

# Lessons Learned in Teamwork

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# Lessons Learned in Teamwork

- Introduction
- Oncology Reimbursement team
  - >Hospital Ambulatory Services Revenue Management Initiative
- Pharmacy Management Initiative

The story

Once upon a time  
..... at Duke

# The Players

- Hospital Administrator
- Financial analyst
- Data analyst
- Pharmacy managers
- Pharmacy staff
- Nurse manager
- Pharmacy business manager
- IT system manager
- Reimbursement specialist

# The story.....what happened

- Perform a clinical assessment of services for appropriateness of coding and additional revenue opportunities
- Establish charge reconciliation processes to ensure all charges are captured and billed appropriately
- Educate staff in billing processes, charge entry and compliance issues

# The story...

- It is vital to the accuracy and integrity of the charge system that operational and clinical staff be involved in the generation and maintenance of coding for reimbursement
  - Prices are consistent with resource requirements compared to other codes within the department
  - CPT codes are consistent with CDM descriptions (the procedures are clinically the same)
  - Billing Units are consistent with APC codes
  - Documentation of patient treatment is maintained as required for payment
  - Services are being billed as preformed
  - Services must be represented and charged as delivered to be billed and reimbursed correctly and insure charge compliance

# Next chapter

- Once planned, perform a process evaluation to determine if operational changes have been implemented:
  - Clinic encounter forms are updated with accurate codes and billing units
  - Data entry screens revised
  - Charge entry is accurate and timely
  - Staff understands process

# Next chapter cont....

- Companion codes (professional and technical charges) are linked together to insure both are charged as allowed
- IT systems contain correct data and pass information to other systems appropriately
- Each IT system converts billing codes and modifiers to comply with payor requirements

# Monitor, Monitor, Monitor...then monitor some more

- Additions or changes in services and products require continuous modifications to the CDM
- Prices require adjustments as new devices, supplies or techniques are used
- Changes in billing edits, Medicare regulations and information systems require monitoring for impact to the billing system...always and often!!!

# Monitor, Monitor, Monitor

- Review edits
- Explain kick-outs and revise system

**Hospital Ambulatory Services  
Revenue Management  
Initiative**

# Defining the Process: Hospital Ambulatory Services

- Step 1 (4-6 weeks)
  - Charge Master Review: an analysis of current CDM by operational leadership, finance, and patient accounting
  - Requires:
    - Undergoing a line item reconciliation of services and supplies with current operations
    - Adding, deleting, and changing codes as needed
    - Reviewing current pricing strategy and determining future pricing strategy based on new APC rates
    - Analyzing revenue impact due to CDM and APC payment changes

# Step 1: Charge Master Review Process

- Line item reconciliation of current charge master including answering the following questions regarding CDM content:
  - Does there need to be a change from time-based to procedure based charging?
  - Are all the services and supplies on the current charge master being provided?
  - What services and supplies need to be added?  
Bundled?
  - Are all the APCs reflected in the CDM?
  - What coding changes have occurred since last review?
    - CPT and HCPCS changes
    - APC changes

# Step 1: Charge Master Review Process (cont.)

- Additional CDM content questions to ask:
  - What visit levels charges are currently on the charge master and does the criteria for visit levels need to be reviewed?
  - Do the units charged match APC payment units?
  - Are the payment methodologies for procedure codes the same for both Medicare and non-Medicare payers?

# Step 1: Charge Master Review Process

- Pricing strategy questions to ask:
  - What is overall objective for pricing strategy? (e.g. remain gross charge neutral, collections neutral, minimum APC reimbursement multiple, etc.)
  - How do current charges compare with current APC reimbursement rates?
  - How does historical pricing impact current strategy?
  - Are charges consistent across operational areas?
  - What changes in pricing strategy need to be implemented?
    - CSU/Program strategies
    - Institutional strategies

# Step 1: Charge Master Review

## Process (cont.)

- Perform Financial Analyses to determine impact on revenue from:
  - Change from time-based to procedure based codes
  - Added or deleted codes
  - New APC reimbursement codes and rates
  - Net revenue impact including collection rates and payer mix changes
  - Pricing strategy alternatives
  - Rebilling opportunities
- Identify external benchmarks for comparison with revised charge master
- Revise Encounter Forms to reflect charge master changes

# Step 1: Charge Master Review Process (cont.)

- Additional issues to address:
  - Evaluate what “downstream” impact occurs in the billing information systems with charge master changes
  - Investigate any compliance issues that arise and make changes to operations as necessary
  - Address any impact on productivity measures due to changes in the charge master
  - Develop and implement plan for training staff regarding charge master changes
  - Ensure consistency across distinct operational areas

# Defining the Process: Hospital Ambulatory Services

- Step 2 (4-6 weeks)
  - Performance Measurement Review: an evaluation of current performance data by departmental leadership
  - Requires:
    - Reviewing current measures and reports
    - Identifying volume definitions that reflect operational realities and provide decision support
    - Determining best aggregate view of operations (e.g. programs vs course of treatment)
    - Identifying useful cost categories
    - Developing recommendations for future reporting content and layout

# Step 2: Performance

## Measurement Review Process

- Review current outpatient metrics including answering the following questions :
  - What definition is being used for volume and does this accurately reflect operations?
    - Cases vs. encounters vs. visits
    - Integration with inpatient volume
  - How are volumes broken down?
    - Principal diagnosis vs. program
    - Visit vs. course of treatment
  - Are the cost categories useful?

# Defining the Process: Hospital Ambulatory Services

- Step 3 (2 weeks)
  - Process Mapping of Patient Encounter: an analysis of the operations and billing interactions performed by operational leadership, finance, and PRMO
  - Requires:
    - Identifying activities from the start point, patient scheduled/registration, through to the end point, patient receives bill in mail
    - This analysis must review people and IT process
      - to include how timing of info passes to PAS
    - To also include a review of edit steps

# Step 3: Process Mapping of Patient Encounter

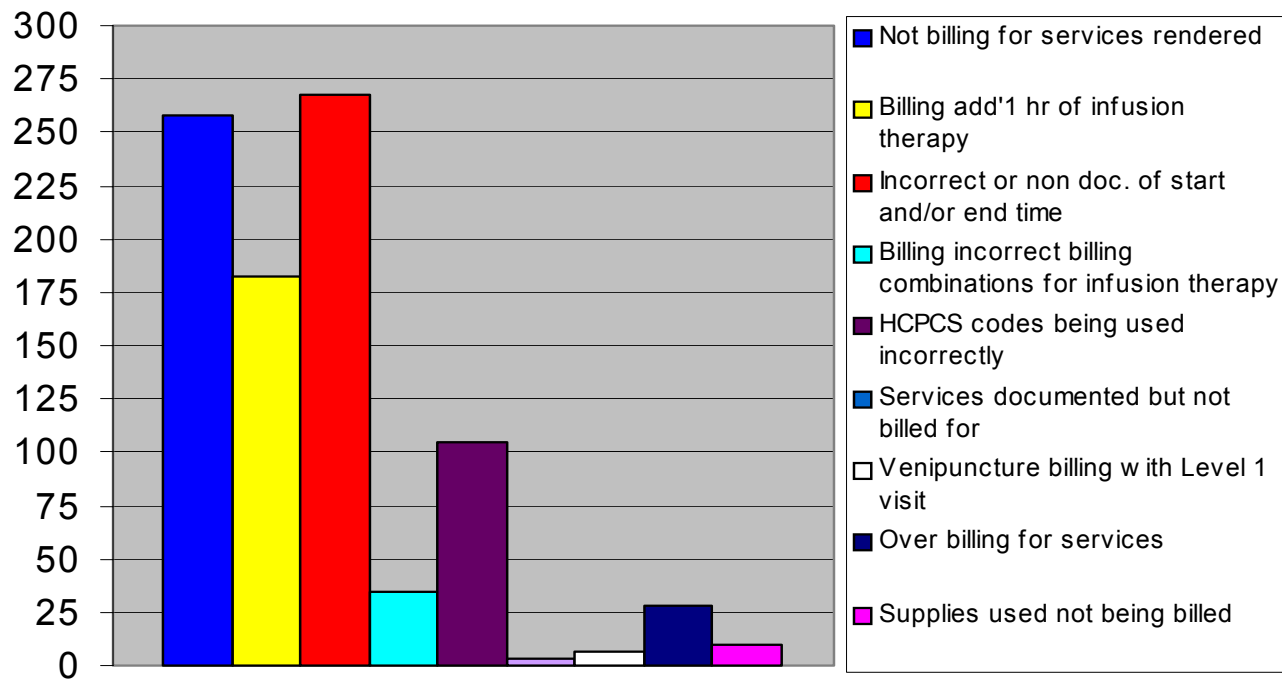
- Issues to consider during analysis:
  - May be first meeting of individuals from different operations and billing areas:
    - Nomenclature challenges/language barriers
    - Perceptions vs. reality regarding activities and systems
  - Professional and technical charges may be processed differently
  - Inconsistencies in charge entry may exist
  - Interface of institutional and departmental IT systems may be unique to department
  - Location and type of edits will impact process

# Defining the Process: Hospital Ambulatory Services

- Step 4 (2 weeks)
  - Review of current patient accounting billing and collections data by operations leadership, finance, and the patient accounting departments
  - Requires:
    - Reviewing denial information
    - Determining number of claims being held
    - Identifying dollar amount of claims not being billed
    - Identifying reasons for bills not being sent

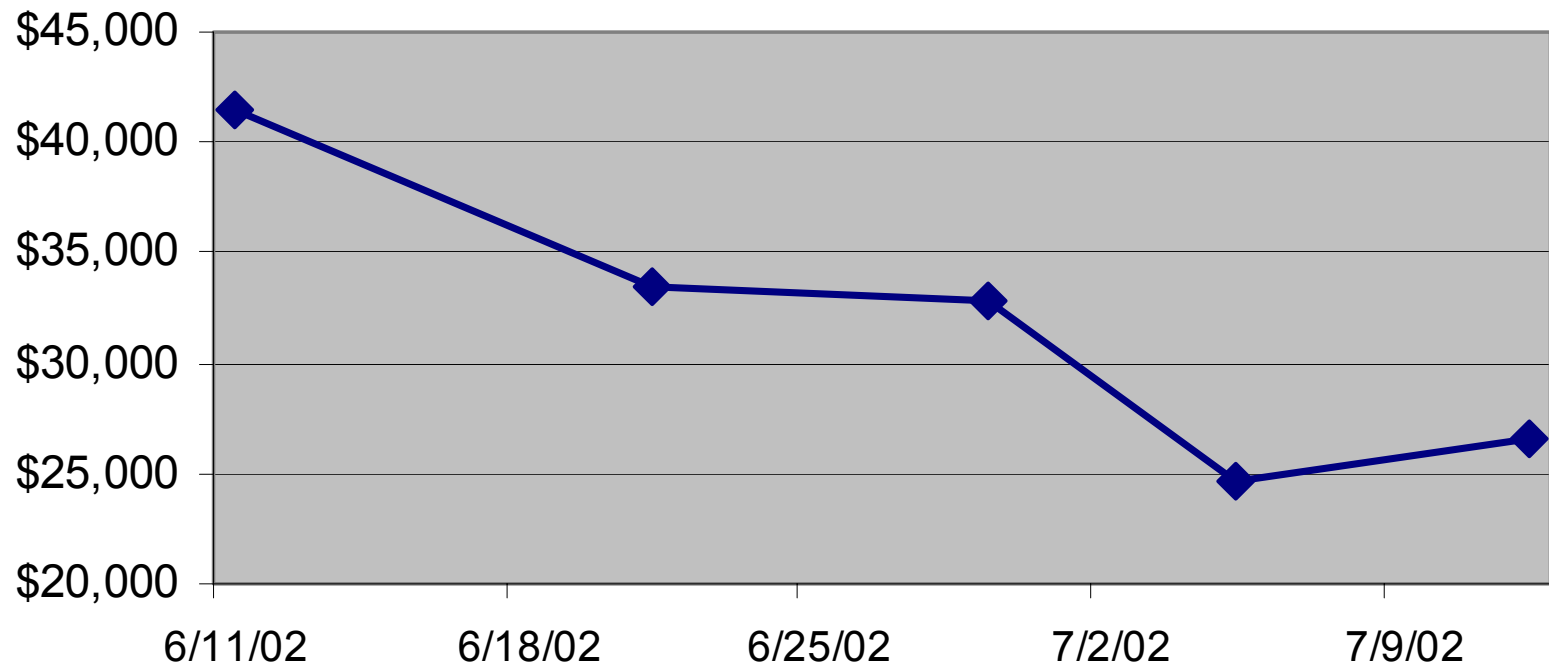
# Step 4: Billing & Collections Data

## OTC Types of Billing Errors



# Step 4: Billing & Collections Data

**OTC APC Workfile Weekending Totals  
Impact on Backend Workload**



# Defining the Process: Hospital Ambulatory Services

- Step 5 (4 weeks)
  - Performance Improvement Charge Capture Project: an initiative to provide education and resources at the point of charge capture coordinated by operations leadership and the PRMO
  - Requires:
    - Educating staff regarding charge master changes and billing criteria
    - Providing onsite coder in designated facility to perform “real time” analysis of charge capture compared to clinical activity
    - Developing daily audit process and activity report

# Step 5: Charge Capture PI

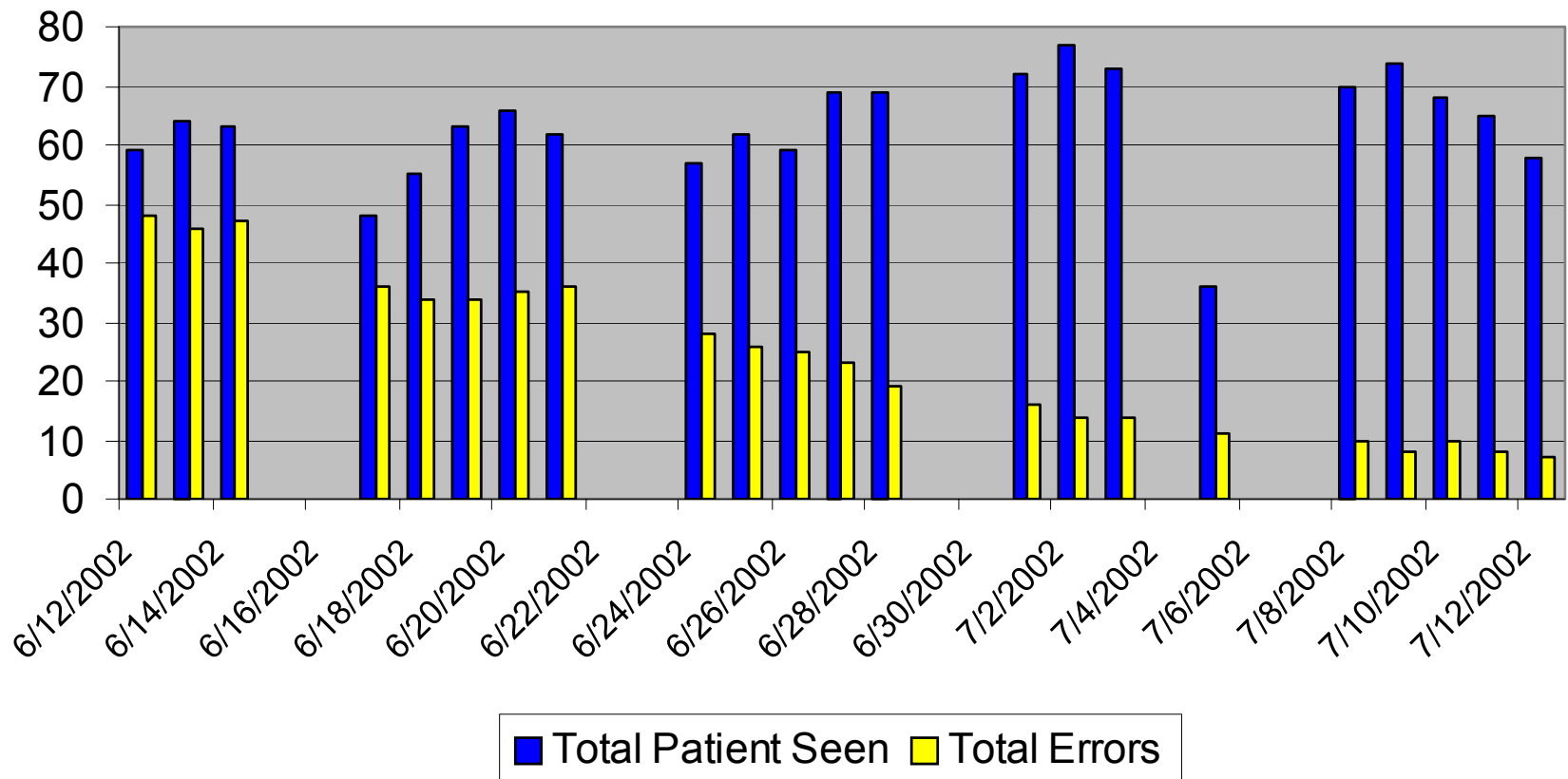
- Objectives:
  - Identify coding errors
  - Correct coding errors
  - Educate nurses regarding appropriate billing
  - Perform same day drug approvals
  - Determine ongoing resource and education needs to maximize charge capture and minimize claims delays
- Hire consultants as needed, ie..external coder for 6 weeks to provide onsite services:
  - Real-time billing review
  - Individual and group education sessions

# Step 5: Charge Capture PI

- Outcomes:
  - Provided daily individualized feedback regarding coding performance
  - Developed resources for staff:
    - Billing and Coding Procedure Guidelines
    - Billing and Coding Visit Level Criteria
    - Treatment Room Billing Flow Chart indicating the most common variables and decision points with recommended best practice
  - Measured daily performance

# Step 5: Charge Capture PI

## OTC Total Patients Seen and Total Billing Errors



# Defining the Process: Hospital Ambulatory Services

- Step 6 (2 wks)
  - Defining the accountability structure
    - Daily encounter audit
      - Corrective action plan
    - Performance reporting
    - Proactive analysis of projected changes to APCs
      - Timely action plan to respond to proposed changes

# Morris Oncology Treatment Center Billing Error Log

<u>Total # of Patients</u>	<u>57</u>	<u>51</u>
<u>Type of Error</u>		
# of missed charges	3	2
# of over charges	2	2
Missed dose recording	0	1
# incorrect coding	<u>5</u>	<u>2</u>
<b><i>Total Treatment Room Errors</i></b>	<b>10</b>	<b>7</b>
RX missed drug/wrong code	1	1
RX undercharged IV or supply	<u>1</u>	<u>2</u>
<b><i>Total Pharmacy Errors</i></b>	<b>2</b>	<b>3</b>
No charge for non-chemo	0	0
Omitted Procrit charge	2	1
Needed to add charges	0	0
# Pharmacy flashlights	2	2

# Step 6: Ongoing Performance Management

- Requires:
  - Daily report tool to track coding performance
  - Work Group including PRMO, CSU/Program Finance, Operations, and related Department leaders to develop and implement solutions to current coding and billing issues:
    - Reviews current edits and required changes
    - Implements APC coding changes
    - Defines processes for new codes
    - Problem solves coordination issues that arise
  - Ongoing monitoring of CMS changes and impact analyses

# Lessons Learned

- Success requires tight integration among operations, PRMO, financial resource, and managers from related Departments
- Expect disconnects between operations and billing processes; there will be significant learning when contributors to all parts of the process sit down together
- “Big picture” and “small picture” of reimbursement must be understood by operations leadership
- Monitoring reimbursement changes and performing impact analyses is a continual process

# Lessons Learned

- Medicare is not the only payer
- Be mindful of what must be consistent across areas and what must be tailored to each operation
- Short-term auditing and monitoring must be replaced by systematic processes
- Other organizations are struggling with the same issues
- Significant time investment is required for success

# PART 2: Pharmacy Management Initiative Purpose

- To review and analyze oncology pharmaceutical agent utilization, expense, and reimbursement
- To collaborate with identified physician groups for the development and implementation of pharmaceutical practice management guidelines

# Implementation Process

- Develop utilization and reimbursement reports
- Pilot reports with selected physicians
- Review reports with senior hospital leadership
- Review reports with Oncology CSU Program Committee

# Implementation Process

- Develop and implement communication strategy
- In collaboration with key physicians and stakeholders:
  - Identify revenue management process improvement opportunities
  - Identify needs for pharmaceutical utilization protocols
  - Implement strategies to improve revenue management and/or develop pharmaceutical utilization protocols

# Pharmacy Management Initiative: Chemo Regimen Analysis

- Evaluate profitability of high volume regimens of chemo therapy by program
  - Determine the effect of Medicare reimbursement changes for 2003 which will significantly reduce payments for chemotherapy and antiemetics
  - Look at the whole course of treatment not just individual drugs or services

# Pharmacy Management Initiative: Chemo Regimen Analysis (cont.)

- Calculated Variable Direct Contribution Margin
  - fixed and indirect expenses were not included
- Challenged by the number of chemo treatment options used at Duke and the low percentage of patients who are on regimens
- Share findings with the Oncologists to evaluate various treatment options

# Analysis Assumptions (cont.)

- Gross Revenue was based on current charge rates
- Medicare Net Revenue
  - 37% Medicare payor mix in OTC
  - Medicare collections were projected at 80% of 2003 APC Payment rates
- Non-Medicare Net Revenue
  - 63% payor mix (all other payors)
  - A review of chemo treatment EOBs showed Non-Medicare payments were based on a percentage of charges
  - Therefore Non-Medicare collections were projected at our current average collection rate of 63.3% of charges

# Results

- Although 2003 Medicare payments for chemotherapy and antiemetics have dropped significantly, the Breast regimens analyzed still have a positive projected Variable Direct Contribution Margin
- It was determined that raising drug prices has resulted in additional collections from Non-Medicare payors
  - since payments are based on charges instead of AWP

# Change Impact

- Impact on net revenue due to changes in APC payment rates is calculated as they are published
- Changes in service mix, pricing and volume are also evaluated for financial implications
- This information is used to determine hardest impacted services and allow for strategies to be identified and evaluated

# Profitability Analyses

- Profitability for new products and services are evaluated prior to implementation
- Comparisons of profitability by treatment options and service lines are preformed – analyses are being prepared for each outpatient standard chemotherapy protocol
- Profitability Analyses are prepared prior to capital expenditures for equipment, construction or renovations

# OTC Pharmacy Revenue Center

- Change in revenue reporting. Oncology Pharmacy is being set up to capture revenue separately from the central pharmacy (it's current process) in order to better track and analyze the performance of the Morris business
- This will allow revenue and expenses to be readily identified and allow for cost savings to be linked to the items they prepare

# PHS Drug Pricing (340B Program)

- 340B (also called PHS) is a federal program which allows qualifying Disproportionate Share Hospitals and other eligible entities to purchase drugs for outpatients being treated in entity owned clinics at discounted prices
  - Name brand price =  $AWP - 15\%$
  - Generic and OTC price =  $AWP - 11\%$

# PHS Drug Pricing (cont.) (340B Program)

- Duke Hospital was approved and began utilizing the PHS (340B) program April of 2002
- Use of the program has resulted in 35% savings on Oncology Treatment Center drugs (mostly chemo and IVIG) without any impact on revenues

# Process Improvement Building Blocks

- Role delineation and human resources from:
  - Patient accounting (Practice Specialist)
  - Clinical Service Unit (CSU) Finance
  - CSU Patient Resource Managers
  - CSU Information Technology Project Manager
  - Pharmacy manager
- Effective teams:
  - Process mapping
  - Operational problem solving
- Communication infrastructure
- Decision-making pathways

*Opportunities are usually  
disguised as hard work so most  
people don't recognize them.*

- Ann Landers

THANK-YOU

QUESTIONS ??