SYNOPSIS

KEY POINT SUMMARY

OBJECTIVES

The objective of this article was to highlight and make a clinical and business case for observation units in EDs in the United States.

Emergency department observation units: A clinical and financial benefit for hospitals

Baugh, C. W., Venkatesh, A. K., & Bohan, J. S. 2011 | *Health Care Management Review*. Volume 36, Issue 1, Pages 28-37

Key Concepts/Context

The authors indicate that half of inpatient admissions in the United States come from Emergency Departments (EDs). This number is likely to rise in the coming years as the population increases and ages. Some hospitals have established ED Observation Units (EDOU) to manage patients who need further diagnostics and observation pending a decision to admit. Yet the trend has not caught on. This article presents a review of literature to make a clinical and business case for establishing EDOUs. The literature was found to indicate that EDOU care contributes to more effective clinical decision-making and the generation of higher revenue than the same patients would if admitted and then discharged.

Methods

The methodology used in this study involved a synthesis of literature to emphasize the clinical and financial attributes.

Findings

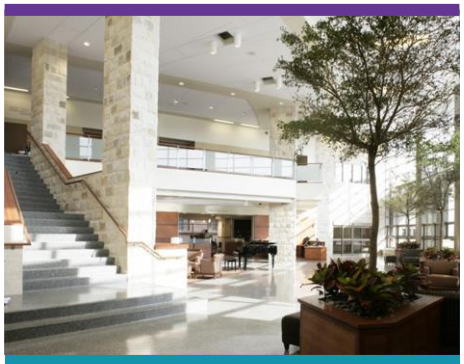
The clinical case:

- The literature indicates that EDOUs were first built as chest pain centers so that low-risk patients could be ruled out for incidents of acute coronary disease and inpatient admissions could be avoided.
- EDOU care has been effective in clinically managing cocaine-related chest pains, acute atrial fibrillation, transient ischemic attacks, acute decompensated heart failure, and other diagnoses.
- Observation care in the ED has other clinical advantages when compared to inpatient admission – increased patient satisfaction and patient safety.

- Increase in specificity and sensitivity of ED patient management is another advantage of observation care in EDs. Observation care in the ED allows for more time in the ED for more accurate diagnostics and subsequently a more effective decision for either admission or discharge.
- Using an EDOU for 24 hours versus a longer inpatient admission subjects patients to fewer hours of exposure to the hospital environment and the risk of infections, falls, medication errors, etc.

The business case:

- EDOUs have the ability to deliver and reduce risks by effective usage of resources.
- When a patient is discharged, their initial visit and stay in the ED is regarded as an outpatient visit; the expenses for laboratory tests, medications and radiology tests are billed as fee-for-service according to the ambulatory payment classification. An EDOU stay is advantageous because after eight hours of observation, insurance companies generate separate billing codes for the EDOU stay and the ED visit. This generates higher payments.
- For hospitals operating at full capacity, the use of an inpatient bed for a patient who needs observation results in the loss of revenue that would have been earned through a transferred or elective surgery patient.
- Moving patients to an EDOU opens up space and resources in overcrowded EDs.
- Costs associated with an EDOU:
- Fixed costs: Staffing is the biggest fixed cost in an EDOU. One nurse in an EDOU can manage more patients than in acute care or an inpatient unit.
- Variable costs: The costs of charting, linen, housekeeping and other consumable resources used by the patients are relatively insignificant.
- Opportunity costs: Opportunity costs are opportunities for profit that are lost. In the case of EDOUs, opportunity costs would be generated for non-utilization of an EDOU. In the case of a hospital operating at full capacity, using an inpatient bed for a patient who could be observed creates an opportunity cost because more profitable patients are deferred.



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Limitations

The authors identify the following as limitations of this study:

- Selection bias – Publication bias and positive results bias may have influenced the selection of articles for the study.

Design Implications

This study implies that having an observation unit in an emergency department has advantages on both the clinical and business fronts.

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