

**It's A Small Piece of the Pie,
But You're Left Craving More Without It:**

**Psychiatric Programs Can be Top
Performers In Your Hospital's Menu of Services**

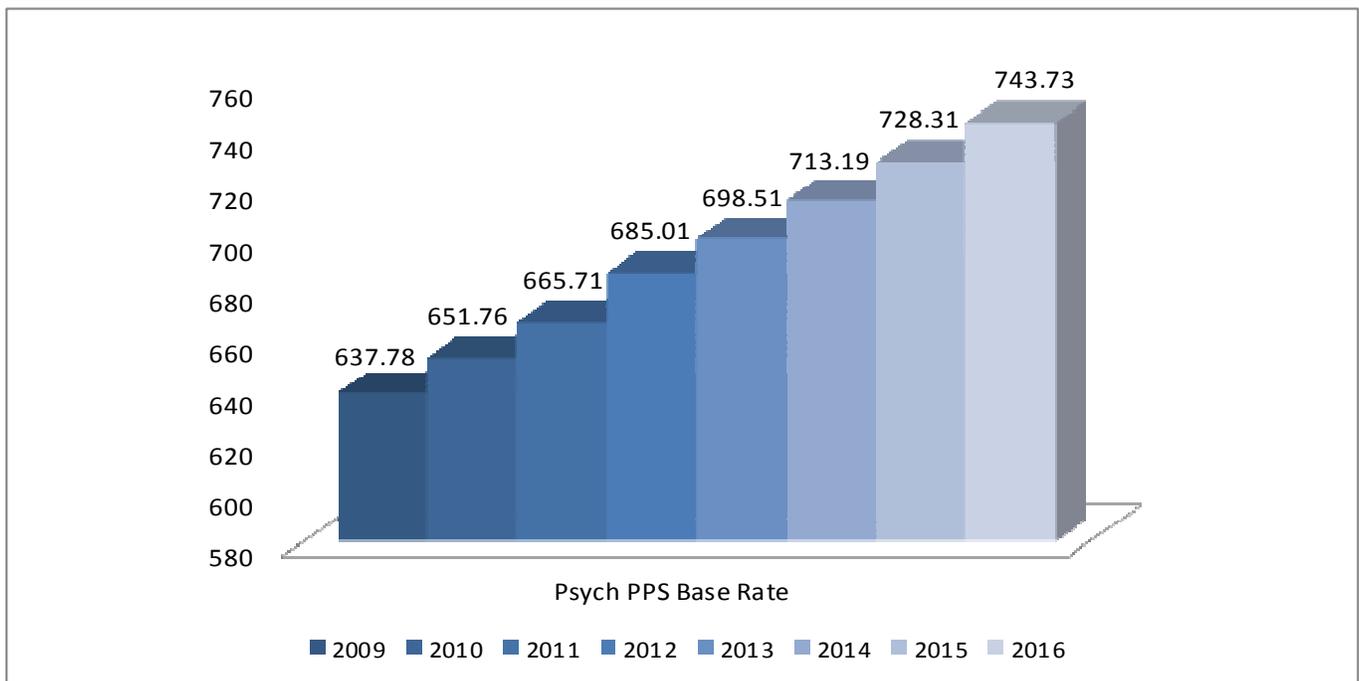
White Paper
Prepared by Horizon Health Behavioral Health Services



CLINICAL EXCELLENCE IN BEHAVIORAL HEALTH

Psychiatric Services as Part of the Menu

Hospital executives are challenged with expanding services and exploring new product lines to ensure that patient needs are met while still maintaining a healthy operating margin. Many hospitals avoid psychiatric services because of the challenges involved with a complex patient population and want to ensure the return on investment makes these services worthwhile. Providing behavioral health services creates a tremendous opportunity for hospitals that want to offer something unique and essential in their community. Medicare reimbursement updates to inpatient psychiatric services have been favorable with base rate increases each year.



Critics Review

There are many factors that impact the payment for psychiatric programs. Evaluating these programs requires specialized expertise because psychiatric reimbursement does not emulate that of the discharge based methodology that is used in the acute care setting. Horizon's experience in managing psychiatric programs has revealed several recurring issues that affect the financial performance. Often providers cap the census to appease nursing staff or physicians. Other times, they put a cap on the length of stay. These tactics can have unfavorable patient care and financial implications. A lack of understanding the minutiae of how the reimbursement is determined can have a detrimental effect on the financial performance of the program. A detailed financial review can identify opportunities for improvement in many different areas.

One aspect of the financial review is financial benchmarking. This is a first step in identifying opportunities that will promote financial profitability and obstacles that may prevent the psychiatric program from being a top performer. Horizon has the unique advantage of having hundreds of clients (both current and former) from which to compare financial benchmarks. Areas to specifically focus on from a financial perspective include, but are not limited to, the following:

- Case Mix
- Payor Mix
- ALOS
- Nursing Hours Per Patient Day
- Contribution Margin

A Five Star Experience

Providers are constantly striving to improve their finances, operations and quality. Many patients who miss out on care do so because of lack of access to appropriate healthcare. A financial review of an existing or proposed psychiatric program is the first step in fully addressing the needs of your community. Shifting the psychiatric emergency care to a psychiatric focused program can improve patient outcomes and overall operating results. A detailed financial review will quickly identify areas that fall outside of established benchmarks and a determination can be made on how to begin turning your psychiatric program into a top performer in your menu of hospital services.

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