

An Oncology Billing Savior

The Clinic:

The Andromeda Oncology Clinic (name changed for privacy) is a 3 physician oncology center that has been operating from the City of Ann Harbor, MI for close to 15 years now. Things could not have been better for the Clinic at the start of the new millennium. Business was good and they were receiving laurels from the local community for their highly efficient services.

The Problem:

The Medicare Modernization Act of 2003 changed all that. The act caused a sea-change in the way Medicare paid for Chemotherapy drugs and their administration. As such the smaller clinics were having a tough time; but the act kind of drove the final nail in the coffin, so as to speak. Since the smaller clinics bargaining skills with bigger Pharmaceutical Entities were limited; most of them found themselves paying out of their pockets for drugs administered. Adding insult to injury is the below statistic which shows a 35% cut in payment since 2004 for Chemotherapy administration.

| Practice Size | Number of Practices | Number of Providers | 2009 Medicare Payment-to-Cost Ratio |
|---------------|---------------------|---------------------|-------------------------------------|
| Small | 20 | 42 | 73.7% |
| Medium | 22 | 125 | 71.2% |
| Large | 34 | 513 | 52.6% |
| All | 76 | 680 | 56.5% |

Source: Avalere Health, 2009

The Community Oncology Alliance commissioned a study to determine whether Medicare reimbursement covered the costs associated with chemotherapy administration. For the purposes of this study, the cost of providing infusion services included treatment planning, treatment counseling, care coordination, supportive care, palliative and end-of-life care, telephone support and financial counseling. Avalere defined a small practice as 1 or 2 physicians; a medium practice as 3 to 5 physicians; and large as 6 or more physicians. The researchers found that larger practices typically offer more patient-oriented services and thus actually lose more money on administration than smaller practices do.

The Scenario:

A lot of the oncology clinics had closed down around 2009 in Michigan and other states. The Andromeda Clinic was seeing the writing on the wall for it, when its director had a serendipitous encounter with the Chief Operating Officer of Billing Paradise, Mr. Selva (*Phone 1-888-571-9069*; www.billingparadise.com) at an AHIMA Conference in Orlando, FL. Incidentally, the director of Andromeda was present at the conference trying to garner deeper understanding about meaningful EMR Usage.

The Problem Statement:

The two of them retired to a corner where the director explained in detail the history of the clinic and its present revenue cycle turmoil. In its heydays at the start of the millennium, the clinic had a monthly revenue of \$ 1,2 5,000. With overheads staying at a max of \$85,000, the two oncologists and the radiologist (the director) earned an average of \$13,000 per month, which fell somewhere in the mid of the spectrum. But earnings had significantly dropped off since 2004, so much so that around 2010, each of them hardly made more than \$5000/month, and the worst was yet to come.

Brief Analysis:

The COO of *Billing Paradise*, being a skilled analyst, quickly broke the situation into its constituents and immediately identified the problem areas. The three grey areas he identified were Medical Billing Support Staff Salaries, The Efficiency of the Billing produced by them, and EMR costs. He requested that the EOB's and other pertinent documents like Superbills of the clinic over the past decade be sent to Billing Paradise for thorough analysis. He promised to get back to the director within a week with a panacea for all of the clinic's illness. Also Mr. Selva promised the clinic help in transitioning to a meaningful and cost-effective EMR.

The Road To A Successful Resolution:

The dedicated Medical Billing team at Billing Paradise pored over the data at hand and confirmed the analysis of Mr. Selva. They also suggested the following measures to cut costs drastically and also to increase reimbursement rates from the Payers.

- A. Free EMR: Billing Paradise suggested that the clinic transition to a highly efficient and completely free EMR, Practice Fusion. They promised full support during the transition and also help with transcribing their medical records at a nominal cost of 9.5 cents per line. This would save the clinic approximately \$7500 every month.
- B. Cost Efficient Billing Software: They suggested a medical billing software, Kareo; which seamlessly integrated with Practice Fusion and had all the bells and whistles of a high-end billing software; at a nominal cost of \$199 per physician per month. The following table shows the annual expenditure for a medical billing professional, and the clinic employed two such personnel. By utilizing Billing Paradise services; the clinic could safely retire them. The cost savings thus were roughly \$4500 per month.

| | |
|-----------------------|---------------------|
| Hourly Rate | \$12.40 - \$16.44 |
| Hourly Tips | - |
| Overtime | \$17.39 - \$23.63 |
| Annual Bonus | \$144 - \$995 |
| Annual Commission | \$1,000 - \$6,750 |
| Annual Profit Sharing | \$483 - \$2,849 |
| Annual Total Pay | \$26,497 - \$35,723 |

Cur: USD | Updated: 8 Apr 12 | Ind. Reporting: 2,026
 © PayScale, Inc. @ www.payscale.com

- C. **Accurate Billing:** The last is the most important and the most significant of the savings made. Billing Paradise found to their apparent shock that the funds received by the clinic in proportion to the costs accrued did not even reach the national average of 73% but stood at a dismal 50%, which was lower than the national average. This was because many of the claims were not sent within the stipulated time to Medicare, the largest payer of Oncology Claims and also because of the many rejected and underpaid claims. The main reasons for denials were the following:
- I. Incorrect CPT codes or modifiers were used.
 - II. Non-radiation codes were used.
 - III. Multiple codes used for a single instance.
 - IV. Primary tumor many a time coded as metastasis (incorrect use of the ICD-9 CM Neoplasm table).
 - V. Many of the ICD codes were truncated and did not have the appropriate fifth digits.

Billing Paradise was positive that reimbursements could be increased to the tune of \$20,000 by following the below 6-point agenda. They proved that when in the subsequent months the overheads were once again capped at levels seen before the Medicare Modernization Act of 2003, at around \$80,000 per month.

Billing Paradise charged a nominal 5% of the total amount reimbursed.

Billing Paradise Six Point Agenda

- The endpoint of all medical care is to provide appropriate treatment to patients.
- The above can be only achieved by grounding treatments on strong medical ethics and the most relevant and up-to-date practices.
- Accurate Billing ensures that the above and consequently the primary objective of any treatment is achieved.

- This is because billing correctly and accurately ensures that the high-cost treatments are kept within the reach of anyone and everyone. Also it ensures facilities such as hospitals, clinics, ambulatory clinics and the physicians are adequately compensated for their services.
- Timely reimbursements from payers ensures that the invaluable hospital-physician/private practice setup remain viable economic entities.
- Billing Paradise thus ensures all of the above by making sure you bill accurately and on time to get reimbursements from insurance companies on time.

The Conclusion:

When Mr. Selva visited the clinic at the end of 2011; the physicians and the staff exhibited an overall upbeat mood despite national payment trends in Oncology. The Director had the following to say about Billing Paradise: “We knew conditions had become tough after 2003, and most of the clinics just accepted their fate and kept the wheels turning as long as possible. Billing Paradise made us self-aware of the inherent deficiencies in our billing system, and in suggesting and providing a solution; they helped us beat the general trend. We are grateful to them for making our business once again viable”

Billing Paradise can be reached at (1-888-571-9069; email: steve@billingparadise.com).