

***PERFORMANCE IMPROVEMENT INITIATIVES  
FOR HOSPITAL AFFILIATED PRACTICES***



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***PERFORMANCE IMPROVEMENT INITIATIVES  
FOR HOSPITAL AFFILIATED PHYSICIAN PRACTICES***

**The Five Levers For Medical  
Practice Improvement**

- 1. Reimbursement Systems**
- 2. Billing and Collections Processes**
- 3. Accounts Receivable Management**
- 4. Operations Improvement**
- 5. Practice Growth**



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**1. Reimbursement Systems**

- A. Coding Compliance Program**
- B. Professional Fee Schedule Analysis**
- C. Fixed Fee Payor Impact Analysis**
- D. Managed Care Contracting**



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## Development and Implementation of Coding Compliance Program:

1. Evaluation and Management Coding Utilization Analysis by physician in order to ensure compliance against CMS Audit Standards and determine areas of potential undercoding or overcoding.
2. Performance of Documentation Chart Audits for each physician in order to ensure appropriate documentation and medical necessity vis-à-vis procedural coding.
3. Conduct Educational Sessions with each physician (individual and/or group) in order to review the outcome of our Assessment and establish a framework within which each physician may accomplish these tasks in order to satisfy compliance requirements.



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## CMS ACTUAL USAGE DISTRIBUTION EVALUATION & MANAGEMENT FAMILY PRACTICE

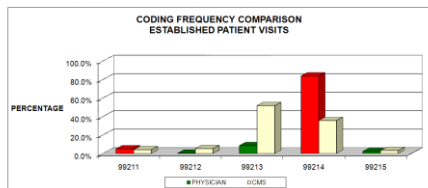
NEW PATIENT VISITS		ESTABLISHED PATIENT VISITS	
CODE	% DIST.	CODE	% DIST.
99201	1.74%	99211	4.09%
99202	17.27%	99212	5.25%
99203	44.70%	99213	51.78%
99204	29.12%	99214	35.68%
99205	7.16%	99215	3.21%
TOTAL	100.00%	TOTAL	100.00%
HOSPITAL VISITS		HOSPITAL ADMITS	
CODE	% DIST.	CODE	% DIST.
99231	18.99%	99221	5.57%
99232	61.22%	99222	45.32%
99233	19.79%	99223	49.11%
TOTAL	100.00%	TOTAL	100.00%
CONSULTATIONS			
CODE	% DIST.		
99241	2.50%		
99242	15.96%		
99243	41.98%		
99244	31.76%		
99245	7.80%		
TOTAL	100.00%		



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## SAMPLE PERFORMANCE IMPROVEMENT CODING COMPLIANCE PROGRAM FAMILY PRACTICE

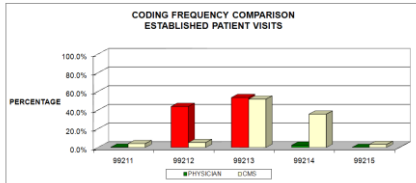
Practice: Family Medicine					Specialty: Family Practice	
Physician:					Locality: MS	
CPT CODE	Privileged and Confidential FEE	Actual Frequency	Total Charges	Redistributed Frequency	Redistributed Charges	Net Change
						Physician Percentage
						CMS Percentage
99211	\$47.00	153	\$7,191.00	124	\$5,828.00	\$1,363
99212	\$67.00	9	\$603.00	159	\$10,653.00	(\$10,050)
99213	\$85.00	238	\$20,130.00	1,565	\$133,025.00	(\$111,895)
99214	\$124.00	2,336	\$289,464.00	1,078	\$133,672.00	\$155,792
99215	\$198.00	67	\$13,266.00	97	\$19,206.00	(\$5,940)
		3,023	\$137,454.00	3,023	\$102,384.00	\$35,070
						100.00%
						100.00%



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**SAMPLE PERFORMANCE IMPROVEMENT  
CODING COMPLIANCE PROGRAM  
FAMILY PRACTICE**

Physician: Family Medicine						Specialty: Family Practice		
Privileged and Confidential						Locality: MS		
CPT CODE	FEE\$	Actual Frequency	Total Charges	Redistributed Frequency	Redistributed Charges	Net Change	Physician Percentage	CMS Percentage
99211	\$27.00	9	\$243.00	166	\$4,482.00	(\$4,239.00)	0.2%	4.09%
99212	\$50.00	1,778	\$88,900.00	213	\$10,650.00	\$78,250.00	43.9%	5.25%
99213	\$75.00	2,184	\$161,400.00	2,096	\$148,720.00	\$12,680.00	83.4%	8.178%
99214	\$88.00	98	\$8,624.00	1,444	\$127,072.00	(\$118,448.00)	2.4%	35.68%
99215	\$105.00	0	\$0.00	130	\$13,650.00	(\$13,650.00)	0.0%	3.21%
		4,049	\$249,247.00	4,049	\$302,974.00	(\$53,727.00)	100%	100.00%



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PtID	Visit Dt	Stat	First Name	Last Name	History	Exam	Decision	Reviewer	Mod	TP	DC	IT	Provider	Mod	Var	Diff
115	4/15/19	Det			Comprehensive	Expanded (37)	Single/forward	99296					99296			\$0.00
Provider Dt 1 470.00/line medical exam Reviewer Dt 1 470.00/line medical exam Provider Dt 2 402.10/line hypertension Reviewer Dt 2 402.10/line hypertension Provider Dt 3 272.20/line hypertension Reviewer Dt 3 272.20/line hypertension																
116	7/14/19	New			Detailed	Expanded (37)	Low	99202					99202			\$0.00
Provider Dt 1 695.30/acute Reviewer Dt 1 695.30/acute There is no diagnosis code listed on the super bill and no billing checks were supplied for verification, see 695.3 for syphilis dermatis 6/13 routing/line items, correctly coded as 695.3 dermatis above																
117	7/8/19	New			Detailed	Detailed (37)	Low	99203					99203			\$0.00
Provider Dt 1 402.90/thrombocytopenia NOS Reviewer Dt 1 402.90/thrombocytopenia NOS Provider Dt 2 244.90/gastroenteritis NOS Reviewer Dt 2 244.90/gastroenteritis NOS Diag code on superbill and from office notes is listed abdomitis 602.9, routing/line items, billed as 402.9. This needs to be corrected																
118	8/2/19	Det			Detailed	Comprehensive (37)50/afternoon	99214						99214			\$0.00
Provider Dt 1 052.91/herpes zoster NOS Reviewer Dt 1 052.91/herpes zoster NOS No diagnosis code was listed on super bill, no billing checks were supplied to verify code billed, see 022.9 for Herpes Zoster NOS (Shingles) 6/13 routing/line items from LHC, diag code 052.9 listed correctly, diverged above																
119	8/2/19	New			Comprehensive	Comprehensive (37)	Moderate	99204					99204			\$0.00
Provider Dt 1 314.00/acute, nonhypernat Reviewer Dt 1 314.00/acute, nonhypernat Provider Dt 2 845.00/sprain of ankle NOS Reviewer Dt 2 845.00/sprain of ankle NOS																

**Comments:**

Total Visits	Accuracy Count	Under Code/Billed	Over Code/Billed (+)	Wrong Category (w)	Financial Error (%)	Non-Compliant Teaching (T)
20	14	6	0	0	0.00%	0
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



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**OIG WORKPLAN FOR PHYSICIANS: 2012**

- **Physicians and Suppliers: Compliance With Assignment Rules**
- **Physician and Other Suppliers: High Cumulative Part B Payments (New)**
- **Physician-Owned Distributors of Spinal Implants (New)**
- **Physicians: Place-of-Service Errors**
- **Physicians: Incident-To Services (New)**
- **Physicians: Impact of Opting Out of Medicare (New)**
- **Evaluation and Management Services: Trends in Coding of Claims**
- **Evaluation and Management Services Provided During Global Surgery Periods**
- **Evaluation and Management Services: Use of Modifiers During the Global Surgery Period (New)**
- **Evaluation and management Services: Potentially Inappropriate Payments**
- **Part B Imaging Services: Medicare Payments**
- **Clinical Social Workers: Part B Billing for Services to Hospital Inpatients**
- **Partial Hospitalization Programs in community Mental health Centers: Questionable Billing Characteristics and Contractor Oversight (New)**
- **Partial Hospitalization Program Services in Hospital Outpatient Departments and Community Mental Health Centers**



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## OIG WORKPLAN FOR PHYSICIANS: 2012

- Independent Therapists: Outpatient Physical Therapy Services
- Sleep Disorder Clinics: Medicare Payments for Sleep Testing
- Sleep Testing: Appropriateness of Medicare Payments for Polysomnography
- Diagnostic Radiology: Excessive Payments
- Laboratories: Part B Payments for Glycated Hemoglobin A<sub>1c</sub> Tests
- Laboratories: Trends in laboratory Utilization
- Payments for Laboratory Tests – Comparing Medicare, State Medicaid, and Federal Employee Health Benefit Programs
- Comprehensive Outpatient Rehabilitation Facilities
- End Stage Renal Disease: Payments for Beneficiaries Entitled to Medicare Under Special Provisions
- End Stage Renal Disease: Medicare's Oversight of Dialysis Facilities (New)
- End Stage Renal Disease: Bundled Prospective payment System for Renal Dialysis Services (New)
- **Medicare Payments for Part B Claims with G Modifiers**
- Payments for Services Ordered or Referred by Excluded Providers
- Medical Claims Review of Selected Providers



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## Sample Recommendations from Practice Assessment

### 1. Reimbursement Systems

- Conduct Annual Professional Fee Schedule Review
  - Consistent for all hospital practices
- Conduct Charge Validation Study to ensure accurate Managed Care Contract reimbursement
  - MIS Capabilities?
- Conduct quarterly coding in-service training with all physicians and appropriate Clinic staff
- Establish Chart Audit Committee to perform random sampling audits on a quarterly basis from a compliance standpoint as well as to ensure the capturing of all appropriate charges
- Consideration should be given to developing a Coding Compliance Program, particularly focusing on Coding, Documentation and Medical Necessity
  - Establish acceptable accuracy standards/corrective action plan



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### 2. Billing And Collections Processes

- A. Up-Front Collections
- B. Initial Billing
- C. Rebilling Frequency
- D. Claim Denial and Rejection Follow up Process
- E. EOB Review
  - Coding Optimization
  - Fee Schedule Comparisons
- F. Credit Balances
- G. Cost/ Benefit of In-house versus Outsourcing



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**Sample Recommendations from Practice Assessment**

2. Billing and Collection Procedures
- Develop claim denial and rejection follow up reporting on a monthly basis
    - Reasons/track by individual employee
  - Develop monthly targets for over the counter collections for the practice
  - Develop system for tracking compliance with patient payment plans
  - Ensure consistent performance by front end personnel with respect to insurance verification/eligibility and pre-authorization processes
    - System Capabilities
    - Third Party Solutions (PassPort Health)



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**Sample Recommendations from Practice Assessment**

2. Billing and Collection Procedures (Cont'd)
- Implement formal training programs for front office clinic personnel to decrease error rates for claim denials/rejections
  - Monitor credit balances on a monthly basis to ensure prompt refunding of patient overpayments
    - Medicare & Medicaid within 60 days
  - Review, revise and implement written financial policies and procedures



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**3. Accounts Receivable Management**

- A. Utilize 80/20 Analysis
- B. Strategy: Segregate Aged Trial Balances by Insurance Company
- C. Approaches for Collection of Patient Balances
- D. Monitoring Reports/Guidelines



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### Sample Recommendations from Practice Assessment

#### 3. Accounts Receivable Management

- Consider utilizing IRS Form 1099-C for uncollectable accounts over \$600.00
- Consider alternatives to collection agencies i.e., utilizing the credit bureau and small claims court for excessive delinquent account balances
- Develop monthly audit of accounts receivable and claim denial follow up and review notes on each particular account in order to ensure each account is properly worked on a monthly basis
- Develop segregated aged trial balances by major payors in order to facilitate follow up with outstanding account balances in excess of thirty (30) days by major insurers



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### Sample Recommendations from Practice Assessment

#### 3. Accounts Receivable Management (Cont'd)

- Increased surveillance as to the charge/collection/adjustment ratios by payor should occur in order to detect areas of low reimbursement and/or delayed payments from major managed care companies
- Quarterly monitoring of collection agency performance
- Feasibility of outsourcing 90+ insurance accounts
- Feasibility of outsourcing all patient balance accounts



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#### 4. Operations Improvement

##### A. Economies of Scale

- Outsourcing Opportunities
  - Purchasing Contracts
  - Change Mix of Personnel
  - Centralized Scheduling
- Ancillary Service Opportunities
- Practice Compliance and Integrity Programs
  - Coding Compliance Program
  - Medical Practice Compliance Program
  - HIPAA Compliance Plan
  - etc.
- Other Opportunities (i.e., Customer Service)



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#### 4. Operations Improvement (Cont'd)

##### B. Operational Improvements

- Human Resource Investments
- Physician Compensation Plans
- Cost Analyses (Total RVUs/Work RVUs)
- Return on Investment Strategies
- Patient Flow Models (CI Processes)
- I.T. Solutions

##### C. Financial/Operational Reporting Process

- Productivity
- Capacity
- Staffing Indicators



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#### Sample Recommendations from Practice Assessment

#### 4. Operations Improvement

- Develop effective patient recall system for practice
- Develop monitoring systems for the practice with respect to no show patients and cancellations
- Develop Performance Monitoring Benchmarks/Metrics
- Implement Medical Practice Compliance and Integrity Program
- Explore opportunities for additional ancillary services
- Feasibility of Provider Based Clinics



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## 5. Practice Growth

- A. Frequency by CPT-4 Codes
- B. Frequency by ICD-9-CM Codes
- C. Physician Referral Analysis
- D. Patient Origin Analysis
- E. Ancillary Services
- F. E-Business Strategy



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## 5. Practice Growth (Cont'd)

### G. Surveys

Patients

Employees

Physicians

### H. Market Research

### I. SWOT Analysis

### J. Develop/Implementation of Strategic Plan

### K. Monitoring Reports/Guidelines



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## Productivity Improvement Program

- Patient Scheduling
- Physician Productivity
- Physician Incentive Compensation Structure
- Establish Physician Productivity Goals and Monitoring Reports
- Physician Compensation/Productivity Analyses
  - Fair Market Value Compensation Opinion Letters
- Total/Work Relative Value Unit Analyses
  - By CPT Code
  - Collections/Patient
  - Expenses/Patient
  - Pre-Physician Compensation Profit/Patient
- Tracking and monitoring of physician contracts
  - Compliance issues
  - Stark/AKS/IRS (Excess compensation) provisions



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## OPTIONS FOR PHYSICIAN/HOSPITAL ALIGNMENT

### a. Employment

- i. Physician Compensation/Productivity Models
- ii. Single-specialty Group
- iii. Multispecialty Group
- iv. Physician Network Development

### b. Business Services

- i. Management Services Organization (MSO)
- ii. Lease/Real Estate Contracts
- iii. I.T. Infrastructure/EMR
- iv. Payor Contracting Organizations
- v. Clinical Integration/Physician Networks

### c. Contracts

- i. Physician Recruitment
- ii. Call Pay Arrangements
- iii. Medical Directorships
- iv. Clinical Co-Management Arrangements
- v. Professional Services Agreements
- vi. Joint Ventures
- vii. Practice Leasing



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**THE PHYSICIAN ENTERPRISE MODEL:  
A NON-EMPLOYMENT ALTERNATIVE**

**a. The benefits of this arrangement are as follows:**

- i. Hospital agree to operate the practice at a fixed percentage of collections; thus, both parties have the incentive to produce results
- ii. No capital expenditures required
- iii. Hospital can benefit from stronger alignment with physicians in a less formal manner than employment
- iv. Physicians preserve the private practice model and autonomy
- v. Physicians can achieve balance of security and independence
- vi. Should the venture become unsatisfactory or unsuccessful, the arrangement is much easier to unwind than a practice acquisition



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**THE PHYSICIAN ENTERPRISE MODEL:  
A NON-EMPLOYMENT ALTERNATIVE**

**b. Illustration:**

	SAMPLE IMPACT	PHYSICIAN ENTERPRISE
	PRIVATE PRACTICE	MODEL
COLLECTIONS	\$1,000,000.00	\$1,100,000.00
EXPENSES	\$500,000.00	\$450,000.00
PROFIT	\$500,000.00	\$650,000.00
OVERHEAD EXPENSE	50%	40.90%



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