Show me the Money! Completing a Reimbursement Review of an Outpatient Infusion Clinic in a Critical Access Hospital

Andrew Aldred, PharmD, MBA
Executive Director of Ancillary Services
Cardinal Health (Cameron Memorial Community Hospital)
Angola, IN

Learning Objectives

- Describe the data needed to conduct a reimbursement review on medications.
- Understand the effect of prior authorization processes and diagnosis on reimbursement in the outpatient setting.
- Discuss the impact of 340b pricing on medication net reimbursement in an outpatient infusion clinic affiliated with a critical access hospital.
- Describe the role of critical access status in determining the profitability of an outpatient infusion clinic.

Self-Assessment Questions

1

TRUE or FALSE: It is necessary to have payor class information from accounts when conducting a reimbursement review.

2

TRUE or FALSE: 340b has a minimal impact on the net revenue of a critical access hospital's outpatient infusion clinic.

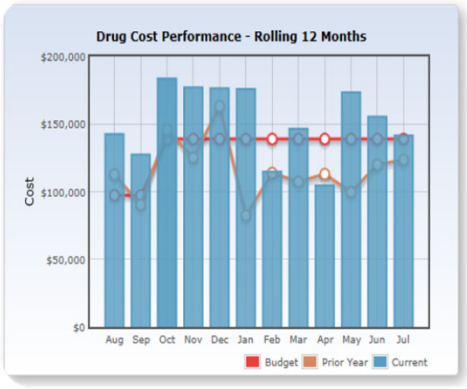
3

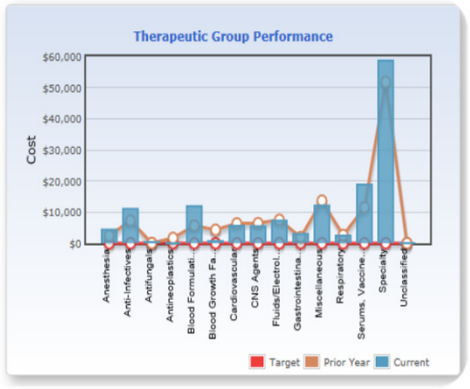
TRUE or FALSE: Critical access status has no role in the profitability of an outpatient infusion clinic.

Background

- Critical access
- 340b entity
- 2514 outpatient infusion clinic visits
- Epic Community Connect

Can We Continue to Provide This Service?





- Hospital financial performance
- Rising medication costs
  - Specialty therapeutic category
- Cost report review

Can True Profitability be Evaluated?

Revenue routing	• Calculate revenue and profitability for both departments
Billed revenue vs. net	• Use actual payment data and not P and L's
Payments	• Assumption made to allow calculation of medication reimbursement
Patient pay balances	• Focused on zero balance accounts • Longer timeframe (Jan-Sep 2017)
Critical access status	• Separated out Traditional Medicare • Interim rate adjustment assumption

Methodology

Project Setup

- Billed revenue & total payments
- Payor & financial class
- Drug charges & cost by visit (HAR vs. CSN)
- Spreadsheet

Calculations

- Reimbursement %
- Total med charges
- Total med costs
- % Total charges from meds
- Payment for meds
- **Net revenue meds $**
- Net revenue % for meds
- Service area gross revenue

Assessment

- Overall
- By medication
- By payor type
- Critical access status impact
- 340b impact
- Prior authorization

What did the Work Look Like?

I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y
Pri Payor	Pri Plan	Pri Fin Class	Total Charg	Total Paymer	Total Adjs	Acct Balan		Med Charges	Med Cost Total	Meds Markup	Meds Markup factor	Meds markup %	% total charges meds	Payment for Meds Total	Net Meds	NetMeds %
MDWISE	HIP MDWISE EXCE	Medicaid	11,097.67	224.72	10,872.95	0	2%	$ 10,467.46	$ 5,219.23	$ 5,248.23	2	50%	94%	$ 211.96	$ (5,007.27)	-48%
MDWISE	HIP MDWISE EXCE	Medicaid	11,097.67	224.72	10,872.95	0	2%	$ 10,467.46	$ 5,219.23	$ 5,248.23	2	50%	94%	$ 211.96	$ (5,007.27)	-48%
MEDICARE	MEDICARE PART A	Medicare	11,463.02	4,539.36	6,923.66	0	40%	$ 1,033.17	$ 4,909.94	$ (3,876.77)	0	475%	9%	$ 409.14	$ (4,500.80)	-436%
MEDICARE	MEDICARE PART A	Medicare	14,526.57	2,704.85	11,821.72	0	19%	$ 11,701.75	$ 5,839.48	$ 5,862.27	2	50%	81%	$ 2,178.87	$ (3,660.61)	-31%
TRICARE	TRICARE	Other Governmental	13,665.61	5,211.74	8,453.87	0	38%	$ 23,854.47	$ 11,659.20	$ 12,195.28	2	49%	175%	$ 9,097.53	$ (2,561.67)	-11%

Infliximab (Remicade) Example

	Total Charges	Total Payments	Total Adjs	Med Charges	Med Cost Total	Meds Markup	Payment for Meds Total	Net Meds	Service Area Gross	Total Payment-Med Cost
Blue Cross Blue Shield Total	$ 53,626.81	$ 38,203.75	$ 15,423.06	$ 50,971.72	$ 24,660.02	$ 26,311.70	$ 36,312.26	$ 11,652.24	$ 1,891.49	$ 13,543.73
Commercial Total	$ 77,175.26	$ 54,021.64	$ 23,153.62	$ 69,328.40	$ 34,578.40	$ 34,750.00	$ 48,528.94	$ 13,950.54	$ 5,492.70	$ 19,443.24
Liens Total										
Medicaid Total										
Medicare Total	$ 364,393.51	$ 140,236.47	$ 224,157.04	$ 329,873.41	$ 166,808.65	$ 163,064.76	$ 127,206.85	$(39,601.80)	$ 13,029.62	$ (26,572.18)
Other Governmental Total	$ 39,187.53	$ 14,945.18	$ 24,242.35	$ 47,616.33	$ 23,201.57	$ 24,414.76	$ 18,159.73	$ (5,041.84)	$ (3,214.55)	$ (8,256.39)
Signature Care Total										
Grand Total	**$534,383.11**	**$ 247,407.04**	**$286,976.07**	**497,789.86**	**$ 249,248.64**	**248,541.22**	**$ 230,207.78**	**$(19,040.86)**	**$ 17,199.26**	**$ (1,841.60)**
Medicare Traditional	$ 364,393.51	$ 140,236.47	$ 224,157.04	$ 329,873.41	$ 166,808.65	$ 163,064.76	$ 127,206.85	$ (39,601.80)	$ 13,029.62	$ (26,572.18)

Additional Assumptions

Medication costs	Multiple payors	Multiple meds	Pharmacy labor
• Cost at time of charging • GPO cost • 340b impact assessed later	• Focused on primary payor	• Used cost for all meds on all associated accounts	• Determine # of doses dispensed • Assigned workload unit • Salary for staff

Pharmacy Labor Costs

Medication Doses Dispensed	2397
Workload Unit per Dose (min)	4
Total Workload (min)	9588
AVE RPh Salary per Hour	$ 57.82
RPh Salary	$ 9,239.64

Results

Category	*Count, %,$*
Mean	$87.58
Overall Net	$25,222.74
Minimum Net	($5,007.27)
Maximum Net	$6,871.93
Negative Net Accounts	84
Positive Net Accounts	214
Distinct Meds Administered	30
Individual Meds Reviewed	17
Negative Net Meds	6
Positive Net Meds	11
Overall Net % Meds	2%
340B Impact	$244,262.45

Medication Specific Details

MEDS ALPHABETICAL

Medication	Net Meds
Aranesp®	$ 2,190.48
Cubicin®	$ 4,624.38
Entyvio®	$ (9,094.88)
Feraheme®	$ 4,702.47
Injectafer®	$ 2,683.55
IVIG	$ 19,778.44
Invanz®	$ 17,908.01
Neupogen	$ (1,665.95)
Orencia®	$ (18,486.18)
Prolia®	$ (1,834.25)
Reclast®	$ 882.82
Remicade®	$ (19,040.86)
Trelstar®	$ 3,509.39

MEDS NET

Medication	Net Meds
Remicade®	$ (19,040.86)
Orencia®	$ (18,486.18)
Entyvio®	$ (9,094.88)
Prolia®	$ (1,834.25)
Neupogen®	$ (1,665.95)
Reclast®	$ 882.82
Aranesp®	$ 2,190.48
Injectafer®	$ 2,683.55
Trelstar®	$ 3,509.39
Cubicin®	$ 4,624.38
Feraheme®	$ 4,702.47
Invanz®	$ 17,908.01
IVIG	$ 19,778.44

Medications Net %

Medication	Net %
Remicade®	-4%
Orencia®	-11%
Entyvio®	-12%
Prolia®	-5%
Neupogen®	-20%
Trelstar®	17%
Reclast®	14%
Aranesp®	10%
Injectafer	29%
Cubicin®	10%
Feraheme®	9%
Invanz®	33%
IVIG	19%

Impact of 340b

MEDS ALPHABETICAL

Medication	Net Meds	Net 340B	340b Impact
Aranesp®	$ 2,190.48	$ 7,052.64	$ 4,862.16
Cubicin®	$ 4,624.38	$ 18,868.70	$ 14,244.33
Entyvio®	$ (9,094.88)	$ 10,307.08	$ 19,401.96
Feraheme®	$ 4,702.47	$ 3,313.04	$ (1,389.43)
Injectafer®	$ 2,683.55	$ 3,323.94	$ 640.39
Invanz®	$ 17,908.01	$ 25,831.18	$ 7,923.17
IVIG	$ 19,778.44	$ 50,352.71	$ 30,574.27
Neupogen®	$ (1,665.95)	$ 592.30	$ 2,258.25
Orencia®	$ (18,486.18)	$ (18,486.18)	$ -
Prolia®	$ (1,834.25)	$ 5,070.19	$ 6,904.44
Reclast®	$ 882.82	$ 1,264.11	$ 381.29
Remicade®	$ (19,040.86)	$ 130,508.32	$ 149,549.18
Trelstar®	$ 3,509.39	$ 12,421.84	$ 8,912.45
Total	**$ 6,157.42**	**$ 250,419.87**	**$ 244,262.45**

MEDS NET

Medication	Net Meds	Net 340B	340b Impact
Remicade®	$ (19,040.86)	$ 130,508.32	$ 149,549.18
Orencia®	$ (18,486.18)	$ (18,486.18)	$ -
Entyvio®	$ (9,094.88)	$ 10,307.08	$ 19,401.96
Prolia®	$ (1,834.25)	$ 5,070.19	$ 6,904.44
Neupogen®	$ (1,665.95)	$ 592.30	$ 2,258.25
Trelstar®	$ (748.67)	$ 12,421.84	$ 13,170.52
Reclast®	$ 882.82	$ 1,264.11	$ 381.29
Aranesp®	$ 2,190.48	$ 7,052.64	$ 4,862.16
Injectafer®	$ 2,683.55	$ 3,323.94	$ 640.39
Trelstar®	$ 3,509.39	$ 12,421.84	$ 8,912.45
Cubicin®	$ 4,624.38	$ 18,868.70	$ 14,244.33
Feraheme®	$ 4,702.47	$ 3,313.04	$ (1,389.43)
Invanz®	$ 17,908.01	$ 25,831.18	$ 7,923.17
IVIG	$ 19,778.44	$ 50,352.71	$ 30,574.27
Total	**$ 6,157.42**	**$ 250,419.87**	**$ 244,262.45**

Do Payors Pay?

Pri Plan	Pri Fin Class	Total Charges	Total Payments	Total Adjs	Reimb %	Payer Mix	Total Med Payments	Total med Cost	Net Meds	Service Area Gross	Total Payment minus Med Cost
Blue Cross Blue Shield Total	35	$ 237,818.34	$ 161,416.31	$ 76,402.03	68%	12%	$ 91,878.57	$ 58,793.75	$ 33,084.82	$ 16,193.63	$ 49,278.45
Commercial Total	32	$ 362,508.50	$ 249,866.27	$ 112,642.23	69%	11%	$ 125,439.85	$ 72,850.22	$ 52,589.63	$ 40,497.43	$ 93,087.06
Liens Total	1	$ 189.29	$ 177.94	$ 11.35	94%	0%	$ 16.92	$ 0.45	$ 16.47	$ 161.02	$ 177.49
Medicaid Total	15	$ 30,639.80	$ 3,212.06	$ 27,427.74	10%	5%	$ 1,257.43	$ 10,897.37	$ (9,639.94)	$ 1,954.63	$ (7,685.31)
Medicare Total	210	$ 1,352,814.34	$ 519,819.65	$ 835,706.83	38%	70%	$ 313,899.95	$ 363,043.96	$ (49,144.01)	$ 87,782.86	$ 38,638.85
Other Governmental Total	4	$ 62,676.11	$ 25,163.72	$ 37,512.39	40%	1%	$ 23,563.81	$ 25,585.07	$ (2,021.25)	$ 1,599.91	$ (421.35)
Signature Care Total	1	$ 1,033.12	$ 909.15	$ 123.97	88%	0%	$ 430.99	$ 93.96	$ 337.03	$ 478.16	$ 815.19
Grand Total	**298**	**$ 2,047,679.50**	**$ 960,565.10**	**$1,089,826.54**	**47%**	**100%**	**$ 556,487.52**	**$ 531,264.79**	**$ 25,222.74**	**$148,667.64**	**$ 173,890.37**
Traditional Medicare	141	$ 1,122,203.97	$ 431,341.91	$ 693,574.20	38%	47%	$ 278,427.14	$ 315,412.27	$ (49,380.06)	$ 75,659.37	$ 26,279.32
Non Traditional Medicare	69	$ 230,583.37	$ 88,467.42	$ 142,115.95	38%	23%	$ 35,472.82	$ 35,236.77	$ 236.04	$ 12,123.48	$ 12,359.53
Cost Report Adjusted									$ 74,602.80		

Additional Work

Outpatient Therapy Review Team

- Checklist for accepting new patients and therapies
- Additional review of reimbursement trends
- Evaluate lower than expected reimbursement rates (contract module)

Further Evaluation of Service Line

- PAP's
- Specialty (Retail Pharmacy)
- Buy and bill vs. administration only
- Biosimilars

Self-Assessment Question 1

- **TRUE or FALSE**: It is necessary to have payor class information from accounts when conducting a reimbursement review.

Self-Assessment Answer 1

- TRUE (Payor mix allows for a deeper understanding of the performance of the service line and can help identify process problems.)

Self-Assessment Question 2

- **TRUE or FALSE**: 340b has only a minimal impact on the net revenue of a critical access hospital's outpatient infusion clinic.

Self-Assessment Answer 2

- FALSE (Depends on mix of medications and specifics for each location such as provider employment and other factors.)

Self-Assessment Question 3

- **TRUE or FALSE**: Critical access status has no role in the profitability of an outpatient infusion clinic.

Self-Assessment Answer 3

- FALSE (Depends on the patient mix at each facility and within the service line.)

KEY TAKEAWAYS

1) *KEY TAKEAWAY*
Using accounts with a zero balance allowed us to better assess the true net revenue of each account by eliminating factors such as payment plans and unpaid balances. Assure understanding of how your facility handles unpaid balances.

2) *KEY TAKEAWAY*
Extending out the timeframe for accounts included in the initial review, allowed us to better evaluate the impact payors had on net revenue.

3) *KEY TAKEAWAY*
Separating out Traditional Medicare accounts allowed us to estimate the impact of critical access status on the overall net revenue.

KEY TAKEAWAYS

4) *KEY TAKEAWAY*

Assessing individual payors and their reimbursement vs. contractual rates allows for identification of process problems.

5) *KEY TAKEAWAY*

Understanding revenue routing before starting the assessment, including gross charges vs. net revenue, is necessary.

6) *KEY TAKEAWAY*

340b is critical to the continued viability of this service line.

QUESTIONS?