerly been autonomous needs. Without accurate information at a reasonable cost, health care institutions will have difficulty in complying with the mandates of prospective reimbursement. This panel discussion will present some important topics for developing cost-effective information strategies for addressing the needs of the healthcare environment of the future. The first information requirement for cost-conscious healthcare is an educated awareness of the issues.