



A Division of the New York Legal Assistance Group

LegalHealth[®]
Professional Partnership to Promote Well Being

Financial Impact Study of LegalHealth Services to New York City Hospitals[©]

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I. EXECUTIVE SUMMARY

Since 2001 LegalHealth has been providing free legal services to low-income adults and children with serious or chronic illnesses at the onsite legal clinics it conducts at hospitals throughout New York City. By promoting the hospital setting as one of the primary entry points to implement legal interventions, LegalHealth serves many individuals and their families who may not otherwise have access to legal services or who are otherwise underserved.

LegalHealth's hospital partners underwrite a portion of the cost of operating the onsite legal clinics by providing a \$20,000 annual contract fee. As a part of a broader effort to understand the effectiveness of LegalHealth's model and its programs, LegalHealth engaged two independent consultants to examine the costs and benefits to the hospitals of the services LegalHealth provides to their patients. The two consultants collected data about cases handled at two major hospitals during 2004 and 2005. Of the 381 cases LegalHealth handled for patients at these hospitals during the study period, 13% generated new revenue, averaging \$11,904 per patient. The cases that generated revenue were those involving insurance and benefits matters. The study showed that LegalHealth's services resulted in \$345,222¹ in collections and \$1.3 million in billings (in the aggregate for both hospitals). Therefore, for every dollar spent by the hospital in support of LegalHealth's onsite clinic, it received \$16.00 in revenue generated from successful legal intervention by LegalHealth.

Summary Financial Data – Inpatient and Outpatient				
Hospital	Inpatient Billings	Inpatient Collections	Outpatient Billings	Outpatient Collections
Hospital A	\$280,714	\$145,979	\$187,321	\$34,779
Hospital B	\$467,973	\$149,737	\$416,769	\$14,727
Total	\$748,687	\$295,716	\$604,090	\$49,506
Total Billings	\$1,362,777			
Total Collections	\$345,222			

The study provided empirical data to our hospital partners demonstrating the value of LegalHealth's services in relation to the cost of the hospital contribution to LegalHealth. It also provided LegalHealth with evidence to present to another important audience -- prospective hospital partners that would want to know how LegalHealth could deliver quantifiable benefits to their organizations.

The study also considered whether there were other benefits received by the Hospitals as a result of the execution of advance directives for patients and training of physicians and assisting them with the completion of administrative forms or documents for their patients. Lastly, the study explored whether LegalHealth's services had any impact on the Hospitals' goodwill in the community. The consultants were unable to reach any quantifiable results

¹ This figure would most likely be higher but the study period concluded before all monies due were collected by the hospitals

given the resources they had for the study. Since the study, LegalHealth has continued to raise these questions with a pro bono consultant from Navigant Consulting, Inc.

II. BACKGROUND

During the past ten years medical-legal collaborations have become an increasingly important model for delivering legal services to low-income people who become ill. The first of such collaborations began by serving low-income children with asthma in the pediatric setting.² In 2001, LegalHealth reached outside of the pediatric unit to bring legal services to low-income adults and children with all kinds of serious or chronic conditions who interfaced with hospitals and community-based organizations. Medical-legal collaboratives are now serving a wide-range of individuals, from newborns to the elderly and the terminally ill. Integrating public interest lawyers into the medical setting has proven to be an effective way of delivering legal services to those who are most in need of advocates.

While LegalHealth's hospital partners value the community service aspect of our collaborations, many of our partners are under pressure to justify the cost of this service. LegalHealth believed, based on experience in the field, that providing legal services to patients at hospital-based clinics actually generated revenue for the hospitals, thereby justifying the cost. Impetus to formally analyze the benefits to hospitals came from several of LegalHealth's funders who believed that a formal study would strengthen LegalHealth's ability to secure hospital funding in the future.

In January 2006 LegalHealth engaged an independent consulting team consisting of professional health care consultants with significant experience in many aspects of the health care industry. Their work was supplemented by medical and reimbursement specialists. The team began work in January 2006 and spent six months (part-time) compiling and analyzing the data and writing a report.

Project Objectives

- Conduct a study to capture the benefits and costs of LegalHealth's services to Hospitals A and B.
- Develop a process to track the benefits of LegalHealth's services on an ongoing basis.
- Identify additional services, if applicable, that LegalHealth could create revenue-enhancement opportunities for hospitals.

III. PROJECT METHODOLOGY

The two hospitals selected for the project were facilities where LegalHealth had longstanding working relationships and the consulting team had professional contacts. The process of meeting with hospitals' executives to present an overview of the project, securing their permission to conduct the study and meet with relevant hospital administrative staff consumed the first two months of the project. Because the consultants would have access to

² Medical-Legal Partnership for Children at Boston Medical Center started in 1993 by Dr. Barry Zuckerman.

confidential client/patient information, confidentiality issues had to be addressed at the inception of the project. For purposes of the 2003 Health Insurance Portability and Accountability Act (“HIPPA”), the consultants would have access to “Protected Health Information” during the course of the project. In order to comply with HIPPA, each hospital required the consultants to enter into a “Business Associate” agreement to ensure that patient information was safeguarded throughout the project.

As to the access to confidential client information, the under the New York Lawyer’s Code of Professional Responsibility, “...it is not improper for a lawyer to give limited information to an outside agency for ...statistical... or other legitimate purposes, provided the lawyer exercises due care in the selection of the agency and warns the agency that the information must be kept confidential.”³ In this case, LegalHealth carefully selected the consultants to perform the study, limited their access to confidential client information, and advised them of their duty to maintain confidentiality. Since the information was given for the purpose of a legitimate statistical study, and since LegalHealth took precautions to preserve client confidences, there is no ethical or professional responsibility problem arising from the access to client information during this study.

Preliminary Database Query

LegalHealth’s attorneys record their client interactions and legal steps taken in a proprietary database called TIME. The study team first reviewed the different categories under which LegalHealth attorneys enter their cases within TIME. Each category was rated on a scale of “0 to 2,” with a “2” indicating the strongest nexus between the attorney’s work and a direct financial benefit to the hospital. Categories given a rating of “1” were predicted to yield cases for which LegalHealth’s work indirectly led to a financial or other benefit. Categories with a 0 rating (such as housing or special education) were immediately removed from consideration.

Using the TIME system, the team identified all cases initiated in 2004 and 2005 at the two study hospitals. This query produced 185 cases at Hospital A and 156 cases Hospital B. A further review of the cases extracted from the TIME system reduced the final number of study cases to 111, with 54 from Hospital A and 57 from Hospital B. At this stage, the team began the process of recording certain characteristics of each case in order to provide the host hospital with a data template to be used for the data request.

Matching TIME to Hospital Data

To determine whether a financial benefit resulted to the hospitals, the team requested each hospital to provide information relating to medical diagnosis, billing and collection amounts, insurance, and the dates of all inpatient, outpatient and clinic service for each client. The collection of this information was delayed because certain client identifying information extracted from TIME (other than the client’s name and address) was either missing or inaccurate. Many of LegalHealth’s clients do not have Social Security numbers or working phone numbers and some provide erroneous information.⁴ At this stage of the process, we

³ New York Lawyer’s Code of Professional Responsibility, EC 4-3.

⁴ LegalHealth’s customary practice for collecting patient information at the outset of the initial consultation typically relied upon either information contained in the provider’s handwritten referral slip or verbally from the patients themselves.

learned that the hospital databases could only search for patients by full name and/or Social Security number or medical record number (MRN). While date of birth also can be used, this proved to be unreliable when searching for common names, e.g., Jose Perez. As a result, common names were excluded from the study pool if the client's address or date of birth was inconsistent with LegalHealth's records.

Hospital A and B initially returned data for 72% and 56% of the requested patients, respectively. Even though this sample was sufficient for the analysis to continue, LegalHealth attorneys were able to obtain additional identifying information for 21 other clients. A second data request was submitted to the hospitals that, combined with the initial data set, yielded a return of 77% from Hospital A and 60% from Hospital B.

A closer review of the attorneys notes for this group of cases resulted in a further reduction of the number of cases included in the study. For example, several matters that were categorized as "Medicaid" were, in fact, matters involving home healthcare services which, if paid by Medicaid, would benefit the home healthcare agency, and not the hospital. Other examples of cases eliminated at this stage were those categorized as "Immigration" if the TIME notes revealed that the actual client was a family member of a patient of the hospital.

Once the final 74 study cases were identified, the team charted the hospital billings and collections from the point in time following the successful legal intervention. In analyzing the variance between the hospitals' collection rates, the team theorized that in addition to the differing patient demographics and disease mix, each hospital might operate on different revenue cycles and accounting procedures. An additional theory was that the payor mix might have been different at the two hospitals. Medicaid, for example, reimburses providers much more quickly than other insurers. Lastly, hospitals have different contractual rates from third party payors.

IV. ANALYSIS OF DATA

In total, of the 54 patient files requested from Hospital A, 40 files were delivered to the study team. After conducting a lengthy search, Hospital A's Information Technology Department was unable to identify 14 LegalHealth clients from the team's list as their patients. The study team encountered the same situation at Hospital B, where 34 files were delivered out of the 57 that were requested.

Total # of LegalHealth Client Records Requested = 111

Total # of LegalHealth Client Records Delivered = 74

LegalHealth Issue (TIME)	TIME Code	# Requested (A)	# Retrieved (A)	# Requested (B)	# Retrieved (B)
Medicaid	51	21	16	33	23
Immigration/Naturalization	81	24	18	8	2
Health Care Proxy	33	1	1	1	1
Other Health	59	4	3	10	8
Combined Medicaid/Immigration	51/81	2	1	4	0
Combined Medicaid/Medicare	51/52	1	0	0	0
Combined HC Proxy/Immigration	33/81	1	1	0	0
TOTAL		54	40	57	34

Type of Patient	A	B
In-Patient/Out-Patient Combined (Same Patient)	20	18
Out-Patient Only	29	15
In-Patient Only	1	1
TOTAL	40	34

V. DETAILED FINANCIAL RESULTS

Note: Patient identification codes displayed in the tables below are random codes created by the consulting team and can not be cross-referenced without the master list. This was done to protect patient identity.

Hospital A Inpatient and Outpatient Billings and Collections					
Patient ID	Sum of Billings	Sum of Collections	Medical Issue	Legal Issue	Insurance Type
H1	\$203,431	\$122,537	Lymphoma & Non-Acute Leukemia	Medicaid Eligibility	M01
N1	\$4,491	\$2,024	CPR, Pediatrics	Advised to apply for CHP	HAE, SLF, SLW, SLF, H12
N2	\$1,658	\$630	ER, AHC	Advised to apply for CHP	HAE, SLF, H12, D17
N3	\$40,005	\$9,026	Viral DIS/NOS	Helped obtained full coverage for medical supplies from Medicaid and COBRA	MCD, H09, HUH, M01
N4	\$59,499	\$-	ER, Clinic	Counseled on Medicaid Approval process	SLF, MP1
F1	\$48,849	17,592	Clinic - OB/GYN	Medicaid Continuance	SLW, FHF, D17
A1	\$1,444	\$173	Clinic - OB/GYN	Reinstatement of Medicaid after lapse in coverage	MCD, SLW, MP1
A6	\$12,409	\$2,975	Pediatrics	Medicaid Continuance; SSI continuance	M01, SLF
A7	\$30,482	\$7,407	Adult Psychotherapy	Obtained Access-A-Ride approval with help of physician	FHF, SLF, D17, M01
B13	\$36,081	\$4,660	Neoplastic Diseases	Reinstatement of Medicaid	M01
B20	\$12,390	\$1,110	Pediatrics	Petitioned Medicaid on patient's behalf for muscle biopsy procedure and won (it was originally denied)	D04, D17, M01
B22	\$17,296	\$4,552	Pediatrics	Immigration Issue	MCD, M01, P15, SLF, D17, D09
TOTAL	\$468,035	\$180,758			

Hospital A Insurance Type Codes:

Insurance Type Code	Explanation
SLF	Self-Pay
SLW	Self-Pay
H12	Aetna/US Healthcare PPO
D17	Health First Medicaid
HAE	Aetna
FHF	HealthFirst
M01	Medicaid
MCD	Medicaid
P15	HealthFirst CHP
MP1	Medicaid Pending
H09	United Health Care HMO/PPO
D09	Metro Plus
HUH	United Health Care

Hospital B Inpatient and Outpatient Billings and Collections				
Patient ID	Sum of Billings	Sum of Collections	Medical Issue	Legal Issue
L2	\$1,625		Unknown	Medicaid Discontinuance
L3	\$109,388	\$33,395	Osteo-Arthritis	SSI Eligibility
L4	\$ 88,150		Breast Cancer	Short Term Disability
L5	\$5,790		Injury, Post-Concussive Syndrome	Medicaid Coverage
L6	\$38,112	\$4,688	Asthma	Child Health Plus
L7	\$46,086	\$7,850	Obesity	Immigration; Medical Visa
L8	\$355		Unknown	Medicaid Eligibility
L9	\$601		Pneumonia	Medicaid Eligibility
L10	\$363,859	\$49,558	Rectal Cancer	Medicaid
F1	\$8,826	\$1,189	Mental Illness	Medicaid Eligibility
W4	\$3,305	\$431	Unknown	Medicaid Continuance
W6	\$9,303	\$7,503	Diabetes	Medicaid Reinstatement
Y5	\$7,663	\$2,197	Unknown	Medicaid Discontinuance
Y6	\$51,415	\$14,544	Kidney Problems; Psychiatric	Guardianship
Z2	\$142,964	\$41,337	Unknown	Medicaid Continuance
Z5	\$724	\$302	Unknown	Medicaid Re-instatement
Z6	\$6,576	\$1,460	Numerous Health Issues	Medicaid Eligibility
TOTAL	\$884,742	\$164,464		

Note: Insurance type codes not provided.

Increase in Revenues

Analysis of the financial results in the data indicates that LegalHealth positively impacted the revenue streams of both hospitals. Successfully obtaining insurance coverage for just one patient can lead to a sizeable amount of revenue. Depending on the insurer, the actual reimbursement rate for the hospital's service can be quite large as well.

In the case of Hospital A Patient H1, LegalHealth's successful intervention led to insurance approval and inpatient admission that resulted in \$200,000 in billing and over \$120,000 in collections for the hospital. While this example represents the high end of the range, it also underscores the argument that in situations where a patient is denied coverage and subsequently obtains it as a result of LegalHealth's efforts, the benefit to a hospital is unmistakable. Very often this benefit is not a one-time occurrence, as the data show many repeat inpatient stays and outpatient visits for LegalHealth's clients.

VI. OTHER NON-QUANTIFIED BENEFITS OF LEGALHEALTH SERVICES

The study team explored four other aspects of LegalHealth's services to determine what role they played in reducing hospital expenses or generating revenue. The study team did not, however, have the resources to quantify the potential benefits or to design formal evaluation criteria to analyze them. LegalHealth has since revisited these aspects of its services with a pro bono consultant from Navigant Consulting, Inc.'s health law department.

Saving Hospital Staff Time

Informal surveys and practical observation indicate that LegalHealth staff significantly helps to reduce the amount of administrative time healthcare providers spend navigating the complexities of various nonmedical benefits for their patients. The majority of physicians questioned indicated that LegalHealth saved them some administrative time with forms and other letters. Because the physicians did not maintain records of such assistance, no empirical data was available to quantify the time saved. However, based on LegalHealth's estimation, the time spent assisting a physician with these forms would save the physician approximately 30 minutes each time. Based on that number, a physician could see one more patient in the time that would otherwise be spent filling out forms. Over the two-year study period, LegalHealth conducted approximately 82 physician consultations about administrative procedures, forms for insurance or disability benefits or how to write effective letters to authorities.

Healthcare Decision Making

When clients visit LegalHealth's outpatient clinics, the attorney usually informs the client of the importance of advance directives (such as living wills and health care proxies) and assists with the execution of these documents. Advance directives provide healthcare professionals with clear direction regarding end of life care. Assuming this guidance saves hospitals the costs associated with prolonged length of stays or creates flexibility with discharge planning, that financial impact [arguably] can be attributed to this LegalHealth service. This service may also reduce the need for the hospital to incur the costs associated with filing a petition for temporary guardianship to protect a patient's life, well-being or property. Because there was no way to track whether a client who executed a health care proxy subsequently sought medical services at that hospital after having lost capacity to make health care decisions, the study team could not quantify a benefit as a result of the provision of these legal services. LegalHealth continues to analyze with the assistance of experts in the health law field whether assumptions can be built that would quantify this benefit.

Training Sessions

LegalHealth routinely provides training at grand rounds, divisional meetings and other training sessions as part of the hospitals' Graduate Medical Education (GME) programs to educate the hospital's physician staff on the legal issues affecting their patients.

The study team examined whether or not such lectures would reduce a hospital's GME funding costs by freeing up physicians' time and by reducing the need to bring in outside, paid speakers. While the program coordinators confirmed that these training sessions were

very informative to the staff, there was no cost savings to the hospital's because any paid speakers are compensated from government or other outside funds.

Community Benefit

LegalHealth services also have an impact on community benefit, but the study team did not have the resources to study these aspects of LegalHealth's work. Community benefits are any services or activities that do not aim to increase revenue but benefit the hospital community's well-being. Nonprofit hospitals report such activities as part of maintaining their nonprofit status. Such activities may include, community-based programs to screen for particular diseases and free seminars to educate patients about preventative healthcare. Even though from a financial perspective these activities have a low or negative margin, they improve patient well-being and benefit the general community seeking services at the hospital.

Onsite access to free legal assistance can also be viewed as a community benefit. When LegalHealth's services enable members of the community to obtain government-sponsored healthcare (such as Medicaid and/or Medicare) they are then able to receive the medical treatment they need. The hospital benefits correspondingly when the population of uninsured patients in the community is reduced and the level of the hospital's uncompensated care is decreased. When LegalHealth's services enable other clients to secure adequate housing and/or improve living conditions clients benefit because adequate housing and improved living conditions have been shown to diminish family stress and reduces unfavorable health outcomes for patients. Correspondingly, the hospital benefits when such clients do not return to the hospital with health problems associated with or exacerbated by poor living conditions.

VII. RECOMMENDATIONS AND FUTURE STEPS

1. Implement a case data collection system that (a) records each client's name, social security number, date of birth and medical record number of clients and family members to ease retrieval of information from hospital records; (b) codes departments within the hospital from which referrals come; (c) codes the legal issue handled; (d) reflects the resolution and financial benefit to client or hospital where possible.
2. Creation of a "Hospital Benefit Potential" (HBP) case-rating system would facilitate swift identification of potential case revenue. Using a scale of 0-2, cases could receive an HBP rating based on criteria that reasonably determines each case's direct, indirect or limited revenue potential to the hospital.
3. Execute appropriate confidentiality agreements with partnering hospitals to obtain the needed data at the time of forming the relationship and identify the internal person at the hospital who will assist with the collection of billing and collection information for identified clients.
4. Develop assessment tools to capture the impact of legal services on discharge, length of stay, decreased ER visits and hospitalizations and physician time saved by having access to LegalHealth trainings and attorneys.

VIII. VALUE PROPOSITION

Definition

A value proposition is a concise statement of the tangible results a customer receives from using an organization's products or services. The value proposition translates a market offering into a statement of the benefits a customer will receive or derive. Typically, a value proposition is used to quickly and concisely communicate an organization's significance to another organization.

Proposed Value Proposition for LegalHealth

“LegalHealth's pro-bono legal services to low-income, underinsured patients positively impact the bottom line of our partner hospitals. Our expertise in obtaining insurance coverage and appealing denied claims for the neediest patients has consistently resulted in higher billing and reimbursement amounts for our partner hospitals. We provide patients the necessary legal assistance with complex matters such as insurance, immigration, and advance directives, leading to an increase in insurance approvals and covered admissions, ultimately resulting in increased revenues and a reduction of administrative costs for hospitals.”