Why Observation Units Work

Whether it’s the “Y-Model™” or the “Triple Aim Triangle,” dedicated observation units deliver against the goals. When structured and staffed properly, observation units provide an environment that will deliver a higher level of clinical supervision to patients, limit your short-stay inpatient exposure, and decompress your emergency department.

The Clinical Impact
Our experience demonstrates that while patient volumes in our ED grew dramatically, the implementation of a dedicated observation unit in collaboration with our client hospital led to significantly improved ED flow and an immediate increase in patient satisfaction for the cohort of observation patients who previously would’ve been boarded in the ED. A lagging but important indicator of success is that overall patient satisfaction in the ED followed, likely due to the increase efficiency.

**Will it Negatively Impact Revenue?**

While “Observation Status” typically is reimbursed at a lower level, it is likely a more appropriate status for many short-stay admissions. In the world with a “2 Midnight Rule” looming, you may avoid costly denials, and a dedicated unit with a lower cost of care and shorter length of stay, the opportunity for positive margin is likely.

In the example above, a patient presented to the ED with chest pain:

- If this patient is admitted under this “symptom,” the DRG is likely $3,000 and all services are included.
- In “observation status,” the evaluation continues and repeat troponin or a stress test can be performed, granted under a lower CMS payment, but the services are billable events. Further, a determination can be made immediately if the patient is stable enough to be discharged, or if this evaluation/observation period confirms an Acute MI, the patient can be admitted to the hospital under the more appropriate diagnosis DRG.
Emergency Medical Associates has a robust model for developing, staffing and managing observation units that:

- Deliver exceptional care
- Create an environment that increase patient satisfaction
- Drive operational efficiency in your hospital
- Help your hospital avoid inappropriate short stays
- Reduce your risk of denial
- Increase your hospital’s Case Mix Index

Observation unit development and management is just one example of the innovative, quality services our clients have come to expect over our nearly 40 years of managing EDs. To request a proposal or receive additional information about Emergency Medical Associates’ management services, call (877) 692-4665 or email info@ema.net.