Office Practicum

Updating Your Practice Fee Schedule

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Objectives

On today's webinar we will discuss:

- The importance of reviewing and updating your fee schedule on a regular basis
- Methods to create a fee schedule that is consistent and supports practice financial metrics
- The impact of monitoring payments throughout the year to maximize revenue

The fee schedule (sometimes called the charge master or charge schedule) **is the single most important tool for a medical practice.**

Your Charge/Fee Schedule: Why It Matters

- It is a statement of how you value your own work
- It sets the expectation for what others will pay you for your work
  - Private payers
  - Public payers (Medicaid and CHIP)
  - Self-pay patients
- It has significant impact on other practice Key Performance Indicators (KPIs)

Why Now?

- Every November, CMS publishes updates to its Medicare physician fee schedule that are effective as of January 1.
- Many payers follow the lead of CMS, and at a minimum, apply the Medicare “Conversion Factor.”
- Some payer contracts may be tied to a “specific year” of CMS or may float with CMS changes.

Too BIG

Too SMALL

Just RIGHT

Very High Fee Schedules

- Can falsely elevate expected payments
- Will unrealistically increase your Accounts Receivable (AR)
- Will increase your Write Offs/Disallowables/Adjustments

Low Fee Schedules

- Can result from under-valuing your services
- Can result from fear of self-pay complaints
- Can happen when your fee schedule is not regularly updated
- Results in **LOSS OF INCOME**

Methods Practices Report for Calculating Fee Schedule

- “Seems reasonable” (guessing)
- Keep increasing old one (and what was that folklore based on?)
- If we seem like we are getting underpaid, we bump it up
- What do you mean by “choosing our fee schedule”? Doesn’t someone else determine that for us?
- We ask what other pediatricians in our area charge (don’t tell anyone)

Possible Methods for Constructing a Fee Schedule

- Benchmarking
  - RVUs
  - Medicare Fee Schedule 
- Cost plus markup
- Comparative Analysis using national and local averages

Why Use Medicare Rates?

Medicare Resource-Based Relative Value Scale (RBRVS) methodology incorporates sound business principles by addressing the true cost of care:

1. Physician work (wRVU)
2. Practice expenses incurred in delivering the services, such as staff time and consumables
3. Malpractice expense

Total RVU is the sum of these three values. For any given location, Medicare Payment is calculated as:

((Physician Work RVU * PW GPCI) +
(Practice Expense RVU * PE GPCI) +
(Malpractice * Malpractice GPCI)) *
Conversion Factor on DOS

How Payers Calculate Payment

Historically:

- “Usual and customary”
- “Customary, prevailing, and reasonable”
- % of charges

Present day:

- More than 74% of public and private payers, including Medicaid programs, have adopted components of the Medicare RBRVS to ~~reimburse~~ PAY physicians.

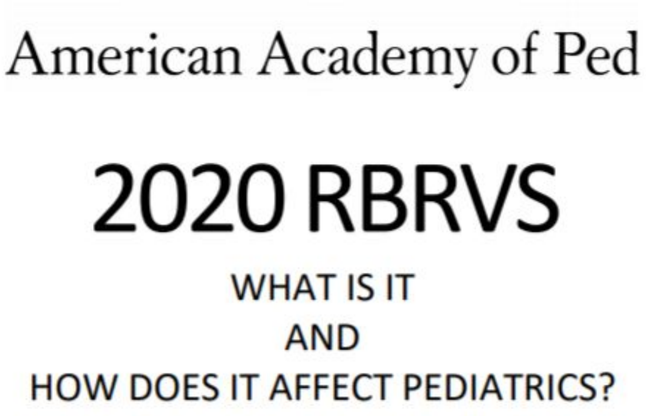
Reimbursement vs Payment

- **More than 25 years ago:**
  - Patients/families had health insurance policies
  - The family paid the practice (cash, checks, credit cards)
  - The family submitted the payment to their health insurance carrier to be reimbursed for the money they spent to receive care
- **Current Day:**
  - Patient/Family ------- **INSURANCE PAYER** --------- Practice
  - Services provided by Practice
  - Practice submits claim to insurance payer and “begs to be reimbursed”?

WE PROVIDE PROFESSIONAL SERVICES FOR WHICH WE DESERVE TO BE ADEQUATELY AND FAIRLY PAID!

Resources

AAP 2020 RBRVs: https://downloads.aap.org/AAP/PDF/RBRVS.pdf



Medicare Fee Schedule Lookup Tool: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PFSlookup/index

Is Using the Medicare Fee Schedule Enough?

- No!
- Not all pediatric services are reflected in the Medicare Fee Schedule (for example, preventive services and pediatric-only vaccines)
- Can create similar value based on RVUs when creating/updating your fee schedule

2020 Medicare Conversion Factor

With the budget neutrality adjustment to account for changes in RVUs, the finalized CY 2020 Medicare Conversion Factor is **$36.0896**, a slight increase of $0.05 above the CY 2019 Medicare Conversion Factor.

What About Average or Median Payment?

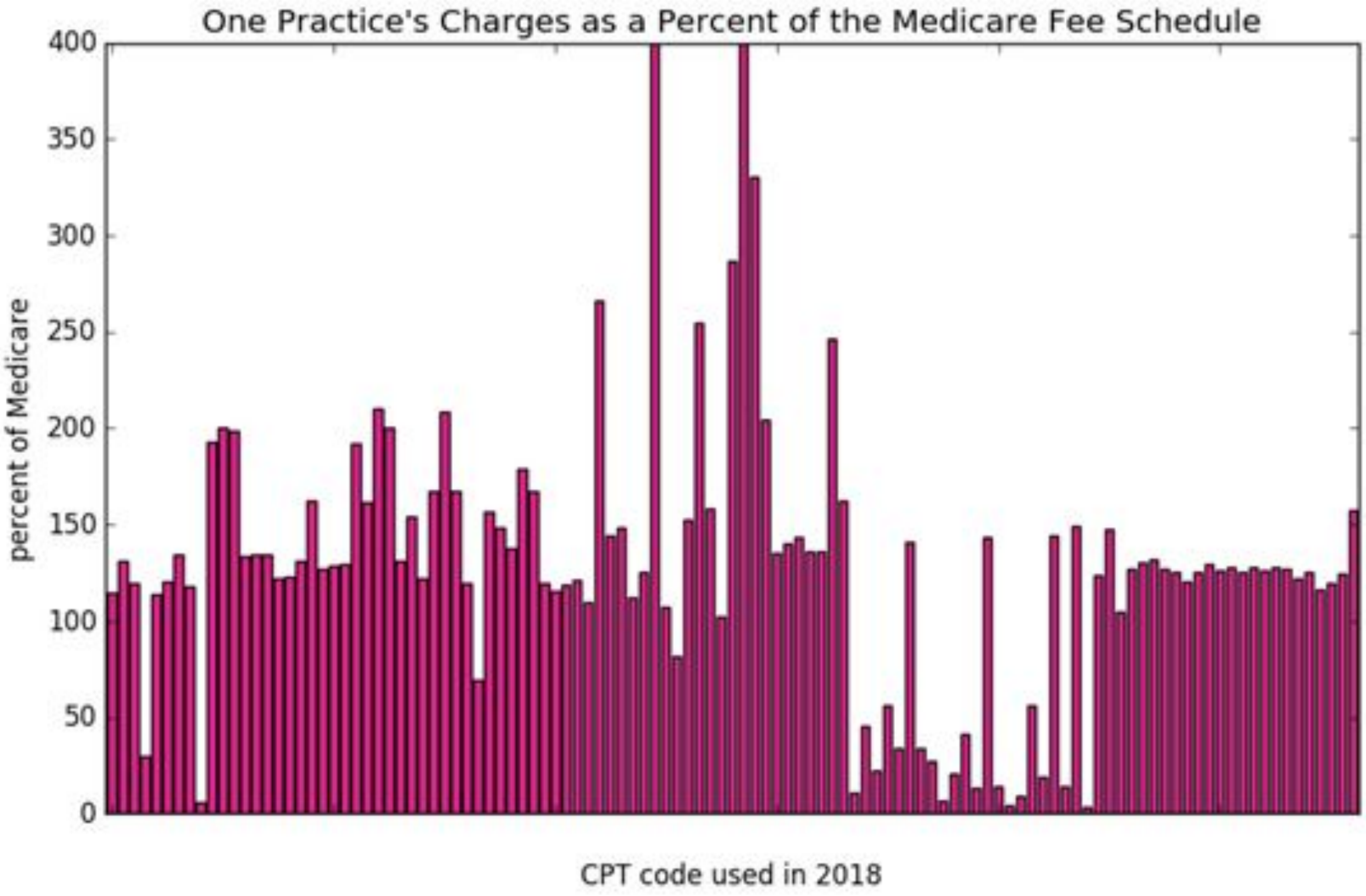
99213 Medicare Fee Schedule for Green Bay, WI: $71.89

- If the practice is capitated for one of their large payers (CapCrap) (payment $0) and one of their payers (PedsRule) pays at 200% of Medicare ($143.78) and the other payers are in between ...
  - What would happen if they set their fee schedules at the average, median or even weighted average?
  - Answer: Fees would be set below the 200% that PedsRule is willing to pay, leaving $$ on the table (or more importantly, in the payer's pockets)

So What Do Most Pediatric Practices Use

- Totally depends on:
  - Your geography
  - Your payer mix
  - The proportion of self-pay patients in your practice
- ***In general:*** 140-200% of Medicare Fee Schedule is what most practices use as their base
- Where there is no Medicare Fee/Reference, calculate based on RVUs (if available)
- If there is no RVU, % above cost to deliver the care (do you know that?)

Practice Doesn’t Set Fee Based on RBRVs



What is the Harm in Starting with 100% of Medicare?

- You will have relatively low AR (as long as your RCM cycle is efficient)
- You will have relatively low adjustments/write offs

- ***You are almost certainly leaving money on the table (and in the payers' pockets)***
- You are hindering your ability to innovate and add services your families need

What is the Harm in Starting with 300% of Medicare?

- Likely will be maximizing payment/income
- Will capture the “new payers” who often pay 60% of charges ***(watch those contracts!)***

- If you have lots of self-pay*, those patients may be very unhappy
- AR will likely be high
- Adjustments will likely be high
- ***If you are paying out a retiring doctor based on AR this may have significant impact!***

*“Self pay” includes patients whose insurance doesn’t cover core services (screens, etc.) and who get an EOB those charges

Pediatric Specific CPT Codes

- The following are not listed or priced in the Medicare Fee Schedule:
  - Pediatric vaccines such as MMR, Varivax, rotavirus, Hib, DTaP, and almost all combination vaccines

- The following are listed on the Medicare Fee Schedule but as $0:
  - After-hours and emergency codes (99050, 99051, 99058)

- The following have RVUs and fees in the Medicare Fee Schedule, but they are not paid by Medicare:
  - Preventive visits (9938x, 9939x) and preventive counseling (9940x)
  - Vision screens (99173, 99174, 99177) and developmental screens (96110)
  - Telephonic E&M (99441-99443) and consultative E&M (9924x, 9925x)

Can You Have More than One Fee Schedule?

- Medicare requires (and it is generally recommended) that you have a consistent set of charges for the services you provide. Medicare law says you cannot charge a Medicare patient any more or any less than what you charge other patients for the same service.

- Many payers have “favored nation” clauses in your contracts. Your charge for an office visit should be the same, regardless of insurance status or type of coverage the individual patient may have.

Favored-Nation Clauses

"Provider represents and warrants that it has not agreed to accept from any other payer a reimbursement rate that is less than what is offered by Payer under this contract. If Provider offers a better reimbursement rate to any other Payer, the Provider must provide prior written notice of such an offer to Payer and give Payer the option to accept the reduced reimbursement rate. Thereafter, at Payer's option, Payer may accept the reduced reimbursement rate or it may terminate the contract immediately upon written notice to Provider."

American Medical News:
https://amednews.com/article/20070806/business/308069998/5/

What About Self-Pay?

- Can offer “same day” payment discounts
- “Self-pay should reflect the fact that the patient is paying in full at time of service and there is no practice expense for filing a claim and collecting from insurance.” Mary Pat Whaley, FACMPE, CPC
- Should be based as a percentage of your fee schedule (typically 30-50%) or some practices use Medicare rates)
- Can offer “sliding scale” hardship discounts (but must apply consistently)

MGMA Self Pay Discounts:
https://www.mgma.com/resources/revenue-cycle/do-self-pay-discounts-encourage-patient-responsibi

What About Vaccines?

- AAP Business Case for Vaccines: states you need ***17-28% above acquisition cost to break even on the product***
- Use the CDC Private Sector Cost List as basis for negotiations
- Join a Vaccine Purchasing Group (compare!)
- Vaccine pharma generally increases pricing at least twice a year (join SOAPM to get the first notification!)
- Must track costs and what you are being paid at least quarterly and ***adjust your fee schedule appropriately***
- Remember there are 2 codes associated with every vaccine: the product and the administration code. You should be paid adequately for both.

So What Do I Do Tomorrow?

- Take a good look at your current fee schedule
- Compare it to a benchmark tool such as Medicare
- Decide on a formula to update your fee schedule
- Compare what you decide versus the maximum you get paid from your highest payers (do NOT leave money in the hands of the payer)
- Make sure you have a non-$0 fee for ***ALL*** the codes you use
- Examine your contracts and see what they are currently based on:
  - Exact numbers (doubtful)
  - % of Medicare (likely) and maybe a ***specific year*** of Medicare
  - % of your charges (possible for some “newer payers” to your market, or “new codes”)

What Should I Do After the Update?

- Monitor payments/adjustments; if you get 100% of your fee schedule for any CPT codes (payer + patient responsibility) and have a policy on what happens next:
  - Biller MUST stop and bring to the attention of the appropriate management (Office Manager, lead physician, both?)
  - Have a process on how the practice will react (automatically increase fee by 20%?)
- Run a quarterly report to identify any “fully paid” charges so that you can double check the biller’s work.

Some Fees Should Get 100% of Charges

- By their nature, some services will be paid in full (form fees, ear piercing, other services that are generally full patient responsibility)
- In other cases, you may decide not to increase for a sound reason (postpartum depression screening where one payer pays your charges but you have <1% of patients under that plan and for many patients it drops to patient responsibility)

What Other Ongoing Work Is Required?

- Anytime you add a new service with a CPT code you never used before, you must value it and to add to your fee schedule.
- Every time vaccine pharma increases your costs, you must increase your charges to stay “above water” (and track cost when purchasing vaccine and compare to payment)
- Monitor your CPT codes and make sure they reflect the work you are doing and the latest CPT codes
  - For example: yearly changes in flu vaccines
  - If you are adding instrument-based vision screening, be sure to pick the correct CPT code for your use (99174 or 99177)

References & Resources

- California Medical Society: Building a Defensible Fee Schedule: An Analytical Approach to Establishing and Maintaining Charges
- AAP Practice Transformation: Getting Paid
- Why Do Doctor's Bills Vary Widely (Blog by Capture Billing)
- AAP Business Case for Vaccines
- CDC Private Sector Vaccine Cost List **(sign up for email updates!)**
- AAP Group Purchasing Organizations
- About SOAPM: www.aap.org/soapm To join: https://membership.aap.org/Application/AddSectionCouncil
- AAP Hassle Factor Form

References & Resources

- OP Blog: Using the Correct Codes for Office Screenings
- AAP Immunizations Training Guide
- AAP Immunization Administration Coding FAQ
- Is Your Doctor Breaking the Law? The truth about waiving copays
- AAP Coding Resources for Preventive Care (the link will be updated to 2020 in early February)
- AAP members: Have a Coding Question? aapcodinghotline@aap.org

References & Resources

CMS RVU Files:
https://go.cms.gov/2hu30E3

RBRVS:
https://downloads.aap.org/AAP/PDF/RBRVS.pdf

Creating a Medicare schedule with application of geographic variables: *
https://bit.ly/2DqKVRG

Excel tutorials for doctors: *
http://tnscriptdoctor.com/excel-tips-and-tricks/

*** Thank you Dr. Suzanne Berman for these resources**

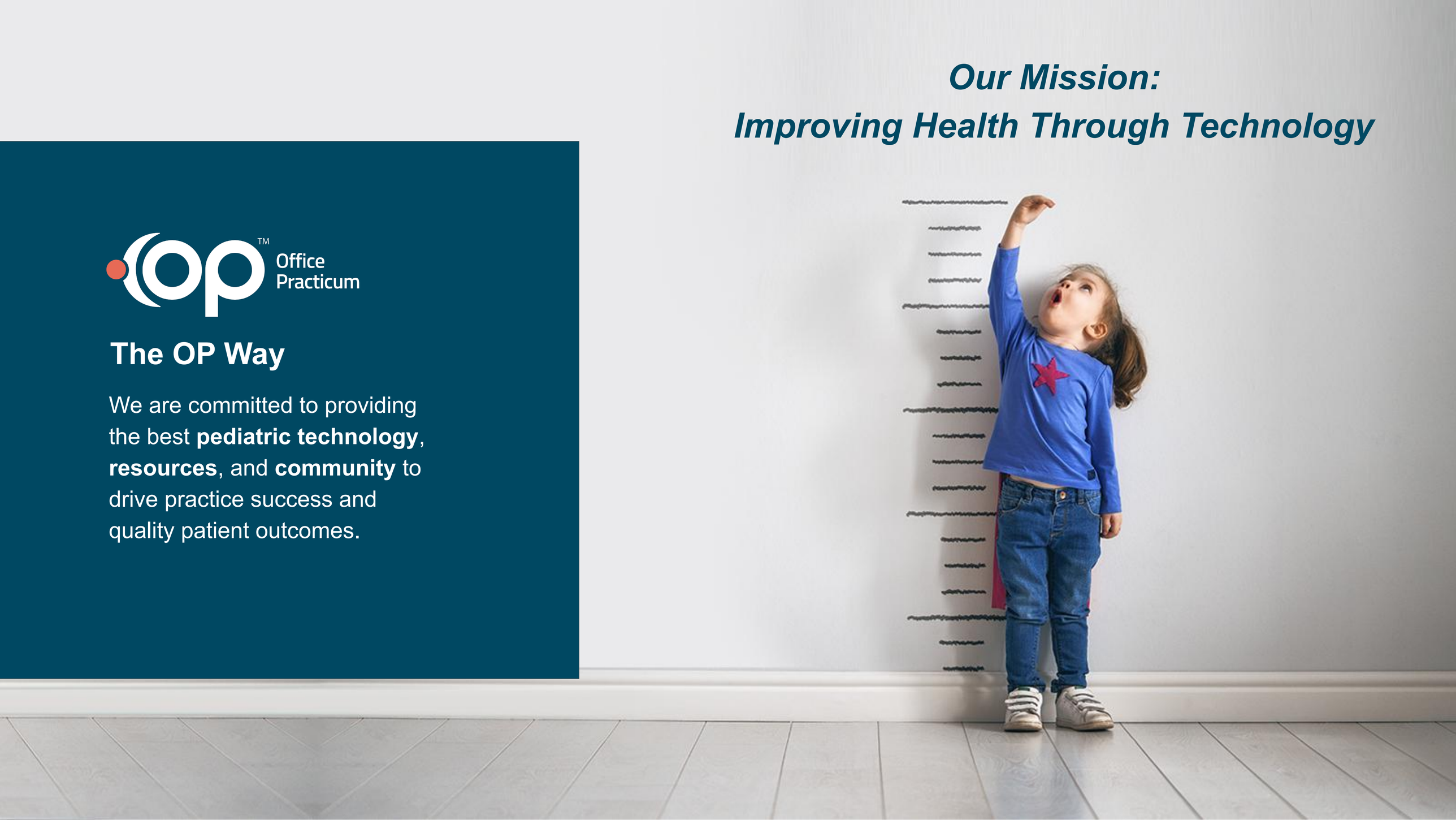
Thank you, Dr. Kressly!

Our Mission:
Improving Health Through Technology

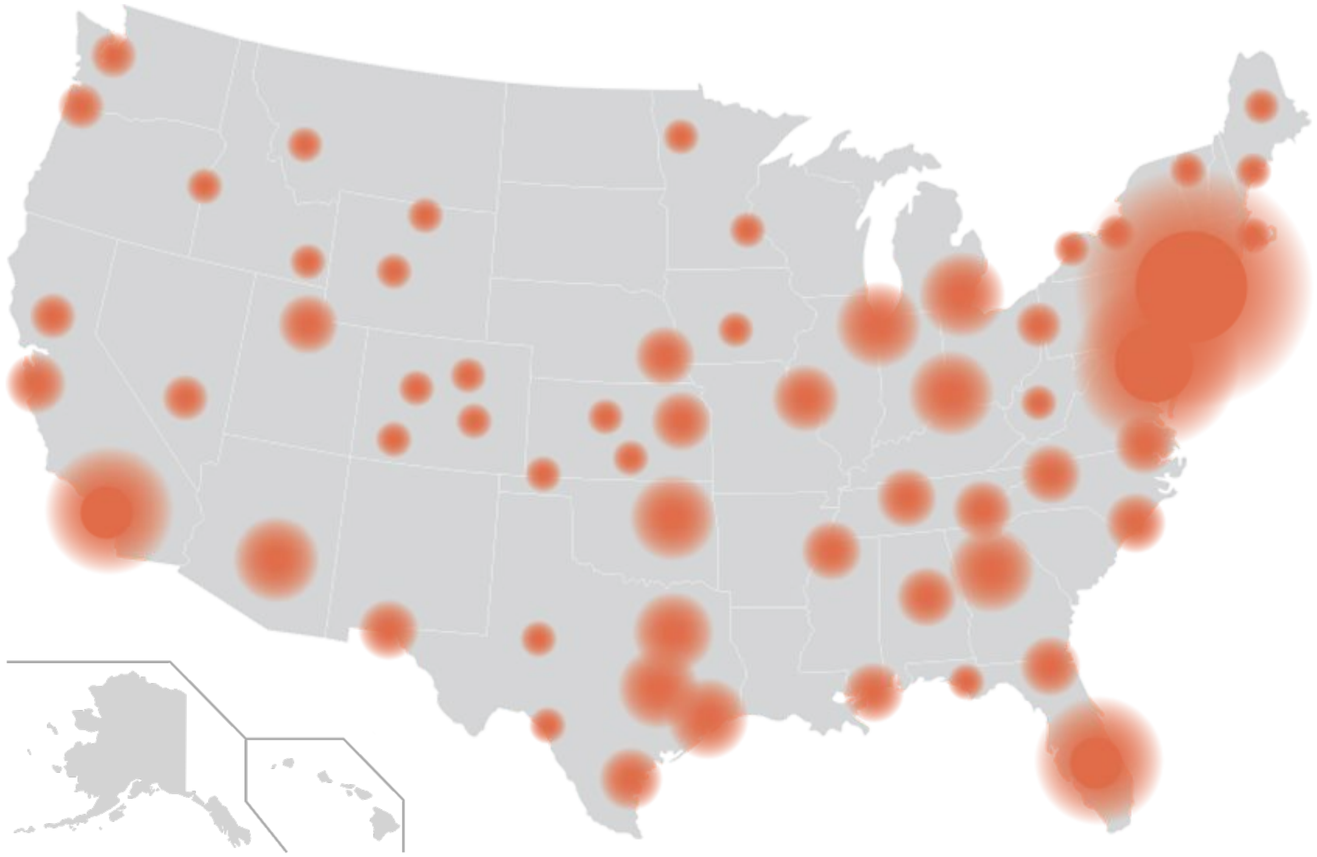
Office Practicum™

The OP Way

We are committed to providing the best **pediatric technology**, **resources**, and **community** to drive practice success and quality patient outcomes.



OP at a Glance



4000 Over 4000 practicing **pediatricians**

900 Over 900 independent **practices**

50 Covering **50 US states & territories**

6 6 million **patient lives touched**

98 98 percent client **retention rate**

Key features & functionality

- OP Supports multiple fee schedules
- Easy tool to update fee schedules as needed
- OP Payer contracts can be tracked in a location or payer specific level, as well as payment type (capitation,copay, FFS, patient responsibility)

OP Intelligence

OP Intelligence is a pediatric-specific business analytics tool that not only tracks your financial data, but also analyzes it for you.

- Eliminate spreadsheets, data extracts, pivot tables, and multiple reports
- Review the analysis provided versus doing the analysis
- Visualize your financial data to readily identify opportunities to improve
- Receive intuitive guides to help you understand how to address issues
- Easily share your data with team members
- Benchmark your pediatric practice against others

OP Intelligence: Fee Schedule Analysis

Fee Schedule Analysis

CPT Class: 5 Values

CPT Code	CPT Description	Last Charge Amount	National Medicare Rate	Medicare Percentage	150% Medicare	Practice Fee vs 150% Medicare	175% Medicare	Practice Fee vs 175% Medicare
99201	Office/outpatient visit new	$70.00	$44.50	157.30%	$66.75	$-3.25	$77.88	$7.88
99202	Office/outpatient visit new	$90.00	$75.73	118.85%	$113.59	$23.59	$132.52	$42.52
99203	Office/outpatient visit new	$135.00	$109.46	123.33%	$164.19	$29.19	$191.56	$56.56
99204	Office/outpatient visit new	$195.00	$166.16	117.35%	$249.25	$54.25	$290.79	$95.79
99205	Office/outpatient visit new	$280.00	$209.23	133.82%	$313.85	$33.85	$366.15	$86.15
99211	Office/outpatient visit est	$45.00	$20.46	219.98%	$30.68	$-14.32	$35.80	$-9.20
99212	Office/outpatient visit est	$70.00	$44.14	158.58%	$66.21	$-3.79	$77.25	$7.25
99213	Office/outpatient visit est	$90.00	$73.93	121.74%	$110.90	$20.90	$129.38	$39.38
99214	Office/outpatient visit est	$135.00	$108.74	124.15%	$163.11	$28.11	$190.30	$55.30
99215	Office/outpatient visit est	$195.00	$146.43	133.17%	$219.64	$24.64	$256.25	$61.25
99233	Subsequent hospital care	$130.00	$105.87	122.79%	$158.81	$28.81	$185.28	$55.28
99239	Hospital discharge day	$170.00	$109.10	155.82%	$163.65	$-6.35	$190.93	$20.93
99381	Init pm e/m new pat infant	$170.00	$111.61	152.31%	$167.42	$-2.58	$195.32	$25.32
99382	Init pm e/m new pat 1-4 yrs	$180.00	$116.64	154.32%	$174.96	$-5.04	$204.12	$24.12
99383	Prev visit new age 5-11	$180.00	$121.66	147.95%	$182.49	$2.49	$212.91	$32.91
99384	Prev visit new age 12-17	$200.00	$136.74	146.27%	$205.10	$5.10	$239.29	$39.29
99391	Per pm reeval est pat infant	$130.00	$100.13	129.83%	$150.19	$20.19	$175.23	$45.23
99392	Prev visit est age 1-4	$140.00	$106.95	130.90%	$160.42	$20.42	$187.16	$47.16
99393	Prev visit est age 5-11	$140.00	$106.59	131.35%	$159.88	$19.88	$186.53	$46.53
99394	Prev visit est age 12-17	$160.00	$117.00	136.76%	$175.50	$15.50	$204.74	$44.74
99395	Prev visit est age 18-39	$160.00	$119.51	133.88%	$179.26	$19.26	$209.14	$49.14
99460	Init nb em per day hosp	$220.00	$101.56	216.61%	$152.35	$-67.65	$177.74	$-42.26
99462	Sbsq nb em per day hosp	$110.00	$45.22	243.26%	$67.83	$-42.17	$79.13	$-30.87

OP Intelligence: Vaccine Pricing Overview

Vaccine Price Overview

Carrier: All

CPT Code	CPT Description	Vaccine Name	Manufacturer	Presentation	Units	Private Sector Cost	Median Payments	Estimated Margin
90700	Dtap vaccine < 7 yrs im	Infanrix	GlaxoSmithKline	10 pack - 1 dose T-L syringe	1,001	$22.40	$90.00	$67.60
90700	Dtap vaccine < 7 yrs im	Daptacel	Sanofi Pasteur	10 pack - 1 dose vial	1,001	$29.20	$90.00	$60.80
90700	Dtap vaccine < 7 yrs im	Infanrix	GlaxoSmithKline	10 pack - 1 dose vial	1,001	$22.40	$90.00	$67.60
90670	Pcv13 vaccine im	Prevnar 13 TM	Pfizer	10 pack - 1 dose syringe	798	$169.11	$631.98	$462.87
90648	Hib prp-t vaccine 4 dose im	ActHIB	Sanofi Pasteur	5 pack - 1 dose vial	796	$15.75	$41.68	$25.93
90648	Hib prp-t vaccine 4 dose im	Hiberix	GlaxoSmithKline	10 pack - 1 dose vial	796	$10.26	$41.68	$31.42
90713	Poliovirus ipv sc/im	IPOL	Sanofi Pasteur	10 dose vial	759	$31.06	$112.44	$81.38
90680	Rv5 vacc 3 dose live oral	RotaTeq	Merck	10 pack - 1 dose tube	562	$81.28	$209.10	$127.82
90680	Rv5 vacc 3 dose live oral	RotaTeq	Merck	25 pack - 1 dose tube	562	$81.28	$209.10	$127.82
90651	9vhpv vaccine 3 dose im	Gardasil9	Merck	10 pack - 1 dose vial	553	$193.63	$550.00	$356.37
90633	Hepa vacc ped/adol 2 dose im	Vaqta	Merck	10 pack - 1 dose vial	428	$31.12	$73.08	$41.96
90633	Hepa vacc ped/adol 2 dose im	Havrix	GlaxoSmithKline	10 pack - 1 dose syringe	428	$30.14	$73.08	$42.94
90633	Hepa vacc ped/adol 2 dose im	Vaqta	Merck	10 pack - 1 dose syringe	428	$31.12	$73.08	$41.96
90633	Hepa vacc ped/adol 2 dose im	Havrix	GlaxoSmithKline	10 pack - 1 dose vial	428	$30.14	$73.08	$42.94
90744	Hepb vacc 3 dose ped/adol im	Engerix B	GlaxoSmithKline	10 pack - 1 dose vial	376	$22.40	$59.18	$36.78
90744	Hepb vacc 3 dose ped/adol im	Recombivax	Merck	10 pack - 1 dose vial	376	$23.20	$59.18	$35.98
90744	Hepb vacc 3 dose ped/adol im	Engerix B	GlaxoSmithKline	10 pack - 1 dose syringe	376	$22.40	$59.18	$36.78
90734	Mcv4 menacwy vaccine im	Menactra	Sanofi Pasteur	5 pack - 1 dose vial	302	$112.93	$266.20	$153.27
90734	Mcv4 menacwy vaccine im	Menveo	GlaxoSmithKline	5 pack - 1 dose vial	302	$119.75	$266.20	$146.45
90707	Mmr vaccine sc	M-M-RII	Merck	10 pack - 1 dose vial	165	$67.03	$95.00	$27.97
90716	Var vaccine live subq	Varivax	Merck	10 pack - 1 dose vial	153	$115.16	$160.00	$44.84

OP Intelligence: Comparative KPIs and Benchmarks

- OP has RCM Performance Form so management can tell at a glance whether everything is flowing, includes a multi-practice version
- You can only see your own data in OP, but OP Intelligence brings it all together:

Benchmarks

Metric	Your Value	Rank	Average	Median	Standard Deviation	25th Percentile	50th Percentile	75th Percentile	90th Percentile
% of Claims filed in less than 4 days	98.35%	4	63.84%	69.29%	27.5	43.53%	69.29%	88.77%	94.79%
% of Claims filed in over 10 days	0.80%	155	12.73%	6.47%	15.7	2.31%	6.47%	15.68%	34.06%
Well Visit %age	33.60%	67	32.21%	32.17%	7.5	27.76%	32.17%	37.01%	41.45%
Sick Visit %age	66.40%	101	67.79%	67.83%	7.5	62.99%	67.83%	72.24%	77.10%
99213 %age	54.31%	96	56.71%	59.04%	21.5	40.85%	59.04%	75.17%	83.89%
99214 %age	41.69%	57	33.34%	32.21%	20.5	15.51%	32.21%	49.05%	62.95%
99215 %age	0.18%	116	1.54%	0.50%	3	0.13%	0.50%	1.52%	4.37%
99214 & 99215 %age	41.87%	61	34.88%	32.91%	21.3	16.30%	32.91%	52.03%	66.94%
Established Visit %age	98.31%	23	92.96%	96.05%	8.5	93.32%	96.05%	97.45%	98.49%
New Visit %age	1.69%	145	7.04%	3.95%	8.5	2.55%	3.95%	6.68%	17.35%
Revenue per Encounter (Bal = $0.00)	$142.63	47	$123.73	$124.24	38.4	$99.83	$124.24	$146.20	$167.65
Revenue per Encounter (No Vaccines)	$88.27	28	$99.05	$96.31	27	$81.82	$96.31	$106.05	$140.26

OP Intelligence: Extended KPIs

- The current version of OP does not have RVU information, so practices that use RVUs to calculate provider compensation can use OP Intelligence to provide the necessary calculations

Provider RVU Analysis

Provider>CPT Code	RVU2_Description	CPT Units	Work RVU's	Total RVU's	Charges	Payments	Charge per tRVU	Payment per tRVU
−All		27,390	19,631.79	45,537.15	$2,265,280	$1,345,127	$49.75	$29.54
[redacted]		7,460	5,152.63	11,999.79	$600,465	$349,795	$50.04	$29.15
		7,927	5,912.14	13,654.91	$674,710	$413,011	$49.41	$30.25
		7,748	5,253.31	12,414.72	$620,295	$360,625	$49.96	$29.05
		4,248	3,312.53	7,462.68	$369,530	$221,552	$49.52	$29.69
		7	1.19	5.04	$280	$144	$55.56	$28.62

OP20

Now Let’s Take a Look:

- Fee Schedules
- Superbills
- Contract

Thank you!