Facility Closure: How to Get In, Get Out, and Get What Is Important

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Abstract

This article examines the current state of affairs of the health information management role in facility closure as well as the impact on revenue cycle operations. Health information management professionals are uniquely positioned to assist an organization in closure efforts because of their knowledge of revenue cycle operations, ability to work with the software products used to generate and store patient information, and solid understanding of the process of care and treatment of the patient. This information is integral to ensuring that patient information in a variety of formats and locations is properly secured and saved so that it will be available to patients and caregivers who need it after the facility closes. This article also goes into detail concerning some of the financial tasks required to be completed when a facility closes because the required data come from coded information or, in the case of the Worker Adjustment and Retraining Notification (WARN) Act, affect how employees will be compensated. This article provides a detailed look at the process to help guide other health information management professionals in a diverse set of care environments in the process of facility closure.

Keywords: facility closure; records management; file continuity

Introduction and Significance

Facility closures are likely to become more common in the next few years as the need for inpatient services is replaced with an expanding variety of outpatient care options. With more options available for outpatient, specialized, or targeted care, inpatient visits are expected to decrease, thus leading facilities with inpatient beds, such as acute care or long-term care hospitals, to close. Ambulatory surgical centers and physician offices are rapidly becoming able to perform procedures on an outpatient basis that were traditionally considered inpatient procedures. A one-month recovery period for a hip replacement is now one week, and research shows that patients recover better and more quickly at home. Medical research and advances in technology are allowing procedures to be less invasive and provide better options for recovery that cater to the best possible outcome for patients, which also tends to decrease inpatient hospital stays.[1]

Rural hospitals are especially vulnerable to closure due to payment cuts because of their smaller operating margin. A recent report on indicators describing hospital performance shows 673 rural hospitals that are currently at risk for closure, and of the 673 hospitals identified, 68 percent are critical access hospitals (CAHs). CAHs have to meet specific criteria to be qualified to receive funding through Medicare, such as maintaining no more than twenty-five inpatient beds and having an average length of stay of 96 hours or less per patient for acute care. Fifty-three percent of the rural hospitals identified are in locations that have little access to or availability of healthcare services.[2]

Despite this changing direction of care trends, the available literature reveals that relatively little is known about how the facility closure process is carried out by health information management (HIM) professionals and the impact of this event on the revenue cycle functions in healthcare. Consequently, this article aims to describe the facility closure process for HIM professionals and describe the impact on revenue cycle operations based on the recent experiences of our organization. The resulting information is being provided to advance the HIM body of knowledge for practice.

Background

In the last quarter of 2015, our organization announced that it would close one of the acute care hospitals in a local market. The residents in the community and surrounding areas had already established a care path to the hospitals in local cities before the hospital was purchased by our organization six years ago. Changes to the hospital at the time of purchase included a new geriatric behavioral health unit, investments in new technology and medical equipment, and a campaign to actively recruit physicians to the area in an effort to persuade residents to stay in the county for their healthcare needs. When market conditions did not improve by 2014, we reduced services, focusing on emergency and outpatient services, including surgery, imaging, laboratory, rehabilitation, and infusion services, as well as maintaining the geriatric behavioral health unit. These changes to the business plan and the remodel of the facility to offer more modern services were not enough to bring in the number of patients needed for the facility to remain open, so we had to close the facility at the end of 2015.

Methods

Pre-work

There is work to be done before the facility closes to ensure that patient health information is secure and that revenue cycle operations can close properly. The HIM professionals in charge of planning the facility closure will need to work with the leadership of the appropriate departments, such as compliance, legal, risk management, and information technology, to determine what legal requirements are tied to the facility closure. These federal, state, accreditation agency, contract, and local requirements could determine such things as advance notification requirements to the community or specific announcements to vendors explaining the situation.

A press release will need to be sent out to ensure that the community members are aware of the closure and know where to find services, how to settle outstanding bills with the facility, and how to get copies of the medical record after the facility is closed (see Appendix 1). This press release should be vetted by organization leadership involved in the facility closure. We would recommend providing more than one way to request medical record copies, especially if the parent organization does not have a footprint in that geographical area. This press release should be sent to the state hospital association, the local health department, the local acute care hospital HIM departments or physician offices that referred patients to this location, and the medical board. State agencies could be contacted by patients or physicians after the closure, and making these agencies aware of the change will assist them in directing inquiries to the right location. Displaying the press release in the local newspapers, on the local news stations, and on the facility website is part of doing due diligence in making the community aware of the closure.

It is important to work with the information technology department to do an inventory of the systems that store and contain patient information. Determining whether the legal health record copy, considered the source of truth, is paper, electronic, or hybrid will help ensure that the legal health record and designated record set elements are contained in the medium of choice when the facility closes. The electronic systems designated as containing information that will need to be retained per organization policy should be the subject of a plan that includes maps of the workflow before and after the closure to assist with estimating resources, a description of how the system will be transitioned after the closure so that it can be walked through in detail with department leaders to ensure understanding, a list of users and access requirements, and a plan for validation of the patient information if it is being archived to ensure that it is in a format that can be used as the legal health record copy or source of truth if it is not a paper repository.

If the choice is made to work with paper records as the legal record repository or source of truth, then a decision will need to be made as to whether the paper records will be moved to another facility in the organization, will be stored with a vendor, or will be turned over to the local health department. The process for accessing these copies will need to be mapped out before and after the facility closure to demonstrate how the process will change. Instructions on how to access these copies after the facility closure will be helpful in creating estimates of how much extra work (if any) will be involved in the change so that staffing levels can be adjusted accordingly. These steps will also provide the information needed for the press release that is distributed to announce the closure of the facility.

Any open requests for release of information should be dealt with to ensure that all requested information that is appropriate for release can be released before changes to access or technology could temporarily prevent access to that information after closure. Any remaining deficiencies in patient charts should be addressed while medical staff members are available to work on chart completion. Access to these staff members might be limited or nonexistent after the closure of the facility. This step

will ensure that patient information is as correct and complete as possible. Administrative closure may need to take place in instances where the designated care provider or a partner in the practice is unavailable to complete the patient record. Coding, audit appeals, and RAC (Recovery Audit Contractor) correspondence should also be completed while medical staff and other staff members are available to complete any necessary documentation or conversations. It is important to ensure that the coding is current so that there will not be a staggering outstanding DNFB (Discharged Not Final Billed) number at the time of facility closure, which would increase the amount of accounts receivable that would need to be addressed later.

As part of the revenue cycle functions involved in the pre-work for facility closure, we identified the need to define the elements that go into the calculation for accounts receivable. Having an understanding of the elements used for this calculation in manual or electronic systems will help to ensure that it remains consistent with the previous calculation when or if monitoring of it is moved to a new electronic system after closure. A strategy will need to be identified for winding down the accounts receivable balance within a time frame acceptable to the organization (see Appendix 2). Insurance payer contracts will need to be closed out, addresses will need to be changed with payer organizations to ensure the continuity of contact after closure, and any follow-up or reporting requirements to close the contract will need to be identified so that compliance with those requirements can be monitored before and after closure.

A physical walk-through should be planned for the facility that is closing, with all department leaders involved in the closure process. After the facility closes, a walk-through and check for any paper records, administrative records, or financial records that are in drawers, file cabinets, or desks; stuffed into closets, above ceiling tiles, behind immovable medical equipment, or into trash cans or shred/recycle bins; or shoved into elevator shafts and other locations where legally protected information may be missed by a service coming in to scan or pick up paper records. The information technology group will need to send in someone who can check all electronic devices for memory chips, hard drives, and removable storage devices that could contain facility-specific information. This process is part of reasonable efforts taken to ensure that records are not left behind and that all legally protected health/financial/administrative information is disposed of correctly.

Walk-through

Teams representing each department involved in the facility closure will need to be on site either on or after the closure date to ensure that all of the paper information pertinent to a patient visit is correctly identified, classified, and dealt with according to the organization's bylaws, policies, and procedures. Even if the facility is considered a paper-free environment, there will still be paper that needs to be sorted through before ownership of the facility is turned over to someone else or the building is condemned. Interdisciplinary teams should be created to search, sort, and be a liaison between groups. The first team consists of administrators, who are on site to carry messages between groups, make decisions if a group is stuck, record what is found during the search, and provide access to areas that may need a higher level of access. The second team consists of multiple groups that search different floors, units, or locations depending on how the work can be logically divided among the teams. Another group consists of representatives from the legal, compliance, HIM, and risk management departments, who remain in a central location and sort through the paper found to ensure that it is classified correctly. The search teams in our scenario alternated floors for their search. Once a room was searched, it was marked with the initials of the first team, a different team would then perform a second pass, and the administrators would check with the teams to record what was found in each location along with any changes in status, such as a broken window reported during a second search that was not recorded during the initial search. The paper found in each location was given to the employees performing the sort in a central location, and anything not necessary to keep was shredded. We discussed incinerating the trash to ensure that any patient health information that may have ended up in the trash was also destroyed. All locations on the property, even if not physically attached to the facility, should be searched to ensure that patient health information is not left behind.

Assistance from the lab, radiology, and pharmacy departments may be necessary in the facility walk-through. There can be harmful chemicals, equipment that should not be touched, radioactive materials, and pharmaceuticals that are not secure. The expertise of staff in these departments is needed to identify areas that should not be entered without protective gear, to catalog items that have been found, to lock up or sequester items that should not be touched, and to dispose of anything harmful. Because of the potential to uncover something unsafe during the facility walk-through, those departments could be excluded from the search parameters until qualified staff can arrive to search and inventory those departments.

In addition, it is necessary to determine if the site assets, such as purchased equipment, will be retained, sold, or passed to the new owner of the site. This determination affects the balance sheet for the facility and the parent organization. Transportation and pickup of these items will need to be arranged after closure if site assets will be kept, and a plan for reusing or storing

them is needed. For certain items, such as hardware, care must be taken when putting them in storage for any length of time. Storing a server for a year could mean that it is on its way to being obsolete by the time it is retrieved for use.

Table 1 provides a checklist of the types of information that should be reviewed and classified by each team during the walk-through.

Table 1: Material to Be Reviewed and Classified during the Walk-through before Facility Closure

Material Type	Detail
Legal	This information included contracts, certificates, deeds, bonds, legislative act compliance, notarized documents, court writ or process, subpoena, or documentation of compliance with any law passed by a competent legislative body in municipal (domestic) or international law.
Manuals	User manuals for software, hardware, medical equipment, or processes used should be kept according to the facility bylaws. The compliance department in our case was assigned to sort through these items, keep those that were pertinent, and distribute them to the specific departments to which they applied.
Marketing/organizational branding	Information used for branding the facility such as posters, items that have the brand on it that are given away (hand sanitizer, stress balls, etc.), or blank forms with the brand on it could be reused in the organization. The decision as to whether items are useful to keep can be made by the marketing, branding, or public relations teams.
Human resources	Applications, personnel files, progressive discipline records, certification records, and other information specifically about the individual staff members was kept for the human resources department to sort through to determine what was appropriate to keep.
Health information management (HIM)	Any information concerning the patient care or treatment that had protected health information on it or contained information specifically concerning the payment for services was reviewed by the HIM staff to determine if it was appropriate to keep with the patient record.
Finance	Tax information, records of sale, receipts, payments, allocation of funds, and other financial records were analyzed by our finance experts to determine if we needed to keep the information as part of requirements for maintaining financial records.

After Closure

After the facility closes, there is still work to be done. These tasks will need diligent follow-up to ensure continuity of services and quality of the information provided to those involved with the facility closure. These tasks will include following up with activities such as deficiency maintenance on site, filing any loose paper record information, and ensuring that all patient record information is routed appropriately. Monitoring financial indicators to ensure that accounts receivables dollar amounts are trending down over time and that timely provision of such things as a terminating cost report to Medicare five months after closure is happening as planned will keep closure activities on schedule.

The Worker Adjustment and Retraining Notification (WARN) Act

The Worker Adjustment and Retraining Notification (WARN) Act requires healthcare providers to give 60 days of advance notice to employees in the case of a facility closure or mass layoff.[3] This requirement can pose a unique issue when a healthcare facility is closing. How do you ensure that the employees keep coming to work and that they perform to the best of their ability for patient care until the facility closes? North Carolina does not specify any specific riders or additions to the WARN Act to ensure salary or benefit transition during the closure as other states do,[4] but our organization decided to pay employees and continue benefits for 60 days after closure to give employees time to find other employment. We knew that several of our clinical, financial, and administrative staff would be necessary until the last minute to ensure that we could transition services and patient care to other local providers. We did not want them to feel a financial burden while working to the end to ensure that our patients were settled.

There is no guarantee that employees will continue to come to work or complete the tasks that they have been asked to do. Because of this, our organization helps employees transitioning out of a system that is closing. We offer career counseling/job assistance services to the employees, continue to pay them after the facility closes, continue to offer benefits, make sure they are informed of changes in dates or status of the closing, and let them know that the organization is invested in their success even though they are being let go. We don't want to sow seeds of discontent in the community by treating others unfairly. Even though our business may be finished in the area, it does not mean that this will always be the case.

Results

The results of this closure process were fascinating and gave us a deeper understanding of HIM processes and how they are tied to the revenue cycle. We also became aware of many parts of the closure process that we took for granted, such as the importance of proper disposition of the reporting and statistical information from previous systems. When we needed reports from systems that have been shut down and archived, it caused us to think through scenarios in which we would need to provide reporting information to support organizational processes that do not necessarily tie in with information from the patient health record. For example, the organization might need pricing reports, such as how much were we charging for a specific item or service at a particular point in time.

The available information in the literature on hospital closures and the activities that a HIM professional must take to successfully close a facility consisted of high-level overviews without any useful tactical information, publications that were old enough to no longer be relevant in the current healthcare climate, or studies pertaining to a specific subdomain or care type instead of the organization as a whole. We decided to record our own experiences through the closure process so that we could offer them to other HIM professionals to provide a basic primer they could follow to ensure that all requirements are addressed. We hope that this information will also spark ideas or discussions that could help the HIM professional further identify areas that need to be addressed during the closure process. The ultimate goal in the future is to begin a collection of experiences that may differ from ours as hospital closings become part of the normal landscape so that we can recognize common experiences, acknowledge and address outliers, and provide statistics that are specific to HIM professionals.

Discussion

Ensuring that patients were transferred to local facilities for continuation of care was the primary focus in the beginning of the closure process. We stopped scheduling patient services 30 days in advance of closure to ensure that neither patients nor staff were on site at or after closure. The HIM department worked with scheduling and patient access staff to check the scheduled procedure lists to ensure that any future-dated services or procedures that had been scheduled for after the closure date were moved. This process required input from all parts of the organization.

We have successfully closed the facility, terminated services, and ensured that all necessary parties were notified. We still have access to the same patient health records now that we had before the closure because of concentrated work to maintain the hybrid record after electronic patient health record systems were shut down and archived. The outstanding accounts receivable balance is still trending down, and the work to close our payer contracts was completed without incident.

Conclusion

An increase in outpatient care options, changes in reimbursement rates and care delivery patterns, the shifting sands of our economic climate, increased regulation, and staffing shortages in areas such as nursing are some of the factors that will provide difficulty for hospitals. These factors have led experts to predict that more closures are imminent in the future. Ambulatory care locations and physician offices tied to these hospitals can often be a casualty of these changes as well.[5] Therefore, HIM professionals and revenue cycle experts should know and understand what is involved with a facility closure because they will most likely be involved in this process at some point in the near future, either directly or indirectly.

Notes

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[5] Barnet, S., M. Gamble, H. Punke, E. Rappleye, E. Rizzo, and T. Rosin. "10 Challenges and Opportunities for Hospitals in 2015." *Becker's Hospital Review*. December 30, 2014. Available at http://www.beckershospitalreview.com/hospital-management-administration/10-challenges-and-opportunities-for-hospitals-in-2015.html.

Appendix 1: Sample Press Release

This is a sample press release for announcing the closure of the facility and continuation of release-of-information services. It was released in a branded format with the organization logo.

Notification of Facility Closure

As of [this date], 2015, XXXXXXXX [closing facility name] is closed. Emergency room and acute medical services will now be provided by the local care providers and larger urban care centers.

Medical Record Copies

Medical records for current and past patients will be retained in accordance with the State of XXXXXX [state name] medical information preservation guidelines. After the date of closure, the responsibility for maintenance of medical records will be transferred to XXXXXXXX [main entity of ownership], which will act as custodian of those records. After [this date], 2015, former patients can request medical records created at XXXXXXXX [closing facility] through several methods:

1. You can call this toll-free number to begin the paperwork: 1-XXX-XXX-XXXX.
2. You can mail a written request to this address: [address].
3. You can fax a written request to this fax number: XXX-XXX-XXXX.
4. You can go to any XXXXXXXX [main entity of ownership] facility to request the copies in person.

All requests for medical records must be in writing, and copy fees will not be applied for the request for six months after the calendar date of closure. Six months after the calendar date of facility closure, medical records copy fees will apply per XXXXXX [state name] law.

A copy of a release form is appended to this notice.

Appendix 2: Sample Financial Notice

This is a sample form to notify patients of the procedure for paying outstanding balances.

Notification of Facility Closure

All operations at XXXXXXXXXXXXXXX are now closed.

On [date], XXXXXXXXXXXXXXXX announced that it would close. We understand that this will impact our community and our team members, and as such, it was an extremely difficult decision.

At this time, our priority is ensuring that your future healthcare needs are met. Local healthcare providers in the area will be assisting the remaining patients from our facility in their convalescence. If you have questions concerning one of the patient transfers, please call toll-free XXX-XXX-XXXX and select option #X.

If you have billing related questions, please call toll-free XXX-XXX-XXXX and select option #X. You can also pay your bill electronically by going to this site [website URL], entering the information from your invoice, and providing your payment information.

We care deeply about the patients we have served over the years at XXXXXXXXXXXXXXX, as well as the hospital physicians and team members who have gone above and beyond in caring for this community. Unfortunately, XXXXXXXXXXXXXX was established during a very difficult time in healthcare—and despite an outstanding staff, investments in the facility and a reconfiguration of services, we were unable to create a sustainable care model.

We want to thank the members of the community who supported our efforts over these past six years—whether it was by serving on a board or committee, attending a public meeting or simply trusting us with your healthcare needs.

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