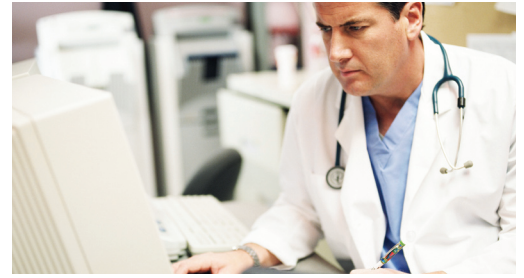


■ Why Peer Review Isn't Working

When done properly, peer review is an important process that helps hospitals and their doctors ensure consistent, high quality patient treatment. Hospitals can identify at-risk physicians; physicians can help improve quality of care for patients. Why is this process so difficult? It's simple - hospital politics, economic advantage and personalities.

The current physician peer review system, created by Congress in 1986 through HCQIA legislation, was intended to promote higher quality patient healthcare. Unfortunately, Congress did not foresee that hospital peer review actually puts physicians into an environment where political, economic and personality conflicts can easily render the process ineffective. Nor did it foresee that hospitals would sanction doctors for speaking up on behalf of patients regarding quality of care concerns.



■ Good Idea, Bad Execution

In the hospital environment, peer review is considered an ugly task that is just one more action item for a busy medical staff and is easily pushed to the bottom of the priority list. Often, it just doesn't get done. Why?

Physicians on peer review or quality management committees too often find themselves in conflict of interest situations. They compete for the same limited geographic pool of patients and for professional recognition within a very narrow specialty. There may also be personality conflicts with the physician under review or pressure by their hospitals not to seriously scrutinize a fellow physician who has stature in the medical community. The tight-knit social and professional relationships found in a hospital environment can lead to bias and reluctance to pass judgment on associates. This reluctance tends to lead to unusually long delays in resolving critical quality management issues. By the time a critical situation is actually dealt with, the costs and risks to a hospital or group can be catastrophic.

■ Backlash

The breakdown in a hospital's quality management system can be very damaging. Inadequate peer review can result (and has) in negative consequences for hospitals and hospital groups, such as:

- Negative publicity
- High profile lawsuits
- Multi-million dollar fines
- Management shake-ups
- Loss of investor confidence
- Damage to physicians' careers and practices
- Joint Commission on Accreditation of Healthcare Organizations (JCAHO) sanctions and loss of accreditation, and
- Scrutiny by state and federal agencies and other public organizations.

These negative events, combined with rising consumer frustration with the healthcare system, make it increasingly imperative that hospitals pay close attention to their quality management and adopt best practices whenever possible.

■ Peer Review as a Risk Management Tool

A well-executed peer review process can easily avoid such negative events by using best practices in risk management. The earlier a physician performance issue is detected and dealt with, the lower the costs and potential negative consequences to the hospital and the physician.

Basing effective peer review on medical evidence and adhering to the intent of the law – to improve the quality of patient care – helps discover, highlight and deal with quality problems quickly and efficiently. Issues surrounding internal politics, competition, and personality conflicts should be considered when setting up a peer review committee.

■ Involving Outside Parties in Peer Review

The most effective quality management process involves using a “neutral” outside party in addition to the hospital’s own peer review committee. This neutral party can review sensitive cases where there is a potential conflict of interest. Hospitals with the need for an outside case review have often turned to affiliated hospitals or searched for “like” specialists through personal connections. While this is an effective method for solving the problem, it has its own set of challenges:

- How do you quickly locate the right specialist?
- How do you convince them to take time to do a peer review?
- How long do you have to wait to get it done?

Unless you have a well-developed process and pre-arranged agreements with affiliates or physicians to perform peer review, it can be very costly and time consuming to arrange for this each time it’s needed.

■ IROs: A Cost Effective Solution for Hospital Peer Review

Many hospitals, today, are turning to Independent Review Organizations (IRO) to aid in fixing their peer review process. An IRO serves as an objective third party that can provide hospital peer reviews based upon medical evidence and improve the fairness of the process for both physicians and the hospital.

An IRO can match doctors with the right specialist expertise to effectively review sensitive cases and reach an unbiased determination. Reviews are conducted by board-certified physicians in active practice, who are usually located in a different state than the physician being reviewed. Hospitals pay only for the reviewing physician’s time at pre-determined hourly rates.

Because these specialists are already on board, reviews can be completed in much less time and at significantly lower costs. Peer reviews are conducted using a standard reporting format, and the typical turn-around time is less than 21 days. Since IROs review thousands of cases annually, per case review costs are kept to a minimum.

An IRO can give peer review the high priority and timely consideration it deserves – without impacting the hospital staff or tarnishing a hospital’s reputation.

Using an IRO for objective peer review may be one of the best solutions for helping hospitals get back to the intent of the law – improving healthcare quality for patients. An IRO can also help reduce costs, avoid expensive litigation, enhance hospital reputation and protect JCAHO certification.

■ Peer Review Best Practices

To ensure an evidence-based outcome for peer reviews, hospitals should consider this nine step process:

1. Develop a culture of accountability within the hospital.
2. Make sure that the peer review process is well defined, understood, accepted and adhered to by all.
3. Watch for “sentinel events.” Bring patterns of recurring or clustered problems to management’s attention in a timely way.
4. Assure that questions posed during the process are precise, and that responses are precise as well, including the hard questions, with rationale and associated guidelines.
5. Make sure that each peer review case is reviewed by a “like” specialist who is unbiased and has no potential for conflict of interest in rendering an opinion.
6. Make sure the peer review committee meets monthly and that cases and replies are distributed, reviewed and responded to in a timely manner.
7. Make sure there is a re-review of each case after the subject physician input has been received.
8. As much as possible, conduct all reviews in a non-accusatory and professional format.
9. Systematically send your most sensitive peer review cases out to an Independent Review Organization.

■ Choosing the Right IRO

Choosing the right IRO as a partner for hospital peer review can be as confusing as the process itself. Here are some simple questions to ask in the selection process:

1. Is the IRO URAC-accredited? – There are dozens of companies that claim to offer medical review services. There are only a few that are actually accredited by the American Accreditation HealthCare Commission, also known as URAC. By selecting an IRO with URAC accreditation, the hospital partner with a standards-based organization can deliver the quality and objectivity needed for the peer review process.

2. What types of doctors are on staff at the IRO? – It's extremely important to work with an IRO that has doctors on staff trained to make fast decisions, who are board certified and still in active practice.
3. How deep is the IRO specialty panel? – The IRO under consideration should be able to deliver the specialists needed on a moment's notice. Not only do these physicians need to be in the same specialty, but also from the same type of institution. A heart specialist from Los Angeles may not be the right physician to review a related case coming from a rural hospital in Iowa.
4. What are the standard turn-around times? – The IRO selected should have a strong track record of turning around reviews quickly and accurately. Find out what the average turn-around times are and what process the IRO offers for expedited reviews. A standard of 21 days or less for hospital peer review should be the minimum.
5. How accessible are the IRO physicians? – Many IROs offer basic peer review services. The best IROs, however, are the ones that truly act as partners to the hospital peer review committee and make themselves fully accessible to the physicians under review. By becoming a part of the process, the IRO can truly act as the neutral third-party and help keep the relationships between all parties intact.

More information on IROs can be found on the URAC website at www.urac.org.

■ **About AllMed Healthcare Management Inc.**

Founded in 1995, AllMed is a URAC-accredited Independent Review Organization (IRO), providing peer review services to leading hospital groups and medical facilities nationwide. AllMed also provides independent medical reviews to insurance payers, providers, TPAs and claims managers. AllMed's growing customer base includes premier organizations, such as Educator's Mutual Life, IMS Managed Care, Tenet Healthcare Corporation, HealthGuard, several Blue Cross Blue Shield organizations, TriWest Healthcare Alliance, Allianz and many other leading healthcare payers.

For more information about hospital peer review service offered by AllMed, please visit the company's website at www.allmedmd.com or contact AllMed at **800-400-9916**.