Panel Discussion:

Data-Driven Results Impacting Best Practices In ASC Business Operations

Becker's ASC Conference, October 2010

What we ***THINK*** we know….

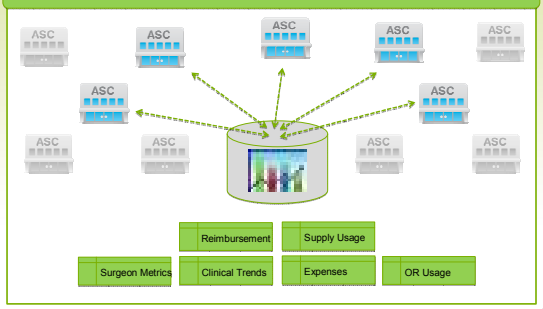
…may not be what is ***REALITY*.

ASC Performance: Areas of Observation

1. Implant Billing Deficiencies
2. Time of Service (TOS) Patient Co-Payment Collections
3. Contractual Write-offs: Time of Billing vs. Time of Payment
4. Staff Labor On High Volume Procedures

Benchmarking Dataset

Contains data from over 500 surgery centers



Observation Area #1:

IMPLANT BILLING

Implant Billing Deficiencies

Many facilities do not properly bill implants.

- Implant usage sometimes doesn't get documented by physicians
- Documentation (implant invoice) is needed to get paid by payors
- Our findings
  - 332 facilities / 45K cases across 17 ortho codes
  - 29.6% of cases did not have implants billed
  - 7.7K cases had zero payments for billed implants

Unbilled Implant Example (Ortho)

SPECIALTY	PRIMARY CPT	CPT DESCRIPTION
ORTHOPEDIC	29827	ARTHROSCOPY, SHOULDER, SURGICAL; WITH ROTATOR CUFF REPAIR
ORTHOPEDIC	29888	ARTHROSCOPICALY AIDED ANTERIOR CRUCIATE LIGAMENT REPAIR/AUGMENTATION OR RECONSTRUCTION
ORTHOPEDIC	23412	REPAIR OF RUPTURED MUSCULOTINDINOUS CUFF (EG, ROTATOR CUFF) OPEN; CHRONIC
ORTHOPEDIC	29806	ARTHROSCOPY, SHOULDER, SURGICAL; CAPSULORRHAPHY
ORTHOPEDIC	29807	ARTHROSCOPY, SHOULDER, SURGICAL; REPAIR OF SLAP LESION
ORTHOPEDIC	29882	ARTHROSCOPY, KNEE, SURGICAL; WITH MENISCUS REPAIR (MEDIAL OR LATERAL)
ORTHOPEDIC	25606	PERCUTANEOUS SKELETAL FIXATION OF DISTAL RADIAL FRACTURE OR EPIPHYSEAL SEPARATION
ORTHOPEDIC	23410	REPAIR OF RUPTURED MUSCULOTINDINOUS CUFF (EG, ROTATOR CUFF) OPEN; ACUTE
ORTHOPEDIC	26615	OPEN TREATMENT OF METACARPAL FRACTURE, SINGLE, INCLUDES INTERNAL FIXATION, WHEN PERFORMED, EACH BONE
ORTHOPEDIC	25609	OPEN TREATMENT OF DISTAL RADIAL INTRA-ARTICULAR FRACTURE OR EPIPHYSEAL SEPARATION; WITH INTERNAL FIXATION OF 3 OR MORE FRAGMENTS
ORTHOPEDIC	27792	OPEN TREATMENT OF DISTAL FIBULAR FRACTURE (LATERAL MALLEOLUS), INCLUDES INTERNAL FIXATION, WHEN PERFORMED
ORTHOPEDIC	25607	OPEN TREATMENT OF DISTAL RADIAL EXTRA-ARTICULAR FRACTURE OR EPIPHYSEAL SEPARATION, WITH INTERNAL FIXATION
ORTHOPEDIC	23515	OPEN TREATMENT OF CLAVICULAR FRACTURE, INCLUDES INTERNAL FIXATION, WHEN PERFORMED
ORTHOPEDIC	25608	OPEN TREATMENT OF DISTAL RADIAL INTRA-ARTICULAR FRACTURE OR EPIPHYSEAL SEPARATION; WITH INTERNAL FIXATION OF 2 FRAGMENTS
ORTHOPEDIC	27814	OPEN TREATMENT OF BIMALLEOLAR ANKLE FRACTURE (EG, LATERAL AND MEDIAL MALLEOLI, OR LATERAL AND POSTERIOR MALLEOLI, OR MEDIAL AND POSTERIOR MALLEOLI), INCLUDES INTERNAL FIXATION, WHEN PERFORMED
ORTHOPEDIC	27130	ARTHROPLASTY, ACETABULAR AND PROXIMAL FEMORAL PROSTHETIC REPLACEMENT (TOTAL HIP ARTHROPLASTY), WITH OR WITHOUT AUTOGRAFT OR ALLOGRAFT
ORTHOPEDIC	27447	ARTHROPLASTY, KNEE, CONDYLE AND PLATEAU; MEDIAL AND LATERAL COMPARTMENTS WITH OR WITHOUT PATELLA RESURFACING (TOTAL KNEE ARTHROPLASTY)

THESE CODES SHOULD HAVE BILLABLE IMPLANTS

Unbilled Implant Example (Ortho)

MEDIBIS Benchmarking Analysis | Ortho Cases

Includes only zero balance cases from rolling 12 months from 322 Facilities

Orthopedic - Implant Analysis	Case Count	Case Mix (as %)	Implant Charges	Implant Payments	Avg Implant Charge / Case	Avg Implant Payment / Case	Implant Pmts as % of Charges
Total Cases with Implants	**45,238**	**100.0%**	**$ 91,533,529**	**$ 40,639,365**	**$ 2,023**	**$ 898**	**44.4%**
Cases with Implant Not Billed	13,399	29.6%	$ -	$ -	$ -	$ -	0.0%
Cases with Implant Billed	31,839	70.4%	$ 91,533,529	$ 40,639,365	$ 2,875	$ 1,276	44.4%
Total Cases with Billed Implants	**31,839**	**100.0%**	**$ 91,533,529**	**$ 40,639,365**	**$ 2,875**	**$ 1,276**	**44.4%**
Cases with Implant Billed - No Payments	7,747	24.3%	$ 18,074,345	$ -	$ 2,333	$ -	0.0%
Cases with Implant Billed - With Payments	24,092	75.7%	$ 73,459,184	$ 40,639,365	$ 3,049	$ 1,687	55.3%
Total Cases with Billed Implants - With Payments	**24,092**	**100.0%**	**$ 73,459,184**	**$ 40,639,365**	**$ 3,049**	**$ 1,687**	**55.3%**
Cases with Implant Billed - Partial Payments	21,638	89.8%	$ 69,056,592	$ 36,236,773	$ 3,191	$ 1,675	52.5%
Cases with Implant Billed - Full Payments	2,454	10.2%	$ 4,402,591	$ 4,402,591	$ 1,794	$ 1,794	100.0%

Two Scenarios for Opportunity: 1) Not Billing Implants or 2) Not collecting on Billing Implants

Orthopedic - Loss Analysis from NOT Billing	Opportunity Loss
Cases with Implants - Implant Not Billed	$ 17,102,511

Orthopedic - Loss Analysis from NOT Collecting	Opportunity Loss
Cases with Implants - Implant Billed - No Payments	$ 9,888,287

30% of these Orthopedic procedures were not reimbursed for the cost of the implant

Best Practice for Billing Implants

- Create an implant billing matrix
  - Listing of procedures that should <u>always</u> have an implant billed
  - Separate listing of procedures that <u>could</u> have an implant billed
- Check matrix at the point of coding
- Ensure proper documentation to bill and collect
- Build rules into billing and/or claims systems to flag cases for manual review

Observation Area #2:

POINT OF SERVICE COLLECTIONS

Time Of Service (TOS) Patient Co-Pays

Many facilities do not have a TOS patient co-pay policy.

- Hurdles for implementing a TOS co-pay policy
  - Eliminate uneasiness of asking for money up-front
  - Staff might not understand billing calculations or insurance benefits
  - Staff doing insurance verification could be different than staff doing registration
- Our findings
  - 487 facilities / 27.9% (136 facilities not following a TOS co-pay policy)
  - Total patient collection percentages were 23.5 points higher for facilities that followed a TOS co-pay policy

Collections with TOS Patient Co-pays

Benchmarking Analysis | Time of Service Payment Analysis

Best Practice Adoption	Facilities	%
Taking Patient Payments at Time of Service	351	72.1%
Not Taking Patient Payments at Time of Service	136	27.9%

Charge and Collection Analysis for Best Practice	Total Patient Charges	Total Patient Payments	Collection %
Facilities Taking Pre-Payments - Patient Payments as % of Patient Obligation	**$ 547,450,349**	**$ 303,893,801**	**55.5%**
Facilities Not Taking Pre-Payments - Patient Payments as % of Patient Obligation	**$ 192,761,623**	**$ 61,775,160**	**32.0%**
Difference			***23.5%***

Opportunity for Improvement: Implement a Time of Service Patient Co-pay Payment Policy

Potential Opportunity	Collection Gain on Patient Payments
Facilities that adopt a TOS patient payment policy possibably could increase collection % on patient responsibility portion by up to 23.5%	$ 45,228,265

Patient payments are 23.5% higher collection when facilities take co-payments at the TOS

Best Practice for TOS Patient Co-Pays

- Educate your staff on TOS co-pay policy
- Build a patient co-pay calculator
  - Based on fee schedule and scheduled CPTs
  - Include CPT combinations where possible
  - Use calculator for taking payments at time of registration
  - Collect 100% of co-pay prior to service

Observation Area #3:

WRITE-OFF POLICIES

Contractual Write-offs

Time of Billing Write-offs lead to improved overall collections.

- TOB adjustments allow staff to work the accounts with the highest net reimbursement rather than the highest charges
- TOB adjustments can catch items (implants, carve outs) that might be missed by the payor
- All contractual adjustments taken at the time of payment should be reviewed.

Contractual Write-offs TOB vs. TOP

Zero Balance Cases Only, DOS July 1, 2009 - June 30, 2010, Medicare / Medicaid as Primary Payer Included

Medicare / Medicaid Included	Cases	Total Charges	Total Payments	Pd Per Case
TOTAL	**1,883,602**	**$ 11,930,093,529**	**$ 2,879,749,953**	**$ 1,529**
TOP Primary	248,090	$ 1,232,229,808	$ 371,019,632	$ 1,496
TOB Primary	1,635,512	$ 10,697,863,720	$ 2,508,730,321	$ 1,534

Medicare / Medicaid Only	Cases	Total Charges	Total Payments	Pd Per Case
TOTAL	**747,486**	**$ 4,109,483,710**	**$ 645,119,556**	**$ 863**
TOP Primary	102,638	$ 439,846,488	$ 81,204,788	$ 791
TOB Primary	644,848	$ 3,669,637,222	$ 563,914,768	$ 874

Taking write-offs at the TOB vs. TOP indicates facilities collect more per case

Best Practice for Contractual Write-offs

- Imperative that contracts are loaded into your information system
- Take write-offs at the time of billing in order to enable collection staff to focus on collectable revenues and management can better monitor
- Time of payment write-off practice should only be used for out-of-network payors
- Providers should always determine how much they are owed and hold payors accountable for paying according to contract since sometimes payors don't process claims correctly

Observation Area #4:

CLINICAL STAFF COST

Best Practice for Controlling Staffing Costs

- Track your clinical resources assigned to cases in your information system
- Educate your physicians on the time variances for same procedures
- Include staff labor costs when negotiating payor contracts and setting fee schedules

Questions?

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