Distance Education Video Conference Meeting Agenda

Course #3 Red Team- Maximizing your billing system, writing third party contracts

AIM- Write one new third party contract by 7/2011

Pre-work

1. Review website for insurance in your state
2. Complete AHP Business Modeling Tool

Time	Title	Presenter
10-10:30 CT 30 minutes	Welcome Activity Suggestion: Simulation Exercise You are welcome to use the Telephone exercise we did in Madison. Providers will learn about change	Convener **Purpose of the exercise Is for the group in the room to feel comfortable working with each other, this may differ depending on who is there and how often the group meets together.** We have other ideas if needed, call us.
10:30-10:45 CT 15 minutes	Leadership Vision for this project Providers will learn about your vision for this project Be as clear and specific as you are able about your expectation for the collaborative outcomes	Convener- choose someone with a compelling vision to lead this Examples: County Director, Insurance Commissioner for the state, the head of County SU Dept **Purpose is to identify what billing options are there in their state or county.** **List out what the priority for this collaborative is for the convening org.**
10:45-10:55 CT 10 minutes	Video of Pam Hyde/Kathleen Sebelius Your providers will learn about national healthcare	Convener You can choose to show the video
Video Conference Begins 11:00-11:15 CT Report Out 11:15-11:45 pm CT	Welcome and Introduction of participants – *test audio* Each Convener Group Chooses one spokesperson to do a 3 minute report out of the following: • 2 or 3 fun facts about your state • 2 things your state is doing well on topic of healthcare reform • 2 things that are barriers in your state with healthcare reform	JEANNE To make it easy to identify each of the groups on the video screen, it would be great if each site could have something visible that will identify where they are from: Have a state object visible (football jersey, state flag, banner with name etc)
11:45-12:30 CT 45 minutes	Marketing Providers will learn how to market their agency. Review Service and marketing Priorities Homework	JAY

12:30-1:00 CT Lunch 30 minutes	Distance Learning goes off line	
1:00-1:45 CT and worksheet	Patient Flow- -Process improvement : Providers will learn how to identify areas of improvement	KIM
1:45-2:15 CT 30 minutes	Aligning optimal patient flow with optimal IT	KIM
2:15-2:45 CT 30 minutes 2:45-3:15 CT 30 minutes worksheet	Financial Performance Improvement Worksheet including costing services	KIM
3:15-3:45 CT 45 minutes	Design/Change Project Charter Providers will complete a change project form	All
4:00-4:15 CT	Next Steps ICC webinar call schedules NIATx web resources page Each convener group will schedule their follow up calls as needed	JEANNE

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Introduction to Marketing & Insurance Contract Negotiations

Optimizing Business Opportunities

Presented by
Patrick Gauthier

AHP Healthcare Solutions

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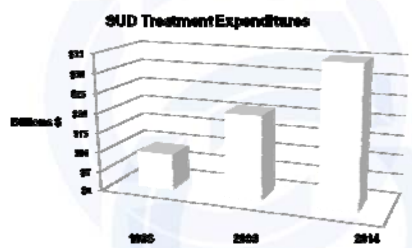
The Market



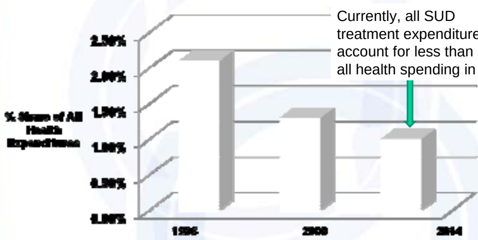
4.8% Growth Rate Annually.

All other health expenditures grow at 7%-8% annual growth rate.

Why slower?

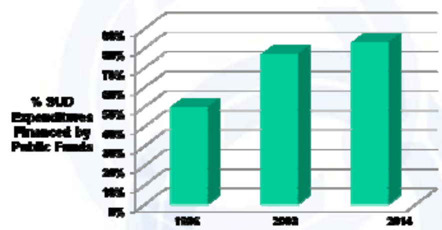
No tech and very few Rx

The Market



Currently, all SUD treatment expenditures account for less than 1% of all health spending in US

The Market



Private funding was **50%** in **1986** and **was** expected to account for only **17%** by **2014**

A Vision for the Future

1. The "New Business Environment"
2. Accountable Care Organizations (ACO)
3. Patient-Centered Medical Home Model (PCMH) – Primary Care Integration
4. Value-Based Insurance Design (VBID) and EBPs
5. Comparative Effectiveness
6. Behavioral Medicine
7. Pay-for-Recovery Outcomes, Quality, Value
8. Prevention
9. Mergers and Acquisitions
10. Competition

CONTEXT:

The New Business Environment

- MHPAEA - designed to end discriminatory benefits and business practices
- MH/SUD benefits will finally enjoy the same financial requirements and limitations as med/surg benefits.
- Health plans, Managed Care Plans, Self-Insured Employers, Medicaid Managed Care Plans and S-CHIP are all subject to MHPAEA.
- Parity alone impacts 130+million Americans
- Healthcare Reform expected to expand Medicaid enrollment by 16 million beginning in 2014
- Reform establishes Health Insurance Exchanges that will enroll another 16 million in small group and individual plans
- Parity + Reform = Shifting funding streams, melding of the public and private systems

Innovations in Health Insurance

- Personal Spending Accounts (debit cards)
- Hospital and Provider Quality Comparisons online
- Hospital and Provider Cost Comparisons online
- Personal Health Records (PHR)
- Coverage Advisors
- Treatment Advisors
- Treatment Cost Advisors
- Nurse Line
- Health Risk Assessments and Health Risk Management Programs with Incentives ($)
- Disease Management Programs
- Choice of Networks
- Prevention Benefits and Services
- Patient-Centered Medical Homes and Accountable Care Organizations

Quick Marketing Self-Assessment:

You know you need a new script when…

1. *You find yourself having to continually justify your value to your customer*
2. *You continue to link in same ways to same actors*
3. *You believe your customers still value the same attributes you've always embodied, that their experience of value hasn't changed*
4. *Value is being created elsewhere by new characters*

Overview of Marketing

- **What is Marketing?**
  - A series of inter-related processes and activities designed to develop customer interest in a company's goods and services
  - A strategy that leads to communications and sales and strong customer relationships
  - It's used to identify, satisfy and keep the customer

Overview of Marketing

5 P's and 5 C's of Marketing

Product	Consumer Desire
Price	Cost
Place	Convenience
Promotion	Communication
People	Customer

Overview of Marketing

1. *What are you selling?*
2. *To whom?*
3. *Why would they buy it?*
4. *What are the advantages and benefits and inherent value that differentiates you from your competitors?*
5. *How is your service priced? Why?*
6. *Where are your services found?*
7. *Is it convenient for your customers?*
8. *How will your customers become aware of you and develop a preference for you?*
9. *Who will deliver your services and how will they approach your customers?*

Overview of Marketing

Marketing is NOT Sales. It is…

- Market Segmentation
- Market Research
- A Marketing Plan
- A Customer Value Proposition

More Market Research

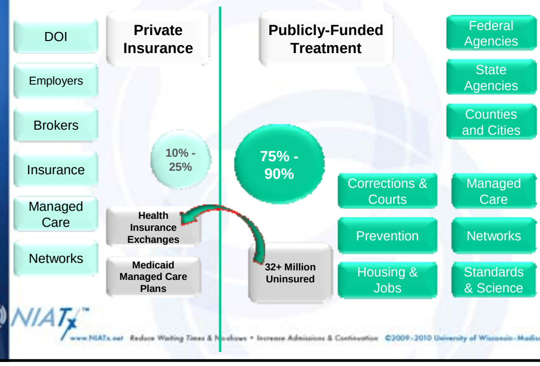
☑Conduct Local/Regional Market Research

- ❑ Health plans
- ❑ Managed care
- ❑ Employers

☑Profile Your Market

- ❑ Benefit plan designs
- ❑ Provider network administrator's)' willingness to meet and negotiate
- ❑ Medical network access standards and contracting requirements
- ❑ Features of their fee schedule in light of UCR
- ❑ Reputation for contracting, medical management and claims processing
- ❑ Mix of MH and SUD providers currently in-network
- ❑ Advantage of OON status

Then & Now



The “Private Sector”

Insurance and Managed Care

Under the Hood

Types of Plans

- Self-Insured Plans (ERISA)
- Traditional Indemnity (fully-insured)
  - Open access, higher coinsurance
- Managed Care Plans
  - MBHO (carve-out)
  - HMO (network-centric, referral-based)
  - PPO (wider network, medical necessity standards)
  - POS (combines HMO and PPO with coinsurance differentials)
- Consumer-Directed Health Plans
  - High deductible, catastrophic claims
  - Health Savings Accounts (HSA), Health Reimbursement Accounts (HRA) and Flexible Spending Accounts (FSA)

Strategic Preparations

1. Conduct strategic planning and renew your mission – *what business are you in? What services do you provide to whom and why?*
2. Review State insurance and managed care laws
3. Assess credentials and accreditation requirements
4. Conduct market research including competitor analysis
5. Position services in context of coverage and benefits
6. Gather intelligence: *Who's who? Directors? Board?*
7. Ask for the meeting – aim is everything. See #6 above
8. Come prepared - marketing/brand, data and dress the part
9. Evaluate plan requirements and apply for in-network status only where appropriate

Network Application

- Market Research (benefits, market share, reputation)
- Download Applications; Provider Manuals and Newsletter; Practice, Level of Care and Medical Necessity Guideline; and Fee Schedules wherever available and study them.
- Request Application
- Anticipate Credentialing – *primary source verification*
  - Education
  - Experience
  - Licensure
  - Liability Insurance (3 and 3)

Network Application

- Understand that your application can't be dealt with more stringently than an MD's (see MHPAEA)
- Complete paperwork thoroughly and honestly
- Fill a gap, satisfy a need
- Include letters of recommendation
- Explain issues
- Make copies, check mail
- Call and be "in relationship" – seek clarification and answers in writing

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Network Application

- Reimbursement Methods
  - Usual, Customary and Reasonable (UCR)
  - Diagnosis Related Grouping (DRG)
  - Resource-Based Relative Value Scale (RBRVS)
  - Innovations including:
    - Sub-capitation
    - Bundled case rates and episode rates
    - Administrative fees for additional services like Case Management
    - Bonuses for performance
    - Shared savings
- Prepare for possible site Visit

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What's Attractive to an MCO?

- Setting (clean, safe, secure)
- Access (emergency, urgent, routine)
- Prepared clinical interface and clinical documentation in Utilization Review/Mgmt
- Case Mgmt
- Information/Data Interchange (claims in particular)
- Performance and Outcomes Measures *(when you look good, they look good)*

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What's Attractive to a Provider?

- Network admission
- Profitable rates of reimbursement
- Easy access to information like eligibility (portal)
- Customer service
- Benefit authorization (approved and timely)
- Case Management
- Claims turn-around (cash flow)
- Easy on the paperwork
- Easy on the appeals

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Preparations

1. Incentives for: new services, addressing co-morbid and/or co-occurring disorders, expanded geography, and integration with primary care.
2. Incentives to ensure timely, accurate, and efficient health information.
3. Electronic billing (electronic data interchange or EDI) and "clean claims".
4. Systems that generate outcomes data, enabling quality improvement and financial analysis.
5. Increased collaboration with utilization management (usually RN and Masters-level behavioral healthcare professionals) in treatment planning.
6. Expanded awareness that new funding will stimulate competition for new resources.

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Re-Credentialing

- Credentials (licensure and insurance up-to-date, legal or disciplinary actions)
- Patient satisfaction ratings
- Complaints
- Outcomes
- Administrative performance
- Access
- Peer review and appeals decisions

Preparing for Negotiations

- What's important to them as a payer? What's their reputation?
- Key linkages and networks? Relationships to leverage? Endorsements?
- Number members in your area?
- Number providers serving those members? Any gaps in services?
- Why your organization? Why you? <u>What problem do you solve for them</u>?
- What's in it for them?
- What innovation can you deliver? What value can you deliver?
- What financial offer are you prepared to make? What "skin" might you put in the game?
- What partners do you bring to the table?

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Preparing for Negotiations

- Know what your services cost before you meet or discuss reimbursement
- Know what rate you need (cost + ?)
- Know where you need to start the bidding so you give yourself plenty of room to come down
  - Cost = $250 per residential day
  - Need = $350
  - Start = $500

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Negotiations

1. We understand you have a need/pain
2. We are already seeing X # of your members and plan on seeing many more real soon. They love us! (letters from real members?)
3. We can fix your problem - Here's how
4. Nobody else can do it like we can
5. Between Parity and Reform, we expect our market to grow substantially. We'd like to grow with you.
6. It'll produce (quantify) value for you (be prepared with scenarios and data)
7. We have a lot of friends in this community who'd like to see us succeed in in crafting an agreement with you (letters of endorsement)
8. What would you pay for services like ours? (they must go first. Don't react.)

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Negotiations

- These are our operating costs ($525). You've seen our service offering so you can understand why our costs are what they are.
- We're asking for a rate of reimbursement closer to $500. We think we can make it at that rate if we have enough volume and claims turn-around is good.
- Understanding your coverage, if we target your primary care providers and members with our marketing and treat them on an Out-of-Network basis, this is what will happen (be prepared with real numbers)
- However, if we can strike an agreement, on an In-Network basis, here's what it looks like for us both (real numbers). Can you agree to $500?

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Negotiations

- So you're saying you can't do $500. What can you do?
- If we agree to $450, we can agree to a multi-year contract at that rate.
- If you can agree to the $450, we'll knock 20% off the Partial rate and another 20% off our IOP.
- If you want to go any lower, we'll have to start talking about real traffic through our doors. Can you do something exclusive with us? Do you have that authority? Can you capitate us? Sub-cap?
- I just cannot go any lower than $400 without having to adversely affect quality and staffing. I'll have to do business with your members on an out-of-network basis.
- Let's start at $400 and if the traffic is really good and we hit our numbers, I'll come back with a deeper discount. Let's try $400 for a year and see how it suits us both

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Negotiations

- Be prepared to deal with the objections and have a strategy for each:
  - "We have providers like you in our network already"
  - "We have much better rates with them and nobody is complaining"
  - "We've never heard of you"
  - "Your costs are too high. We can't pay you that much."
  - "We need to see your facilities and some outcomes data"

Opportunities

- Partnerships, Joint Ventures, Mergers and Acquisitions
- Crucial need to educate consumers, families and providers
- Prevalence of Primary Care Physician involvement and need for integration/bi-directional co-location
- Role of Pharma (MAT)
- SUD treatment/coverage expansion – role of providers (types)
- Prospects for Population Management and Behavioral Medicine
- Need to address Special Populations and Multiple Chronic Conditions
- "Meshing, Blending and Braiding" Systems of Care

Opportunities

☑ Join PPO networks

☑ Join Accountable Care Organizations and integrated systems of care

☑ Join Patient-Centered Medical Home initiatives

☑ Lead or participate in early screening and engagement initiatives (SBIRT) in hospitals and primary care clinics

☑ Measure Patient Satisfaction, Access, Quality and Health Outcomes and share the results with payers, partners as well as consumers

Next Steps

- Complete the Provider Market and Plan Profile Tools
- Pick a contract and answer key questions
- Direct Cost Calculator

IT – Aligning Optimal Patient Flow with Optimal IT

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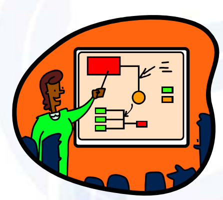
Patient Flow - Process Improvement

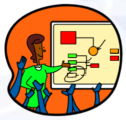
An ongoing process with the aim of improving customer experience and maximizing revenue generation.



Strategies for Better Patient Flow and Cycle Time

Charting Your Flow

- Before you can make meaningful changes, you must understand the patient care process in your practice well enough to identify bottlenecks and understand their root causes.

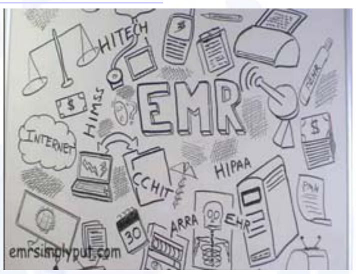


Optimal Patient Flow through IT Systems

EMR will streamline some processes, reduce paper transfer, and improve billing processes but initially adoption will reduce productivity on the clinician end.

Thinking about an EMR?

http://www.medicalpracticetrends.com/2010/10/25/benefits-of-emr/

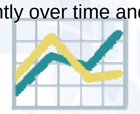


Optimal Patient Flow through Performance Metrics

- Performance measurement is an integral part of practice process and a prerequisite to effective practice management.
- Using appropriate metrics helps improve policies and procedures, shorten revenue cycle, reduce patient complaints, improve financial performance and compliance, increase cash flow, reduce bad debt, identify areas of potential growth, improve employee morale, increase productivity, and reduce costs.

Optimal Patient Flow through Performance Metrics

- Useful metrics must be comprehensive and simple.
- They must combine both complete end-to-end processes and their individual components.
- Metrics must be used consistently over time and compared to standards.



Sample Metrics – Type of Data Management Reporting

- Missed Appointments
- Collection Ratios
- Days in A/R (Accounts Receivable)
- First Pass & Denial Rates
- Patient Liability
- Percent of A/R Beyond 60/90/120 Days
- Unpaid Claims analysis
- Underpayment Reports
- Referral Source Analysis

But It's Not Just Technology

- ***Get Lean*** – commit to workflow/process and quality improvement. Eliminate waste and variation in your operations.
- Develop your own Report Card and share it
- Offer payers episode "case rates" that bundle wrap-around services
- Embrace pay-for-performance
- Take the lead in adopting best practices and let payers know
- Support efforts to standardize and normalize
- Develop people within your organizations
- Differentiate and innovate

Thinking about an EMR

Thinking about an EMR

Finance 101

Dealing With Uncertain Revenues

Kim Johnson, MBA

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ABC Agency Balance Sheet

	2010	2009
Assets		
Current Assets		
Cash	$ 12,102.00	$ 6,486.00
Marketable Securities	$ 10,000.00	$ 5,000.00
Accounts receivable	$ 28,509.00	$ 25,927.00
Inventories	$ 3,695.00	$ 2,302.00
Total Current Assets	$ 54,306.00	$ 39,715.00
Long Term Investments	$ 48,059.00	$ 25,837.00
Property and Equipment		
Land	$ 2,954.00	$ 2,035.00
Building and Equipment	$ 85,595.00	$ 77,208.00
Gross Fixed assets	$ 88,549.00	$ 79,243.00
Less Accumulated Depreciation	$ (36,099.00)	$ (29,694.00)
Net Fixed Assets	$ 52,450.00	$ 49,549.00
Total Assets	$ 154,815.00	$ 115,101.00
Liabilities and Equity		
Current Liabilities		
Accounts Payable	$ 5,022.00	$ 6,933.00
Accrued Expenses	$ 6,069.00	$ 5,037.00
Notes Payable	$ 4,334.00	$ 3,345.00
Total Current Liabilities	$ 15,425.00	$ 15,315.00
Long term Debt	$ 85,322.00	$ 53,578.00
Total Liabilities	$ 100,747.00	$ 68,893.00
Net Assets	**$ 54,068.00**	**$ 46,208.00**
Total Liabilities and Equity	$ 154,815.00	$ 115,101.00

ABC Agency Profit and Loss Statement

	2010	2009
Revenue		
Patient Revenue	$ 169,013.00	$ 140,896.00
Other Revenue	$ 7,079.00	$ 5,704.00
Total Revenue	$ 176,092.00	$ 146,600.00
Expenses		
Salaries and Benefits	$ 126,233.00	$ 102,334.00
Supplies	$ 20,568.00	$ 18,673.00
Legal and Insurance	$ 4,518.00	$ 3,710.00
Lease	$ 3,189.00	$ 2,603.00
Depreciation	$ 6,405.00	$ 5,798.00
Provision for Bad Debt	$ 2,000.00	$ 1,800.00
Interest	$ 5,329.00	$ 3,476.00
Total Expenses	$ 168,242.00	$ 138,394.00
Net Income	$ 7,860.00	$ 8,206.00

ABC Agency Cash Flow Statement

	2010	2009
Cash Flows From Operating Activities		
Net Income	$ 7,860.00	$ 8,206.00
Adjustments		
Depreciation	$ 6,405.00	$ 5,798.00
Change in Accounts Receivable	$ (2,582.00)	$ (1,423.00)
Change in Inventories	$ (1,393.00)	$ (673.00)
Change in Accounts Payable	$ (1,911.00)	$ (966.00)
Change in accrued expenses	$ 1,032.00	$ 865.00
Net Cash from Operations	$ 9,411.00	$ 11,807.00
Cash Flows form Investing Activities		
Capital Expenditures	$ (9,306.00)	$ (1,953.00)
Net Cash from Investing	$ (9,306.00)	$ (1,953.00)
Cash Flows form Financing		
Change in Notes Payable	$ 989.00	$ -
Change in long term debt	$ 31,744.00	$ -
Change in marketable Securities	$ (5,000.00)	$ -
Change in Long Term Investments	$ (22,222.00)	$ (20,667.00)
Net cash from Financing	$ 5,511.00	$ (20,667.00)
Net Change in Cash	**$ 5,616.00**	**$ (10,813.00)**
Cash Beginning of Year	$ 6,486.00	$ 17,299.00
Cash End of Year	$ 12,102.00	$ 6,486.00

ABC Agency Aging Schedule

Account	current	30 days	60 days	90 days	over 90 days	
Blue Cross	$ 3,800.00	$ 2,900.00	$ 2,500.00	$ 2,000.00	$ 2,000.00	
Medicaid	$ 5,000.00	$ 4,000.00	$ -	$ 500.00	$ 250.00	
Aetna	$ 1,300.00	$ -	$ 500.00	$ -	$ 250.00	
UBS	$ 600.00	$ 500.00	$ 250.00	$ 250.00	$ 100.00	
Patient Self Pay	$ 500.00	$ 250.00	$ 400.00	$ 250.00	$ 409.00	
Total	$ 11,200.00	$ 7,650.00	$ 3,650.00	$ 3,000.00	$ 3,009.00	$ 28,509

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ABC Agency Financial Ratios

Total Margin (net income/total revenue)	4%
Return on Assets (net income/total assets)	5%
Current Ratio (current assets/current liabilities)	3.52
Days Cash on Hand (cash + marketable securities/Expenses-depreciation-bad debt provision/365)	50.5

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