

IMPLEMENTING A DMEPOS SERVICE LINE

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AGENDA AND OBJECTIVES

- Profile: University Orthopedics and Brown University
- History: Our Story
- Why bring DMEPOS in house?
- Decision Process: Who? What? Why?
- People: Our Team Approach
- Partner: Selection Process
- The Importance of Compliance
- Inventory Management
- Processes: Billing
- Performance: The End Result

PROFILE

- Privately owned-Hybrid Academic-Orthopedic Institution with Brown University
- One of four of the oldest fracture care services in the country
- 37 Attending Physicians
- 30 Orthopedic Residents, active Residency Program since 1938
- 12 MD- Orthopedic specialty Fellows
- 9 Physician Assistants and 4 Nurse Practitioners
- Based out of Providence, RI
- 5 Orthopedic Outpatient Locations



WHY BRING DME IN HOUSE?

Our History:

- Model: “Stock and Bill” - Contractual agreement with local O&P shop.
- Patient Care:
 - Poor continuity of care
 - No control over financial charges or quality of products
- Staffing: UOI staff handling inventory orders, stocking products, fitting patients, and obtaining signature consents with no value added to our company.
- Revenue: No financial reward

DECISION MAKING PROCESS: WHO, WHAT, AND WHY?



PEOPLE: IT TAKES A TEAM



PARTNER: WHY BREG?

- Compliant Foundation: Training on DWO, POD, Documentation, LCD's and ABN's
- Company Analysis: Suggest best practice ideas and help create workflows to increase efficiency
- Insurance Matrix: Payer profiling for suggested billing charges/ Allowed rates
- Charge Master: Assist with coding, billing suggestions and self pays charges
- Implementation/Support: Expert team equipped to handle a large orthopedic practice
- Staff Training: Physicians, Billing Staff, DME Fitters/Ortho Techs, MA's, and Front Desk
- "Deposit Method" = PERFECT program for our practices' workflow
- Consignment for all Breg products stocked across our 5 locations
- System allows us to carry products from other suppliers

PARTNER: INVENTORY MANAGEMENT

- Storage: Where to stock DME? Closets? Storage Units?
 - Locked units with limited access to prevent leakage
- Product Selection: Physician “Product Fair” - What to Carry?
 - We carry over 60 Products
 - Goal: Limit Similar Products
- Par Levels: Creating levels based on provider prescribing habits
- Ordering: Who controls ordering for each location?
- Reporting: Internal tracking on what we dispense- Same HCPC products
 - Revenue margin on products with similar codes
- Other Considerations: Employee Courtesy and Physician Courtesy

PROCESSES: COMPLIANCE

- Medicare = Gold Standard
- Rules of the Game: “Getting Paid and Staying Paid”
- Setting up a Compliant Office: Compliance Binders and Hours of Operation
- Documentation standards: Educating the Providers on documenting Medical Necessity
- Same/Similar Rules: Reasonable Useful Lifetime; Documenting- Who?
 - Noridian Portal
- Credentialing for Medicare by Dispensing Location
 - PTAN’s (Provider Transaction Access Number)
 - Activated and maintained
- Chart Audits: Compliance follow through with internal audits

PROCESSES: BILLING- FRONT END

- Staff: DME fitters trained on how claims work.
 - Insurance Matrix, Charge Master and UOI's Overall Program
- Patient Education: Learning efficient and direct verbiage so patients can fully understand the billing process
- Deposits: Collect deposits on items that bill out under \$500.00
 - Who not to collect deposits on?
 - Check out staff collecting payments to notate DME payment for appropriate allocation
- Insurance Matrix: Payers to script out- Setting up “cash n’ carry” rates for self-pays
- Pre-Authorizations: “High ticket items” (over \$500.00 billing charge) verification of benefits
 - Workers Comp Authorizations?
 - Who does them?
 - Training staff on how to deliver this information to patients

PROCESSES: BILLING – BACK END

- Charge Master: Built into PM System
 - Updates on new products - Breg / DME Manager / Billing Manager
- Modifiers: LT/RT
 - Medicare: LT/RT, KX, Non-Covered and ABN Items
- Charge Capture: Create a Seamless well Defined System
 - Current State: Claims entered via daily DME Reports
 - Future State: Pre-populating of HCFA 1500 Claim Form via Interface
- Clean Claims: “Medicare Watch List” most scrutinized codes get internally reviewed by our compliance team before going out the door
- Communication: Alignment with DME Manager for new payer policies to help create appropriate protocols
- Revenue Cycle: Run quarterly reports to track payments, look for trends and allowed rates
 - Update the insurance matrix for more efficient collections and patient education

BENEFITS OF BRINGING DME IN HOUSE

➤ Patient Care:

- Upgrade in patient experience with better quality products, better education on proper usage, and more upfront information on their finances
- DME Fitters who specialize in product fittings and patient education
- Surgical DME Protocols: Addition of motorized cold therapy post-operatively

➤ Revenue Cycle Management:

- Better control over costs related to the orthopedic episode for bundled payments and tiering
- Cost reduction to patients and their insurance companies with customized billing charges – 1.3x Medicare allowed rates

➤ Department:

- Additional revenue for faculty estimated to be approximately \$40K each in year #1 (large benefit to Pediatrics which is often difficult to support)
- Chief retains Medicare Revenue estimated to be \$120K in year #1 which allows funds to be utilized for research and educational missions of the Department (compliance for Designated Health Services)

PERFORMANCE: Q1 RESULTS



DME Profit & Loss 2017 Q1		
Charges	560,000	
Gross Revenue	360,000	64% Collections
Medicare Revenue	30,000	DHS
Net Revenue	330,000	
Labor & FB	66,000	
Cost of Goods	105,000	
Breg Program	7,500	
Total Expenses	178,500	
Profit MD's	151,500	42% to Faculty
Retained Earnings	30,000	8% to Department

- Exceptional Patient Service
- Financial Results are Promising
- DME Dispensements = 1,900
- 2017 Charge Forecast: ~\$2.3M
- 2017 Revenue Forecast: ~\$1.44M
 - 64% Collection Rate (Billed Charges set at 1.3 x Medicare)
- DME Deposit: Removed Risk / Liability
 - Cost of Goods Dispensed: ~ \$105K
 - Deposits Collected at Point of Service: ~\$60K
 - UOI collected 64% up front with the “Deposit method” program

5 Keys for Operational Success:

1. People:
 1. Ownership and Accountability
2. Partner:
 1. Systems Integrations
3. Risk Mitigation:
 1. Compliance
4. Revenue Cycle Management:
 1. Payer Knowledge
5. Closing the Gaps:
 1. Checks and Balances



THANK YOU!



- **For more information about University Orthopedics and Brown University's DMEPOS Service Line, please contact:**
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