

The Reimbursement Primer

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Requirements for Optimal Revenue Recovery

- Know your product
- Price your product appropriately
- Know your payers
- Know the rules
- Implement adequate systems
- Monitor activities

Know Your Product

- Service Mix
 - BLS
 - BLS Emergency
 - ALS 1
 - ALS 1 Emergency
 - ALS 2
 - SCT

Service Mix

| Service Level | # Transports | Percent |
|---------------|--------------|---------|
| BLS | 3,250 | 32.5% |
| BLS Emerg | 2,250 | 22.5% |
| ALS1 | 500 | 5% |
| ALS1 Emerg | 3,500 | 35% |
| ALS2 | 300 | 3% |
| SCT | 200 | 2% |
| Total | 10,000 | 100% |

Pricing Your Product

- Base price on fully allocated costs of providing service
- Quantify bad debt and contractual allowances
- Determine adequate margin
- Calculate average patient charge (APC)
- Use Service Mix to determine prices

Developing the Price

| | |
|----------------------------------|-------------|
| Total Cost | \$2,500,000 |
| ÷ Number Transports | ÷ 10,000 |
| = Cost per transport | = \$250.00 |
| + Contractual Allowance/Bad Debt | + \$240.00 |
| + Margin | + \$25.00 |
| = APC | = \$515.00 |

Use Service Mix to Develop Charges

- Some transports will average less than APC (non-emergencies)
- ALS2 and SCT will be much higher than APC
- Emergency calls likely to average slightly higher than APC
- Include mileage, supplies

Know Your Payers

- Payer mix
 - The quantity of transports
 - Total charges
 - Total collections

Payer Mix

| Payer | # Transports | Total Charges | Collections |
|--------------|--------------|------------------|------------------|
| Medicare | 4,000 | 2,060,000 | 1,133,000 |
| Insurance | 3,000 | 1,545,000 | 1,236,000 |
| Medicaid | 1,500 | 772,500 | 190,000 |
| Self Pay | 1,200 | 618,000 | 90,000 |
| Other | 300 | 154,500 | 101,000 |
| TOTAL | | 5,150,000 | 2,750,000 |

Sources of Reimbursement

- Commercial insurance (including HMOs)
- Auto insurance and other third party insurance
- Worker's Compensation
- Private pay (including deductibles & co-insurance)
- Secondary / supplemental insurance

Sources of Reimbursement

- Medicare
- Railroad Medicare
- Medicare HMOs
- Medicaid
- Medicaid HMOs
- Veterans Administration
- Military programs-TriCare

Sources of Reimbursement

- Indigent reimbursement programs
- Other special programs (crippled children, etc.)
- Contracts
- Subscription programs

Strategies for Each Payer Type

- Medicare
- Medicaid
- Commercial insurance
- Auto insurance
- Private pay
- Contracts

Payer Schedules

| Private Pay | | Comm. Ins | | Medicare | | Auto | |
|-----------------|-----|----------------------|-----|---------------|-----|--------------------|-----|
| Action | Day | Action | Day | Action | Day | Action | Day |
| Verify/Code | 1 | Verify/Code | 1 | Verify/Code | 1 | Verify/Code | 1 |
| Data Entry | 2 | Data Entry | 2 | Data Entry | 2 | Data Entry | 2 |
| Phone Sig? | 3 | Phone Sig? | 3 | Phone Sig? | 3 | Phone | 2 |
| Invoice Letter | 3 | Invoice Letter Claim | 3 | Claim | 3 | Claim Lien Invoice | 3 |
| Statement | 25 | Statement | 30 | Phone | 33 | Phone | 21 |
| Statement Phone | 46 | Phone | 45 | Re-File Claim | 60 | Statement Phone | 22 |

Know the Rules

- Federal health programs
 - Medicaid
 - Medicare
 - Tricare
- Commercial insurance
- Auto insurance

Revenue Enhancement Techniques

- Documentation
- Attitude
- Systemization
- Personnel
- Enhancement tools

Documentation

- Patient’s condition at time of transport
- Why an ambulance was needed to transport patient
- Why patient was bed-confined
- What services were not available at first institution
- Identification of patients that do not meet Medicare requirements

Attitude

- Caregiver commitment to value of service
- Quality determines reimbursement
- Professional treatment and documentation
- Organization-wide commitment to service

Systemization

- Step-by-step documentation and procedures from call to billing
- Organization
- Comprehensive procedures

Process Examination

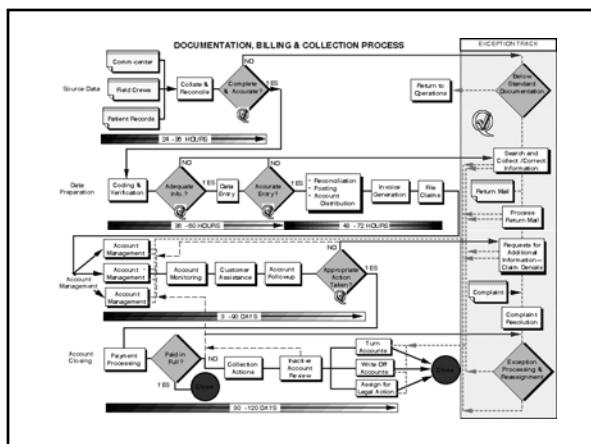
- Data preparation
 - Coding and verification
 - Data entry
 - Reconciliation, posting, and distribution of accounts
 - Generating invoices and filing claims

Process Examination

- Account management
 - Account specialists
- Account closing
 - Payment processing
 - In-house collection actions
 - Inactive account review
 - Turning accounts

Exception Track Processing

Premise: Clean claims are paid quickly, therefore, clean accounts are processed first...

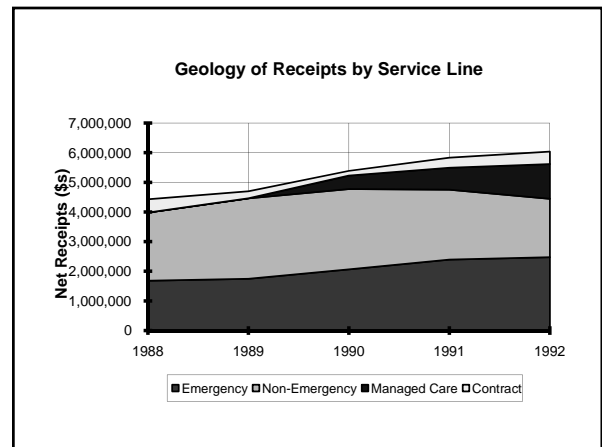
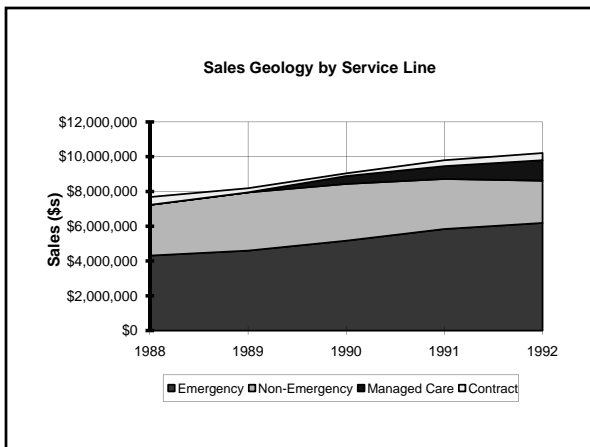
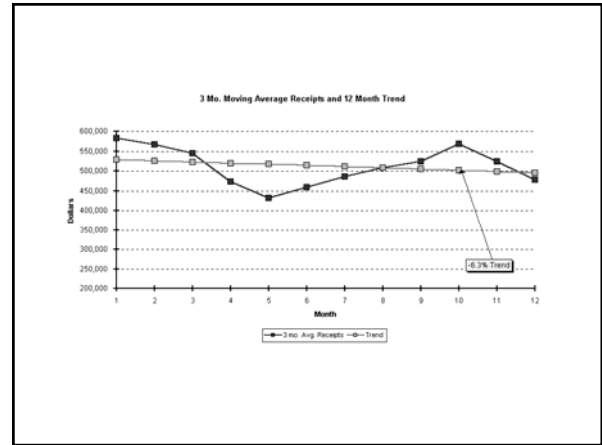
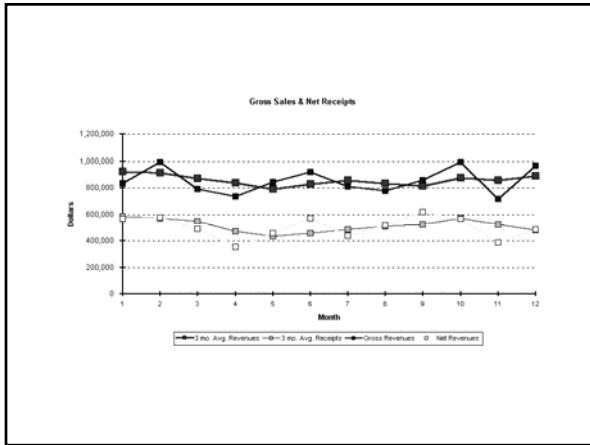
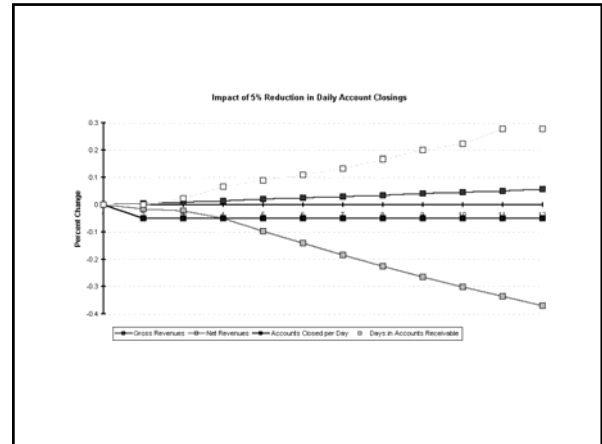


Monitoring Performance

- Activity measures
- Account closings
- Time measures
- Backlog
- Quality indicators

Monitoring Performance

- Monetary measures
- Accounts receivable status
- Collection rates
- Collection agency activity
- Expenses
- Productivity



Calculating Collection Percentages

Example 1b:

| | | | | | |
|-----------------|---|---------------------|-------|--------------|----------------|
| May Charges | = | \$156,459.50 | | | |
| June Charges | = | \$84,985.00 | | | |
| July Charges | = | <u>\$110,285.75</u> | | | |
| | | \$351,730.25 | + 3 = | \$117,243.42 | |
| August Receipts | = | \$75,824.75 | | | |
| | | \$75,824.75 | ÷ | \$117,243.42 | = 64.7% |

Calculating Days In Accounts Receivable (DSO)

| | | | | | |
|---------------------------|---------------------|--------------|---|-------------------|--------------------|
| May | \$156,459.50 | 31 | | | |
| June | \$84,985.00 | 30 | | | |
| July | \$110,285.75 | 31 | | | |
| August | <u>\$128,253.50</u> | <u>31</u> | | | |
| | \$479,983.75 | 123 | | | |
| \$479,983.75 | | + 123 | = | \$3,902.31 | Avg. Daily Charges |
| Total Accounts Receivable | | = | | \$410,443.50 | |
| \$410,443.50 | | + \$3,902.31 | = | 105.2 Days | |

- ### Improving Performance
- Reduce number of steps in process
 - Reduce number of times paper and accounts are handled
 - Reduce time it takes to complete each step

- ### Improving Performance
- Develop exception tracking process
 - Design effective and efficient work flow systems
 - Environment should support efficiency
 - Improve payer relations

- ### Personnel
- Tools help—People make the difference
 - Match skills to job activities
 - Provide appropriate benefits and environment
 - Focus energy where greatest return is available
 - Training, training, training

- ### Conclusion
- Survival depends on revenue recovery
 - Reimbursement changes and scrutiny threaten survival of many
 - Knowledge & preparation are key to responding to changes
 - Revenue recovery determines level and quality of service--Do we need to change?