



HBP

data - information - KNOWLEDGE

Part – A: The Education Process
Initial Support Level
and
Subsequent Negotiations

Robert H. Tessier

Senior Reimbursement Consultant

HBP Services, Inc.

11 Research Drive, Suite 2

Woodbridge, CT 06525

203-397-8000

Table of Contents

	Page
• The Process	3
• Top – Priority Status	4
• Educate Yourself	5 - 7
• Components of a Market Study	6
• RCE Limits for Physician Compensation	8
• Dynamic Process	9
• Common Time Study	10-12
• Distribution of Part-A Duties	13
• Action Items	14
• Negotiating Tactics	15
• Components of a “Fact Book”	16-18



The Process

- ✓ Assign Top Priority Status
- ✓ Educate Pathologists
- ✓ Utilize Objective Criteria
- ✓ Make the Process Dynamic
- ✓ Educate the Hospital: Fact Book”



Top – Priority Status!

- Advanced preparation; 6-Months to 1-Year
- Become “Visible” early
- Maximize Part-A involvement
- Consider *Performance Based* Part A
- Carve out a niche where real value can be demonstrated
- Monthly Practice agenda
- Retain assistance for fact-finding



Educate Yourself

- Department Finances
 - Cost to Charge Ratio
 - Direct & Indirect Cost Allocation
 - Revenue (Charges) vs. Income (Cash)
 - Third Party Contracts for AP and CP
- Reconcile Technical vs. Professional Billing for AP
- Contact Pathologists at local hospitals
- Prepare a **Market Study:**



Educate Yourself

Components of a Market Study

- Number of Full-Time Pathologists
- PA/PhD Role and Employment
- Personnel Being Supervised (*# & Type*)
- Gross Revenues: *IP, OP & Referred*
- Number of Lab Tests, by Division
- Autopsy Volume- Paid under Part A or separate
- Direct Patient Care Accessions
 - Surgical, Cytology, Clinical



Educate Yourself

- Check Data through your State Hospital Association
- Talk to a consultant with local expertise
- Submit FOI (Freedom of Information) request to your

Medicare Intermediary for “A-8-2”



RCE Limits for Physician Compensation

-Published by HCFA in the Federal Register

Estimates of FTE annual average net compensation levels

*for cost reporting periods beginning on or after Jan. 1, 2004**

Specialty	Non-metropolitan areas	Metropolitan areas less than 1 million	Metropolitan areas greater than 1 million
Total	\$159,800	\$171,400	\$177,200
General/family practice	142,500	136,700	138,700
Internal medicine	150,200	154,100	165,600
Surgery	182,900	204,100	208,000
Pediatrics	130,900	152,100	140,600
Ob/gyn	200,300	194,500	196,400
Radiology	217,600	231,100	225,300
Psychiatry	138,700	142,500	154,100
Anesthesiology	167,500	200,300	200,300
Pathology	208,000	219,500	215,700

* All figures are rounded to the nearest \$100.

Source: Centers for Medicare and Medicaid Services, Aug. 1, 2003 Federal Register, vol. 68, No. 148.



Dynamic Process

- Obtain time studies on file for the most recent fiscal year and review the translation with Finance.
- Prepare 2 week time studies at least 4x per year.
- Meet with Finance to review Part-A annually
- Actively participate in the budget “cycle”
- Distribute services to all Pathologists and evaluate progress quarterly



Common Time Study:

Errors

&

Solutions

- ✗ Use of a Generic Hospital Form
- ✗ Task without Explanation
- ✗ Non Review of Prior Time Studies

- ✓ Customized Form for Pathologist's Part A
- ✓ Practice Meeting with Written Directions
- ✓ Review of Prior Year's Experience



Common Time Study:

Errors

&

Solutions

✗ Mathematical Mistakes

✓ Cross Footing

✗ Failure to Edit Group Submission

✓ Designate MD Coordinator

✗ Emphasizing Part-B

✓ Use weeks with Full Staffing

✗ Short Days

✓ Complete Work Week



Common Time Study:

Errors

&

Solutions

- ✗ Inaccurate Start- Stop
- ✗ Filling out Time-Study at Weeks End
- ✗ Failure to Provide Detail
- ✗ Infrequent Documentation

- ✓ Assure accountability
- ✓ Complete Daily Before Departure
- ✓ Completion of Detailed Diary
- ✓ Quarterly Studies



Distribution of Part-A Duties

	Doctor Red, MD	Doctor Blue, MD	Doctor Yellow, MD	Doctor Green, MD
Benchmarking				X
Compliance		X		
Equipment	X			
Fee Schedules			X	
Human Resources/Incentives		X		
Informatics				X
Marketing/Sales		X		
Negotiations: Hospital	X			
Negotiations: Third Party	X			
Regionalization	X			
Technical Revenue/Controls			X	
Technology				X
Time Studies			X	



Action Items

- Evaluate/ Document Cost Saving Options
 - Voice Recognition Dictation
 - Template Reporting
- Check & Balance (Prof. & Tech. Billing)
 - Effective Charge Controls
- Explore “State of the Art” Reporting Technologies
 - Photomicrograph on reports (Clinical lab appeal)
- Evaluating Outsource Opportunities
- Make a Practice Investment in Department Innovation
- Participate in Marketing and Sales Cost



Negotiating Tactics

- Never limit the Pathologists proposal to only Part-A support
- Utilize Objective Criteria and the Local Marketplace
- Consider Joint Venture opportunities to improve revenues and reduce costs
- *What economies can be achieved with multiples of the existing volume?*
 - *Consider regional initiatives*



Components of a “Fact Book”

1) Narrative Description of Part A Services

- 5-10 Pages of informative text
- Customized for your Hospital

2) Summary of Time Studies, Diaries and Other Documentation

- Most recent 2-week period
- Other Historical Data
- Include Complete Backup
- Present any Programmatic Expansion



Components of a “Fact Book”

3) Accomplishments

- Clinical Improvements
- Best Focus for Finance: Dollar Savings/ Economies
- Outreach initiatives-expanding the traditional capture area

4) Future Goals & Objectives

- Reduction of Transcription Cost
- Fund Raising
- Practice Support of the Department
- EMR Connectivity

5) Department Trends (Volume & Cost)

- Cost Per Test (Personnel & Supplies)



Components of a “Fact Book”

6) Comparative Data

- Department Revenue
- Number of Technologists Supervised
- **P.A’s (Hospital or Practice Paid)**
- Number of Pathologists (Full of Part)
- Part A Support
- Part A Hours/ Support Per Hour

7) Medicare RCE

8) Proposed Part A Support Level

