TRANSPLANT FINANCIAL NAVIGATION SYSTEM:

COSTS, REVENUE AND CONTINUOUS FINANCIAL IMPROVEMENT

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Transplant Financial Navigation:

- Service Line Financials
  - Cost and Revenue

- Physician Subsidy
  - Cost and Continuous Financial Improvement

- Revenue Enhancement
  - Continuous Financial Improvement
Service Line Financial Model
Understanding Financial Performance and Return on Investment
Start: Transplant and Transplant Related Revenue

End: Transplant Service Line Revenue
Service Line Financial Model Definitions

• Replicable Navigation System:
  – Define the phases or populations
  – Identify data sources/location
  – Note Nuances

• Sample provided online
Data Source

Billing Codes and Cost Centers:

• **Patient Account/Department**
  – Procedure Codes
  – Diagnosis Codes
  – DRGs

• **Non-Patient Account**
  – Cost Centers
  – Institutional OAC accounts
  – Cost Report
Data Source

Transplant Patient lists:
• Evaluation patients
• Waiting list patients
• Transplanted patients
• Post Transplant patients
Downstream Revenue (non-transplant)

- Physician Identifiers
  - Attending ID numbers
  - Ordering physician
- Patient Identifiers
  - Physician Inpatient non-transplant billing data
  - Physician Outpatient non-transplant billing data
Other Revenue

- Medication Therapy Management (cost center)
- Outpatient Prescriptions (patient lists)
- Satellite facilities
  - Ordering transplant physician names or hospital IDs
<table>
<thead>
<tr>
<th>Phase and Codes</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liver Transplant (OAC)</td>
<td>Cost Center OAC 10375 includes all direct ancillary and organ costs</td>
</tr>
<tr>
<td>OAC revenue</td>
<td>cost report data (exclude duplicate expenses in other data sets)</td>
</tr>
<tr>
<td>Pre-Transplant Evaluation/Waitlist Management - Outpatient Hepatologists</td>
<td>Evaluated patients list and waitlist patient names Include Attending Physician: Hospital identifiers:</td>
</tr>
<tr>
<td>Surgeons</td>
<td>hospital billing system data using hospital pre transplant identifier</td>
</tr>
<tr>
<td>Z76.82</td>
<td>Awaiting organ transplant status</td>
</tr>
<tr>
<td>Hospital based services</td>
<td>hospital billing system data using hospital pre transplant identifier</td>
</tr>
<tr>
<td>Pre-Transplant Evaluation/Waitlist Management - Inpatient Hepatologists</td>
<td>Evaluated patients list and waitlist patient names Include Attending Physician: Hospital identifiers:</td>
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</tr>
<tr>
<td>Hospital based services</td>
<td>hospital billing system data using hospital pre transplant identifier</td>
</tr>
<tr>
<td>Liver Transplant episode (hospital transplant event)</td>
<td>Exclude organ charge on patient account as all expenses in OAC MS-DRG 5 and DRG 06 KL is in 05 Transplant Patient List</td>
</tr>
<tr>
<td>Liver Transplant episode (Physicians transplant event)</td>
<td>Transplantation of liver, allogeneic, open approach Attending Physician: Hospital Identification numbers</td>
</tr>
<tr>
<td>OFY00Z0 Hepatologists</td>
<td>Transplant patient list</td>
</tr>
<tr>
<td>Surgeons</td>
<td></td>
</tr>
</tbody>
</table>
## FINANCIAL DEFINITIONS OF SERVICE LINE

<table>
<thead>
<tr>
<th>Post-Transplant Follow up - Outpatient</th>
<th>Unspecified complication of liver transplant</th>
</tr>
</thead>
<tbody>
<tr>
<td>T86.40</td>
<td>Liver transplant rejection</td>
</tr>
<tr>
<td>T86.41</td>
<td>Liver transplant failure</td>
</tr>
<tr>
<td>T86.42</td>
<td>Liver transplant infection</td>
</tr>
<tr>
<td>T86.43</td>
<td>Other complications of liver transplant</td>
</tr>
<tr>
<td>T86.49</td>
<td>Post transplant patient list</td>
</tr>
<tr>
<td>ICD 10 Z09, Z48.298, Z48.23, Z94.4</td>
<td>Liver transplant status</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liver Disease Mgmt IP/OP (Hepatologist)</th>
<th>Excludes transplant surgeons</th>
</tr>
</thead>
<tbody>
<tr>
<td>All inpatients seen by hepatologists and admitted by hepatologists or by Hospitalists</td>
<td>Inpatient and Outpatient Hepatology list provided by Physician Practice billing system</td>
</tr>
<tr>
<td>Satellite facilities</td>
<td>Use diagnosis codes on list except transplant</td>
</tr>
<tr>
<td>Procedures performed by Hepatologists</td>
<td>Ordering Hepatologist ID or Hepatologist name</td>
</tr>
<tr>
<td></td>
<td>Procedure list provided by Physician Practice billing system</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non Transplant Surgeries IP/OP (transplant surgeons)</th>
<th>Non transplant surgery patient list provided by Physician Practice billing system</th>
</tr>
</thead>
<tbody>
<tr>
<td>All non transplant surgical cases performed by transplant surgeons</td>
<td>Use diagnosis codes on list except transplant</td>
</tr>
<tr>
<td></td>
<td>Surgeon hospital IDs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Any other cost centers exclusively transplant or Liver disease management related</th>
<th>Medication Therapy Management Clinic</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Discharge scripts or outpatient prescriptions</td>
</tr>
</tbody>
</table>
**Service Line Financial Model Summary**

- Define buckets to capture key revenue

<table>
<thead>
<tr>
<th></th>
<th>Cadaveric (Recipient)</th>
<th>LRD (Recipient)</th>
<th>KL (Transplants)</th>
<th>KP (Transplants)</th>
<th>LRD (Donor)</th>
<th>Total Kidney Transplants</th>
<th>Admin Cost Centers</th>
<th>OAC Cost Centers</th>
<th>Pre-Trans HLA/Other</th>
<th>HLA Outside</th>
<th>Total Transplant</th>
<th>Post-Transplant Excisions</th>
<th>Other Surgeon Revenue</th>
<th>PIOP</th>
<th>Readmits</th>
<th>Total</th>
</tr>
</thead>
</table>

- Review the source data for accuracy
- Assure duplication of revenue or expenses are removed. i.e. Organ Acquisition Charges
## Summary

### Contribution versus Operating Income

<table>
<thead>
<tr>
<th>Methodist Dallas Medical Center</th>
<th>Summary of the Kidney Transplant Program FY 15 Oct-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume Summary</strong></td>
<td><strong>Inpatients</strong></td>
</tr>
<tr>
<td></td>
<td>Cadaveric Transplants</td>
</tr>
<tr>
<td></td>
<td>Living Related Donor Transplants</td>
</tr>
<tr>
<td></td>
<td>Living Related Donors</td>
</tr>
<tr>
<td></td>
<td>Kidney-Pancreas Transplants</td>
</tr>
<tr>
<td></td>
<td>Kidney-Liver Transplants</td>
</tr>
<tr>
<td></td>
<td>Readmits</td>
</tr>
<tr>
<td></td>
<td>Surgeons and Physicians Downstream revenue</td>
</tr>
<tr>
<td></td>
<td><strong>Total Inpatients</strong></td>
</tr>
<tr>
<td><strong>Patient Days</strong></td>
<td><strong>Outpatient Visits</strong></td>
</tr>
<tr>
<td></td>
<td>Pre-Transplant/HLA</td>
</tr>
<tr>
<td></td>
<td>Post-Transplant</td>
</tr>
<tr>
<td></td>
<td>Surgeons and Physicians Downstream revenue</td>
</tr>
<tr>
<td></td>
<td><strong>Other</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total Outpatient Visits</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Operating Income (Loss) Summary</strong> ($'s in 000's)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Patient Revenue</td>
</tr>
<tr>
<td>Operating Expenses</td>
</tr>
<tr>
<td>Contribution Margin</td>
</tr>
<tr>
<td>Overhead Expenses</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
</tr>
<tr>
<td>Gross Revenue</td>
</tr>
<tr>
<td><strong>PMT RATE</strong></td>
</tr>
</tbody>
</table>
Transplant Financial Navigation:

• Physician Subsidy
  – Costs and Continuous Financial Improvement
Physician Practice Revenue

- Last 10 years
  - Average Physician practice expense has increased $100,000 per Physician
  - Average revenue has declined by $150,000 per physician practice.
  - Net average loss of $250,000

HFMA educational report 2016
Physician Expense Management Challenges

- Ancillary payment reductions
- Provider Based Billing
- Contracting Rates
Physician Expense Management Challenges

- Medicare MU/MACRA requirements and Sequestration
- Patient no show rates
- Payor Mix
Physician Expense Management Challenges

• Satellites

• Physician and staff salary increases

• Administrative burden:
  - Pre-authorizations
  - Documentation
  - Hospital facility costs increasing no show rates
Hospital Physician Practice Subsidy

- Hospital revenues are growing in single digits if at all
- Absorbing More Physician Practices
- Funding larger portion of physician income
- Physician care “loss leader”
Managing Physician Ownership Losses

• Converting physician practices to Facility Based (Medicare proposed changes)

• Primary Care:
  ➢ Quality Measures
  ➢ Value Based Incentives:
    o Services Reduction
    o Population Management and Medical Homes
    o Accountable Care Organization (ACO) with attributed lives
Managing Physician Ownership Losses

• Specialists:
  - Creating RVU models
    - Align the use of specialists, diagnostic and surgical services
    - Value Based Incentive
    - Quality Measures
  - ACO participation
    - Missing attributed lives as referring PCP may be outside ACO
Managing Physician Ownership Losses

- Fee for Service Payments Shrinking
  - Medicare Fee Schedule
  - Medicaid Fee Schedule
  - BCBS and Other Insurance Fee Schedules
  - Percentage of Medicare Fee Schedule
  - Exchange plans only HMO and Medicaid Payor Plans
Managing Physician Ownership Losses

- Value Based Payment Models Increasing
  - Global Contracts
  - Incentive Payments for Decreasing Use
  - Population-based Bundles Cost and Risk Sharing
Transplant Financial Navigation:

- Revenue Enhancement: Continuous Financial Improvements
  - HLA billing
  - Medication Therapy Management Clinic (MTMC)
Transplant Financial Navigation:

• Revenue Enhancement
  ✷ HLA billing
HLA Charges and Reimbursement

• New antigens for waitlisting

• Decreasing Cost Report Medicare Reimbursement

• Managed Care Plans Paying OPO Organ Invoice Rate
HLA Services

• HLA services are purchased from external lab

OR

• HLA lab hospital department
HLA:
External Lab Billing Method

• Add HLA CPT Codes to Hospital Charge Master.

• Maintain General Lab Department’s Cost to Charge Ratio

• Validation of Pre and Post-Transplant HLA Bills by Transplant Department
HLA:
External Lab Billing Method

• Pay External Lab for Services

• Open New or Use Re-occurring Accounts

• Bill HLA Testing:
  ❖ Drop Non-Medicare Charges on Patient Accounts
  ❖ Drop Medicare Charges on Non-billable Institutional Account.
HLA: External Lab Billing Method

- Capture all HLA (Medicare and Non-Medicare) Expenses for Cost Report
- Collect for Non-Medicare HLA Services Based on Payor Agreement Rates
- Educate Insurance Companies Unfamiliar with HLA Bills
HLA:
External Lab Billing Results

• Non-Medicare HLA Services (except initial recipient and donor workups) Pay Outside Global Case Rate

• Few Patients Experience Additional Out of Pocket Expenses

• Large Managed Care Companies Eliminate Co-pays and Deductibles for In-network Services
Final Crossmatch:

- Drop Medicare HLA to Institutional Non-billable Account
- Bill Non-Medicare Patient HLA as Pre-transplant Outpatient Lab Service

Documentation:

- Scanning results
- Interface with outside lab
HLA:
Hospital Based Lab Billing Differences

- HLA lab Creates Charges and Enters Charges into Hospital Billing System and Results in EMR
  - Drop Medicare HLA Charges to Institutional Non-Billable Account
  - Drop Non-Medicare HLA Charges on Patient Account
  - HLA lab Expenses Reduced to Cost in Cost Report
HLA:
Lab Billing Results

• Generates new revenue.

• Improves cash flow to organization.

• Created Auditable Billing Compliance with HLA and Crossmatch Results in Individual Patient EMR.
Transplant Financial Navigation:

• Revenue Enhancement
  ✦ Medication Therapy Management Clinic (MTMC)
Medication Therapy Management Clinic (MTMC)

- A referral-based clinic managed by outpatient pharmacists

- Services:
  - Medication access
  - Medication adherence
  - Continuity of care
  - Patient education

- “Coumadin clinic” similarity
MTMC: Specialty Pharmaceutical Growth

- Specialty pharmacy is growing at a rate of greater than 20% per year.

- By 2020 specialty drugs are expected to account for 40% of the overall drug spend ($402 billion annually).

- Average specialty dispense in 2016 - $3800
MTMC: Specialty Pharmaceutical Growth

- MTMC ideal for specialty drug management

- Patient populations:
  - Hepatology
  - Transplant
  - Oncology
  - Infectious disease
  - Rheumatology
  - GI
The use of preferred pharmacy networks is rapidly growing as third-party payers begin entering the specialty pharmacy space.

Most payers with specialty pharmacies have limited networks requiring members to utilize their in-house pharmacy.

Largest impediment to Continuity of Care
### Hospital Based Advantages

<table>
<thead>
<tr>
<th>Access to providers/care team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Information Access:</td>
</tr>
<tr>
<td>EMR</td>
</tr>
<tr>
<td>Team documentation</td>
</tr>
<tr>
<td>Data reporting ability</td>
</tr>
<tr>
<td>Extensive co-pay and patient assistance (including charity care)</td>
</tr>
<tr>
<td>Medication Access:</td>
</tr>
<tr>
<td>Discharge meds to the bedside expediting discharge</td>
</tr>
<tr>
<td>Same day medication dispensing for clinic patients</td>
</tr>
<tr>
<td>Care Coordination/Transition:</td>
</tr>
<tr>
<td>Medication Reconciliation</td>
</tr>
<tr>
<td>Medication adherence</td>
</tr>
<tr>
<td>24/7 call</td>
</tr>
<tr>
<td>Primary motivation: Optimal Outcomes</td>
</tr>
</tbody>
</table>
Hepatitis C Patient Management

- Transplant Hepatologists Hep C research and treatment
- New FDA approved drugs
- CDC guidelines for screening
Hepatitis C Patient Management

- Patient treatment overwhelming volume
- Treatment delays
- Lack financial assistance knowledge
Hepatitis C Patient Management

• Drug interactions and Pre and Post transplant use

• Patients stopping therapy from side effects

• Patients without follow up after completion of therapy
Hospital based pharmacists provide services and bill under:

- Collaborative practice agreements
- Physician supervisory agreements
- Clinical protocols

(sample referral form available online)
MTMC: Administrative Workflow

Hospital:
- Receives Transfer of Insurance Payment
- Replenishes Specialty Drug Inventory
- Pays Specialty Pharmacy Administration fees

Specialty pharmacy
- Collects Payment from Insurance and Co-Pay from Patient
- Sends Drug to MTM Clinic

Transaction per RX
- Insurance Payment: $2,500
- 340B Medication Expense: $500
- Specialty Pharm Mgmt. Fee: $500
- Net Revenue: $1,500
MTMC: Results

3 pharmacists
1 Tech

- Treatment of over 1200 patients since July 2015 with 65% 340 B drug pricing

- Over 19 million dollars in Patient Assistance

- Patient, Physician and Hospital
  - 99% Initial cure and compliance rate
  - 100% Patient satisfaction
  - 100% Physician satisfaction
  - 100% Hospital President and CFO satisfaction
Transplant Financial Navigation System

• Navigating Cost and Revenue:
  – Growing the Service Line

• Navigating and Ascertaining One’s Financial Position for Continuous Improvement:
  – Positioning the Service Line

• Navigating and Following a Reproducible Planned Route:
  – Service Line Modeling
TRANSPLANT FINANCIAL NAVIGATION SYSTEM:
COSTS, REVENUE AND CONTINUOUS FINANCIAL IMPROVEMENT

Questions