In recent months, The Business of Spine’s Spinal Cord Hotline has received an unprecedented number of calls from Surgeons, Industry Reps and Hospitals about the increase in surgical preapproval denials. It has been noted that the increase coincides with the healthcare reform act implemented by the Obama administration. Many surgeons and industry representatives alike are concerned about the one sided right of refusal for care by insurance carriers. Surgeons are concerned about the possibility of malpractice allegations if they do not perform the procedures they recommend for their patients and industry representatives are concerned about servicing their clients and their corporations as efficiently as they have in the past.

Our first priority at The Business of Spine is to filter through the panic and frustration to see if there was any validity to these concerns. We had submitted a survey to our industry associates to gather information about this “trend”. Not surprising, but somewhat expected, many others have been denied preapproval for services involving surgery. We delved deeper to find that the carriers that generally provided quick turnaround in the approval process took longer to approve and required significantly more information than what was required previously. Additionally, many requests for preauthorization were not reviewed by in-house staff, but by outside consultants that were responsible for approving or denying authorizations.

For those of us who remember the concept of “gatekeepers”, this program is not new. The Gatekeeper program was one where insurance companies would evaluate a patient’s medical condition by way of surveying the physician’s office about treatment plans, past medical care, and the patient’s overall medical examination. Based on this information and maybe a review of the patient’s medical record, the gatekeeper would approve or deny the treatment requested. Generally, the result for high dollar treatment was a denial of care. If we were to track the history to the gatekeeper, we would find that this role went out of fashion when many insurance companies were found liable for rendering medical care by way of denying treatment, resulting in thousands and thousands of malpractice suits against the insurance carriers. Now we find ourselves with another type of gatekeeper.

The gatekeepers we are dealing with now involve several different resources. The gatekeepers may be found by way of insurance policy guidelines involving the required components to permit certain treatments and their associated diagnosis. These guidelines include all the expected treatment modalities expected for a specific diagnosis, at directed time lines with anticipated results. Other gatekeepers include medical reviewer interpretations of the documentation presented along side the request for specific treatment by the patient’s physician. Rarely is there a direct connection between the patient and medical reviewer. Other gatekeepers include state and federal medical coverage guidelines and expectations to be followed exactly as documented for coverage to be provided or payment for treatment to be considered. This negates any surgeon discretionary decision-making based on physical examination.

Regardless of the type of gatekeeper that is involved, we must accept that the gatekeeper has returned. To that end, we must be mindful of the carrier expectations for coverage, preapproval and documentation requirements necessary. Every practicing spine surgeon and their staff must be familiar with the requirements set by Commercial Insurance Carriers, State and Federal payers to ensure compliance with the treatment guidelines for Spine. Documentation is key in this process. The surgeons’ involvement with the staff and patient appeals is critical and necessary to provide the care deemed necessary. Understanding the required elements for coverage will alleviate the distress of denials for treatment that arises and interferes with the surgeon/patient relationship.
Auditing Your Business for Success

Audit: An official inspection of an individual's or organization's accounts, typically by an independent body; To conduct an official financial examination of (an individual's or organization's accounts).

Just the word ‘audit’ is enough to send shivers down the spine for even the toughest of us when that word is mentioned! Conducting an audit can be beneficial in identifying areas of concern or those functions that need more attention in your business. The nature of your intended audit is an important concept in developing your business and is one of the keys to success in understanding and tracking your business growth. I certainly believe auditing allows you to identify critical issues, missed opportunities, operational problems, and insufficient staffing. The outcome of any audit and the actions taken after the audit are what is really important for the success to be appreciated. Obviously, you need to have an audit that is fair as it relates to your business and not just an audit for the sake of following operation requirements, as it is a waste of time and money and only perpetuates undue stress amongst the staff in your operation. Audits can be very task-specific, such as a coding audit, it can be a departmental audit, such as the reimbursement department, or it can be a full operational audit to evaluate the entire company. Whichever the case, the information garnered in a professional analysis should be the focus of the areas that need attention and provide the push for necessary changes and improvements.

When an audit is conducted for the sake of development and fine-tuning processes and operations, then it allows for continued operational and personnel shifts in a positive direction. In our company, we audit both our people and processes on a regular basis; we look to see if there are any bottleneck issues, where we have communication and disbursement failures and other operational workflows that hinder our expected outcomes or reduce growth. We look to make certain that we have the right people in the right job; redevelop processes when needed and retrain the staff when necessary. In some instances, if we uncover the wrong people in the wrong job, we can identify those employees and make the appropriate move to a more suitable position.

When evaluating the employees and their ability to fulfill the criteria of the position, we look to ensure that we have not only the right people, but the appropriate number of people handling the required tasks and that they are meeting fair and reasonable expectations. Understaffing is harmful to any department and is costly due to incomplete or lost work in that department and generally affects all other areas of your business. Overstaffing or mis-staffing is just a waste of revenue and should be managed appropriately when identified.

It is critical to have staff that understands the changes occurring both inside and outside of the business to make sure that they remain updated and to share information as well. Communication in our evolving times between all departments and staffing levels prepare the business to more readily accept the changes and react as necessary. We have taken both the responsibility and the opportunity of keeping staff members updated and duly informed of changes in our industry and/or processes. We look for opportunities to train and educate based on skill set. We know, through continued evaluation of our staff and their positions, that increased knowledge both empowers the staff member and improves customer service and, ultimately, the bottom line.

Operational updating is required to ensure patient access, to meet reimbursement expectations, remain compliant, and all of the other rapid demands we are forced to complete in a short period of time. Inspection of our response to these changes is not only important; they are often a legal requirement. Failures in these areas may lead to diminished financial and operational security of your business. Therefore, it is wise to evaluate the management team to ensure that the skill-sets are there to move you into the future. Is the management team able to meet their new challenges? Are they hitting the mark when it comes to meeting the expectations and goals to compete and complete the required business flows necessary to keep the business in the black? If not, you may become victim to an aggressive buy-out or succession of lost patient base and lost income due to poor adaptation of your business into our new healthcare landscape.

Auditing also identifies lost revenues due to tasks that pull away from the core business. Tasks that do not need to be handled in the office such as scanning, mailings, copying etc., can often be managed by outsourcing. We do not want to use important staff members on tasks that are not profitable to the company. Breaking down the tasks to identify those tasks not required to remain in-house from those that may be outsourced allows for us to be able to monopolize our staff members and keep them totally focused on important tasks at hand such as coding, reimbursement, appeals, etc. We maintain those tasks that increase value to clients and provide a higher level of service. There are some companies that outsource for these important services; my question is: “how do they manage their services and manage the business that has been outsourced in its name”? Outsourcing business functions such as IT maintenance and financial or legal support is often an excellent way to fund high level staff on an as needed basis. These positions often drain the business and do not provide the levels of intensity as required to keep the business operating at top conditions.

Now that we are able to identify areas of concern, personnel auditing, operations auditing, appropriate changes in the business, we are able to choose whether or not we should continue with the status quo or actively bring skills-sets to the next level. Look at the client base to see if it is at an acceptable level; if not, change the focus of clients and look to see if operations are running smoothly and everyone is fully engaged. Operational and financial decisions will have a greater impact, as will the ability to meet clients’ expectations. We should now be able to identify who we need to educate and train; what new programs to develop, and update areas that are in need of our attention. If we choose to allow an audit or changes to our processes we will improve the outcome of both client and business; if not, we will surely fail our staff, patient and client expectations.

Auditing is a key component of any business and needs to be taken seriously and should be performed on a yearly basis, along with proper follow up. Anything less than that would be considered a failure, in my professional opinion.
RCM: It's Not Just Billing Anymore

Part 1 of 2-Part Series

RCM: Revenue Cycle Management has certainly changed over the years. We are no longer the “girls in the back” or the “family hired help”. RCM has taken on a much greater role in the survival of a practice, large or small. It is time to review the entire cycle that affects the bottom line. The cycle has many areas of contribution. The following are just some of the major contributors. In this edition, we cover Contracting and Fee Schedule Review, Insurance Dependency Analysis, Productivity Trends and Technology. In our spring edition, we will continue with Preauthorization and Denials Management, New Procedures, Claims Processing, Reimbursements, and Appeal Management.

Contracting and Fee Schedule Review

The key factor to the success of a practice is the ability to secure the highest revenue combined with the best patient care. The only way to combine both in order to promote ultimate success begins with the contracting and fee schedule structure. The process of contracting is critical to the cash flow and patient base that will infuse the practice with both income and patients. Understanding and managing the contracting division takes skill in the area of negotiations, contract law and financial analysis. Often times, these components are sacrificed to increase patient volume, but has a negative effect if the contract is positioned to provide increased patient volume at low reimbursement rates and increased labor efforts.

Yearly fee schedule review is also a must in the area of income generation alongside the critical analysis of carrier rejections, appeals and payment history. The fee schedules should be adjusted to allow the practice to continue with a positive cash flow. Payment history should be analyzed to ensure that proper payments are received. Further analysis of the carrier rejections, appeals and other instruments used to hold up or deny claims is recommended. Carrier abuse in this area affects the final overall payments if the practice needs to expend more labor than would be considered necessary to collect these funds, resulting in reduced profitability.

Insurance Dependency Analysis

Practices and individual practitioners need to manage the level of dependence they have on a practice if the practice is to be viable in the long term. Some business practices preach such things as avoid limiting your business to one or two vital customers; this will result in failure of that business over time. The same is true for medical practices. If your practice has an insurance dependency of over 20% on specific carriers, you are setting yourself up for failure. Some practices have as high as 50-60% insurance dependency on one carrier, positioning that practice for failure should that carrier have fee schedule reductions, payment freeze, bankruptcy or any other type of cash flow interruption.

Carefully study the insurance dependency of the overall practice and the individual practitioners alike. Both measures will become important if you decide to make some changes in insurance participation with specific carriers.

Productivity Trends

As in any business, each participant needs to produce. In the areas of medicine, physicians and physician extenders need to do the “work” and produce in order to generate income. Operational productivity trends that shift in a negative way will have a direct impact on cash flow. If we look at the large or small practice, shifts in the way the practitioners work will correlate to increased or decreased cashflow. Some items to watch for would be changes in surgical procedures that result in claims with lower RVUs. Surgeons shifting from primary surgeon to assistant or cosurgeons will also reduce RVUs. Reductions in overall office hours by physicians will have a trickle down effect on ancillaries, such as radiology, therapy, surgery, etc. Efforts to maintain certain levels of patient access should be considered to maintain overall practice productivity.

If there is a concerning drop in productivity, a quick adjustment may stop the drop in the short term, but usually a deeper root analysis is needed. The practice may need to make serious adjustments to ensure that all productivity measures are met to remain viable and this should be measured monthly.

Technology

Many practices have not employed technology that can enhance the patient experience as well as the office environment. EHR has been pushed into our practice so we know that this will be enveloping our business platforms sooner than later, but there are several other programs and enhancements that are available to reduce our internal work load and buttress our business.

Sophisticated coding programs, referral based apps, patient dashboards, automated appointment scheduling and so many other exciting products help reduce labor and increase access while allowing the staff to focus on important tasks such as direct patient encounter, direct collections activity, etc. Practices should look to increase technology beyond EHR and the voicemail systems to service both patients and referral sources efficiently. Proper use of technology will also reduce the cost of overhead in the long term.


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Business Dynamics has moved!

We are excited to announce that our affiliate, Business Dynamics RCM, has moved their corporate headquarters to a new address. Please make note of the new address.

225 Old Country Road
North Wing, Suite 2
Melville, NY 11747
CODING UPDATE INSIDE

Upcoming Events

Reimbursement Education for the Spinal Implant Representative
March 24, 2014 ● New York, NY

For more information or to register, visit www.thebusinessofspine.com and select Spinal Implant Representative under Education Series, or scan this QR Code.

Revenue Cycle Dynamics for the Spine Reimbursement Specialist
March 25 – March 28, 2014 ● New York, NY

The Foundation – March 25th
The Framework – March 26th
The Fusion – March 27th
SRS Bootcamp – March 28th

For more information or to register, visit www.thebusinessofspine.com and select Revenue Cycle Dynamics for the SRS under Education Series or scan this QR Code with your smart phone.