CASE STUDY · UTILIZATION MANAGEMENT

Long Tail

$41M in Inpatient Revenue That Criteria Alone Would Have Missed

A six-month look at 8,766 hospital accounts found that more than 1 in 4 accounts paid as inpatient never met InterQual or MCG inpatient criteria.

28%
of inpatient-paid accounts didn't meet traditional inpatient criteria

$41M
more than those accounts would have paid as observation, in six months

$82M
annualized differential across the hospitals studied

THE CHALLENGE

Most UM programs treat InterQual and MCG as the finish line: meet criteria and it's inpatient, miss and it drifts to observation. But criteria are guidelines, not a medical necessity determination, and both vendors earn most of their criteria revenue from payers.

THE APPROACH

Long Tail pulled every account its physician advisors reviewed over six months and compared two things: whether the case met inpatient criteria, and how the payer actually paid it.

THE RESULTS

1,726 of 6,241 inpatient-paid accounts never met inpatient criteria. Payers paid them as inpatient anyway, because the clinical record supported the admission.

PAYER TYPE	PAID INPATIENT, CRITERIA NOT MET
Commercial	**31%**
Medicare Advantage	**28%**
Medicaid Advantage	**22%**

As inpatient, those accounts paid **$48M**. As observation, they'd have paid about $7M. That **$41M gap** is 28% of everything insurers paid for this population.

WHAT IT MEANS FOR YOUR HEALTH SYSTEM

Criteria are where review starts, not where it ends. The cases outside criteria are where physician advisor judgment pays for itself, and a process that stops at the checklist hands that revenue to the payer.

At a glance

SETTING
Multiple acute care hospitals

STUDY WINDOW
Oct 2024 – Mar 2025

ACCOUNTS
8,766 reviewed
6,241 paid as inpatient

PAYERS
Commercial, Medicare Advantage, Medicaid Advantage

CRITERIA TESTED
InterQual and MCG

EXCLUDED
Obstetric, psychiatric, elective surgical

What's sitting outside criteria at your health system?

Go look at your own numbers.

Let's Connect

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Methodology: retrospective validation study. "Paid in full" = at least 80% of expected reimbursement or a gross collection rate above 30%. Observation estimate uses an average of $4,083 per account. Annualized figure is a straight-line extension of the six-month window. Results reflect the hospitals studied; validation across additional systems and payer mixes is ongoing.