Survival Strategies

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Financial Disclosure
Donna McCune is a consultant for Corcoran Consulting Group and acknowledges a financial interest in the subject matter of this presentation.

Headlines
• How Doctors Are Experimenting With Cutting Health-Care Costs
• Huge insurance mergers inch toward approval
• Final 2016 Obamacare sign-up tally hits 12.7M
• Processing quality measures costs $40K per physician per year
• Private accountable care organizations are growing; More than half including downside risk

Survival of the Fittest
• Diverse practice with large market share and a strong bargaining position
• Ability to manage cost but not compromise quality or customer service
• Infrastructure to respond to change

Positives and Challenges
• Positives for growth
  • Aging population
  • New technology
• Challenges to growth
  • Increased oversight
  • Declining workforce
  • Reduced reimbursements

Aging Population
• 55 million Medicare beneficiaries (2015)
• 75 million baby boomers (1946 to 1964)
  • In 2010, 13% of US population will be ≥65 y/o
  • In 2030, 20% of US population will be ≥65 y/o
• Longer life expectancy
• Approximately 32 million gained health insurance

Sources: US Census Data, CMS enrollments
US Population Growth

Medicare Enrollment

Advances in Technology

- Premium IOLs
- Microinvasive glaucoma surgery (MIGS)
- Corneal cross-linking
- Femtosecond laser
- Corneal hysteresis
- iSTENT®
- Tear osmolarity testing
- Wavefront aberrometry

List is not exhaustive of all new technologies

Increased Oversight

Who’s watching?

- Office of Inspector General (OIG)
- Comprehensive Error Rate Testing (CERT)
- Recovery Audit Contractors (RAC)
- Zone Program Integrity Contractors (ZPIC)
- Medicare Part C Plans
  - Risk adjustment audits

OIG Report: Questionable Billing for Medicare Ophthalmology Services

- Reviewed claims from CY2012 related to:
  - AMD
  - Cataract
- Study to determine the extent to which ophthalmology services are vulnerable to fraud, waste, and/or abuse.

Source: OIG Report September 2015 OEI-04-12-00280
Comparative Billing Reports – MD

- CBRs sent to ophthalmologists in April 2015
- eGlobalTech
- Medicare Part B: July 1, 2013 through June 30, 2014
- Analyzed services:
  - General ophthalmological services (920xx)
  - Evaluation and management services (E/M)
  - Cataract surgery (66982, 66984)

Source: Patient Protection & Affordable Care Act (PPACA)
Section 6401

Compliance Programs

- Formal compliance plans become mandatory
- Condition of enrollment in federally funded programs
- Secretary to determine timeline of core elements and implementation date

Physician Supply Projections

- Growth and aging of US population will cause a surge in demand for physician services
- Requirements for physicians will increase 21% – 22% from 2005 to 2020
- Requirements for ophthalmologists will increase 28% from 2005 to 2020

Source: DHHS Physician Supply and Demand Projections to 2020
http://bhpr.hrsa.gov/healthworkforce/reports/physiciansupplydemand/

Characteristics of New Residents

- More are sub-specializing; fewer generalists
- Fewer pediatric and neuro specialists
- Lifestyle is an important consideration
  - Less time devoted to patient care

10 Year Manpower Shortage

- FTE Ophthalmologists remains unchanged, however in 10 years, 45% more seniors need them
- FTE Optometrists grows 8%, however in 10 years, 35% more seniors need them

Medicare Payments for Cataract Surgery

- MD
- ASC
- HOPD

<table>
<thead>
<tr>
<th>Year</th>
<th>MD</th>
<th>ASC</th>
<th>HOPD</th>
</tr>
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<tbody>
<tr>
<td>1994</td>
<td>$-$</td>
<td>$-$</td>
<td>$-$</td>
</tr>
<tr>
<td>1998</td>
<td>$-$</td>
<td>$-$</td>
<td>$-$</td>
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<tr>
<td>2002</td>
<td>$-$</td>
<td>$-$</td>
<td>$-$</td>
</tr>
<tr>
<td>2006</td>
<td>$-$</td>
<td>$-$</td>
<td>$-$</td>
</tr>
<tr>
<td>2010</td>
<td>$-$</td>
<td>$-$</td>
<td>$-$</td>
</tr>
<tr>
<td>2014</td>
<td>$-$</td>
<td>$-$</td>
<td>$-$</td>
</tr>
<tr>
<td>2018</td>
<td>$-$</td>
<td>$-$</td>
<td>$-$</td>
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</tbody>
</table>
Strategic Planning

- Keep it simple
- Involve others in the process
- Monitor and adjust as needed

One Page Strategic Plan

1. Vision: A clear picture of your destination
2. Mission: Driving purpose of your practice
3. Values: Guide used for decision making and treating others
4. Objectives: Numbers you track
5. Strategies: Paths you’ve decided to take
6. Priorities: Work to do and who does it

Survival Kit / Tool Box

- Coding expertise
- Utilization statistics
- Current fee schedules
- Expansion of non-covered services
- CMS’ Quality Programs
- Office efficiencies

Accurate Coding

- Proper level of service for exams
- Favor eye codes
- Select ICD-10 codes carefully
- Use modifiers appropriately
- Claim supported by chart documentation
- Coding and chart review

Auditing and Monitoring

- Review standards and procedures
- Claims submission audit
  - Are bills accurately coded?
  - Is documentation complete?
  - Are services reasonable and necessary?
  - Any incentives for unnecessary services?
- Baseline audit within 3 mos of initial training, and thereafter on an annual basis
  - 5-10 records per physician

Complete Charge Capture

- Exam to determine the need for surgery (-57)
- Exam on the day of a minor procedure that meets definition of separately identifiable (-25)
- Diagnostic tests
- Additional surgical procedures
- Drugs
- Refractions
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Utility of Practice Patterns

- Target opportunities for increased revenue
- Forecasting future financial performance
- Validate practice appraisal
- Assess capital equipment purchase
- Identify red flags for probable Medicare audit
- Caution statistics can mislead

Top 10 Ophthalmic Procedures

<table>
<thead>
<tr>
<th>Rank</th>
<th>CPT</th>
<th>Procedure</th>
<th>Rank</th>
<th>CPT</th>
<th>Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>67028</td>
<td>Intravitreal Injection</td>
<td>6</td>
<td>66982</td>
<td>Complex Cataract</td>
</tr>
<tr>
<td>2</td>
<td>66984</td>
<td>Cataract w/IOL</td>
<td>7</td>
<td>65855</td>
<td>Lx Trabecuoplasty</td>
</tr>
<tr>
<td>3</td>
<td>66821</td>
<td>YAG Capsulotomy</td>
<td>8</td>
<td>15823</td>
<td>Blepheoplasty</td>
</tr>
<tr>
<td>4</td>
<td>68761</td>
<td>Punctum plug</td>
<td>9</td>
<td>66761</td>
<td>Laser PI</td>
</tr>
<tr>
<td>5</td>
<td>67820</td>
<td>Epilation</td>
<td>10</td>
<td>67210</td>
<td>Focal Laser</td>
</tr>
</tbody>
</table>

Source: CMS data 2014, 18 - Ophthalmology

Office Visits

<table>
<thead>
<tr>
<th>CPT</th>
<th>New Patients</th>
<th>Established Patients</th>
</tr>
</thead>
<tbody>
<tr>
<td>99205</td>
<td>Level 5 E/M</td>
<td>2%</td>
</tr>
<tr>
<td>99204</td>
<td>Level 4 E/M</td>
<td>29%</td>
</tr>
<tr>
<td>99203</td>
<td>Level 3 E/M</td>
<td>42%*</td>
</tr>
<tr>
<td>99202</td>
<td>Level 2 E/M</td>
<td>3%</td>
</tr>
<tr>
<td>99201</td>
<td>Level 1 E/M</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

*Combined utilization of E/M and eye codes
Source: CMS data 2014, 18 - Ophthalmology

Common Ophthalmic Tests

<table>
<thead>
<tr>
<th>CPT</th>
<th>Procedure</th>
<th>λ</th>
<th>CPT</th>
<th>Procedure</th>
<th>λ</th>
</tr>
</thead>
<tbody>
<tr>
<td>92134</td>
<td>Scanning Laser (retina)</td>
<td>23%</td>
<td>92250</td>
<td>Fundus Photo</td>
<td>8%</td>
</tr>
<tr>
<td>9222x</td>
<td>Ext Ophthalmoscopy</td>
<td>16%</td>
<td>92235</td>
<td>Fluorescein</td>
<td>6%</td>
</tr>
<tr>
<td>9208x</td>
<td>Perometry</td>
<td>11%</td>
<td>92020</td>
<td>Gonioscopy</td>
<td>3%</td>
</tr>
<tr>
<td>---</td>
<td>Biometry (A or OGB)</td>
<td>8%</td>
<td>95004</td>
<td>Allergy testing</td>
<td>2%</td>
</tr>
<tr>
<td>92133</td>
<td>Scanning Laser (glauc)</td>
<td>8%</td>
<td>76514</td>
<td>Pachymetry</td>
<td>2%</td>
</tr>
</tbody>
</table>

Frequency is per 100 office visits (%) on Medicare beneficiaries
Source: CMS data (2014), 18 – Ophthalmology

Compliance – Standards of Care

- Develop the practice’s standards
- Consider AAO’s Preferred Practice Patterns as a guide
  - Indications and Frequency
- Educate physician’s and staff
- Hold them accountable
**Survival Kit / Tool Box**
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**Reasonable Fee Schedule**
- Reasonable fees
  - Near rates promulgated by most third party payers
  - Consider local market rates
  - Weighted for largest payers
- Solitary fee schedule for specialty and locality
  - Universal
  - Only one charge per procedure

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**Medicare Statutory Exclusions**
- Not reasonable and necessary
- No legal obligation to pay
- Related to military service
- Personal comfort items
- Routine care (e.g., check-ups, glasses)
- Cosmetic surgery (e.g., LASIK)
- Drugs used at home
- Worker’s compensation

Source: Social Security Act

**Strengthen Optical**
- Review Optician goals
- Evaluate presentation of optical goods
- Revisit costs
- Assess claims and collections

**Consider Dispensing Medications**
- Vitamins
- Tears and ointments
- Other OTC remedies
- Explore turn-key in-office pharmacy opportunities
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CMS Quality Programs

- Physician’s Quality Reporting System (PQRS)
- Value-based Payment Modifier (VM)
- Health Information Technology (HIT) Incentives
- Merit-Based Incentive Payment (MIPS)

New Health Care Payment Models

- Category 1 – fee for service with no link of payment to quality
- Category 2 – fee-for-service with a link of payment to quality
- Category 3 – alternative payment models built on fee-for-service architecture
- Category 4 – population-based payment


PQRS

- PPACA made PQRS mandatory by 2015
- Punitive if not participating in 2015
- -2.0% reduction in Medicare reimbursement in 2016 and beyond
- On 9/11/15, CMS notified eligible professionals who would be penalized in 2016 for failure to be successful PQRS reporters in 2014

Source: Patient Protection & Affordable Care Act (PPACA)

Value-based Payment Modifier

- Provides for differential payment to a physician or group under the MPFS based upon the quality of care furnished compared to cost during a performance period.
- Program in effect for groups of >10 in 2016; based on 2014 performance
- Program in effect for all providers in 2017; based on 2015 performance
- Based on participation in PQRS program
- Applied at the Tax Identification Number (TIN) level

Source: http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/ValueBasedPaymentModifier.html

2014 VBM Results

- Applied to groups of 10 or more eligible professionals
- Results affect 2016 reimbursements
- 97.8% - 8,208 groups have had no change in Medicare reimbursement in 2016
- 0.7% - 59 groups have a downward adjustment of either 1% or 2%
- 1.5% - 128 groups have an upward adjustment of either 15.92% or 31.84%

https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/Downloads/2016-VM-Overview-PDF-Items.pdf
**Merit-Based Incentive Payment System (MIPS)**

- Combines and builds on 3 existing incentive programs
  - PQRS, VBM, MU
- Adds a new category – Clinical Practice Improvement Activities
- Score of 0-100 given based on performance in each of the 4 categories
- Composite score compared with performance threshold to determine bonus vs. penalty

Source: Arnold and Porter Advisory -- Saying Farewell to the Sustainable Growth Rate: Are Physicians Better Off Now? 4/15/15; Medscape.com

**Physician Compare Initiative**

- ACA required establishment of the Physician Compare website
- Launched December 30, 2010
- Redesigned to improve accuracy in 2013
- Basic provider information (i.e., demographics, board specialties)
- Quality program participation indicators (PQRS, EHR, e-RX)


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**Do the math...**

- 2 patients per session (session = half day) or 4 patients per day.
- 4 days/week in clinic (1 day in OR)
- 46 weeks/year
- Average encounter $110
- 16 pts/week x 46 weeks x $110/encounter
- ~ $81,000

**Speed up collections**

- Daily closing and reconciliation
- Attack resubmissions and denials
- Pursue outstanding claims
- Accelerate secondary claims

**Analyze Revenue**

- Compare End of Month Reports to prior months
  - Charges, Payments and Adjustments
  - Accounts Receivable Aging
- Benchmarks
  - Days in AR
  - Aging Buckets
- Compare expected collections to actual collections
- Review outstanding claim’s report
**Internal Auditing of Billing Office**

- Track staff's accuracy
- Identify denial causes
- Identify denial trends
- Determine if appeal is warranted
- Monitor electronic remittances closely

**Inhibit Embezzlement**

- Screen and inform employees
- Diversify duties
- Outsource payroll function
- Proper cash handling
- Prompt banking
- Efficient software
- Patient billing documentation
- Careful inventory tracking
- Professional advisors
- Knowledgeable physician partners

**Expenses – Case Studies**

- Paid out physician bonuses before backing out drug reimbursement
- Two different internet providers
- Fax line that no longer exists
- Service contracts for equipment no longer owned

**Managing Customer Service**

- Spot check phone etiquette
- Ask patient about the service they received from staff
  - At time of visit
  - Survey after the visit
- Educate staff on customer service

**Measure Results**

- What gets measured gets improved -- Peter Drucker

**Survival Strategies**

- Assess your practice today
- Develop a plan for tomorrow
- Implement the plan
- Monitor the progress
- Adjust as needed
Additional Assistance

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