

Improving Financial and Operational Performance Through Compliance

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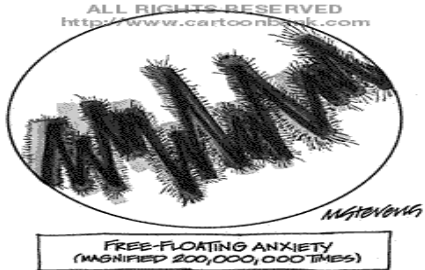
How Physicians View Compliance



"Next, I will use a medium-point roller-ball pen with black ink and, on the anterior side of the upper-left quadrant, two centimeters below the leading angle, begin drawing an oval from the patient's previous medications and treatments relating to present indications for procedure and treatment, as required on this particular health-insurance form."

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How Physicians View Compliance



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How You View Your Job as Compliance Officer



"Help me, Obiwan Kenobi... you're my only hope!"

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What I Hope to Do in 75 Minutes

1. Why physicians are making your life miserable.
2. Why are physicians miserable and what makes them happy.
3. How compliance improves financial and operational performance.
4. Practical steps to enhance physician compliance.

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Why Physicians Are Making Your Life Miserable

Why Physicians Are Making Your Life Miserable

- Needless (and countless) coding errors:
 - Failure to meet level 4 and 5 services;
 - Improper use of modifiers;
 - Failure to properly use "time and topic" for E&M services when care coordination or counseling is involved.
- Improperly completed encounter forms and charge tickets.
- Poor or insufficient documentation to support what has been coded and will be billed to third party payers.

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Why Physicians Are Making Your Life Miserable

- **BOTTOM LINE:**
Lost revenue opportunities.

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Why Are Physicians Miserable and What Makes Them Happy?

Why Are Physicians Miserable?

- Decreasing income.
- Rise of managed care.
- Rising malpractice premiums.
- Loss of autonomy.
- Administrative complexity.
- Regulatory complexity.
- Information overload.
- Demanding patients.

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“MMS Physician Practice Environment Index Report”

- “Physician Unhappiness Index”
- 9 factors affect physician practice environment:
 - > Medical school applications;
 - > Percentage of physicians over 55 years of age;
 - > Number of employment ads appearing in *NEJM*;
 - > Median physician income;
 - > Ratio of housing prices to physician income;
 - > Professional liability insurance costs;
 - > Business costs of maintaining professional practice;
 - > Mean weekly hours spent in patient care;
 - > Visits to emergency departments

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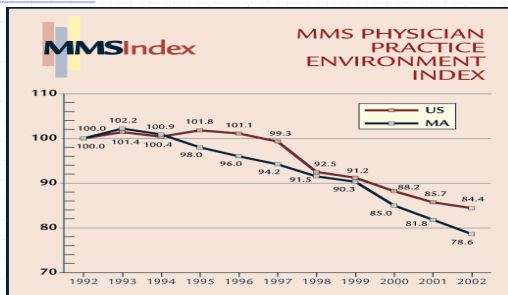
"MMS Physician Practice Environment Index Report"

- Base period is 1992, end of last recession and start of significant managed care penetration.
- www.massmed.org
- Results? Index declined 3.9% in 2003, tenth consecutive annual decline since 1993.
- Due to high malpractice premiums and business costs.

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MMS Practice Index (June, 2004)



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Why Are Physicians Miserable?

- More reports of "doctor discontent":
 - > "2003 Survey of Final-Year Medical Residents", Merritt Hawkins & Associates. (www.merrithawkins.com)
 - > "Kaiser Family Foundation National Survey of Physicians, Part III: Doctors' Opinions about their Profession", March, 2002. (www.kff.org)
 - > "Physician Career Satisfaction Across Specialties", *Archives of Internal Medicine*, July 22, 2002. (www.archinternmed.com)

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What Makes Physicians Happy

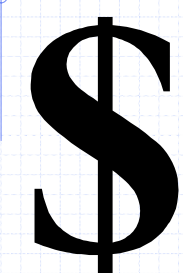


- "Economist's Model of Physician Behavior", Uwe Reinhardt, JAMA, 2/3/99, pp.462-465.
- Physician's "happiness production function" is related to income, work hours, and "artificially created demand".

What Makes Physicians Happy

- $U = U(Y,t,s)$, $U_Y > 0$, $U_t < 0$, $U_s < 0$
- U = Utility, "happiness"
- Y = Physician income
- t = Physician work hours
- s = "Artificial demand creation"
- $U_Y > 0$ means further increases in income always make the physician happier.
- $U_t < 0$ means physicians would rather spend more time on activities other than practicing medicine.
- $U_s < 0$ means artificial demand creation causes the physician pangs of bad conscience.

What Makes Physicians Happy



More money and better run operations through corporate compliance!

How Compliance Improves Operational and Financial Performance

Compliance Mantra

- Compliance programs provide a structural and operational framework for dealing with the onslaught of complex, risky regulatory matters in a proactive, cost efficient way.

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Health Care Laws, Regulations, Standards

- HIPAA
- Medicare "conditions of participation" and State Medicaid regulations
- Tax rules and regulations
- Americans with Disabilities Act
- OSHA standards
- Licensing and Credentialing
- Patient Rights and Patient Confidentiality laws
- Record Retention laws
- Family and Medical Leave Act
- ERISA and Department of Labor regulations
- Equal Employment Opportunity regulations
- Nuclear Regulatory Commission standards
- Joint Commission on Accreditation of Healthcare Organizations standards
- FDA regulations

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OIG Medicare Audits: Lessons Learned

- FY2002 last year for OIG Medicare Audits.
- Numerous "payment error" corrective actions enlisting everyone in the Medicare program:
 - > Peer Review Organizations "Payment Error Prevention Programs"
 - > Medicare Contractors "Comprehensive Error Rate Testing Program"
 - > New Program Safeguard Contractors
- Increased focus on documentation and medical necessity.
- Physicians continue to be a major cause of coding errors. Remedial training may be necessary.

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St. Louis University Dept. of Internal Medicine

- "Impact of a Compliance Program for Billing on Internal Medicine Faculty's Documentation Practices and Productivity", D. Douglas Miller, MD, MBA, and Chloe L. Getsey, MBA, *Academic Medicine*, March, 2001, Volume 76, Number 3, p. 266-272.
- "Ours is the first study to compile, analyze, and report on prospectively collected data measuring the impact of a compliance plan on faculty's documentation practices and billing behaviors."

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St. Louis University Dept. of Internal Medicine

- More than 100 FTE physicians in 12 subspecialties, 15,600 annual discharges, 50% Medicare/Medicaid payer mix, \$40.5 million in gross charges in 1997-1998.
- 1996: Reviewed all inpatient E/M services within one month of patient's discharge. Used certified coders, invested in training. 5,000 E/M services coded per month.
- 1997: Weekly summary of E/M notes compiled.

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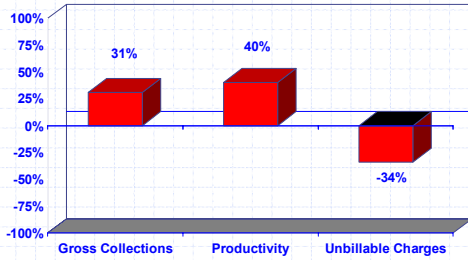
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St. Louis University Dept. of Internal Medicine

- 1998: Unbillable notes distributed to division directors, monthly summary reports, team teaching, peer intervention, disciplinary action.
- Results? Gross collections up 31%, productivity up 40%, unbillable charges down 34%.

St. Louis University Dept. of Internal Medicine

Changes from 1997-1998 to 1998-1999



St. Louis University Dept. of Internal Medicine

- "From this prospective study, we conclude that, while the successful implementation of a corporate compliance program at the departmental level presents several operational and education challenges, it can rapidly accrue significant improvements in physician's productivity and billing performances."
- www.academicmedicine.org or call Dr. Douglas Miller at 314 578 8760 (Lynda Roepke)

Practical Steps to Enhance Physician Compliance

Practical Steps

- If physicians are employed, compliance adherence is part of credentialing process.
- For community-based physicians, you need to be more creative...
 - > Training sessions conducted by doctors;
 - > Convenient hours, food, CME;
 - > Comparative data;
 - > Non punitive communication style.
- Do your compensation arrangements encourage physicians to "stretch the envelope" ?

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Practical Steps

- Thorough review of OIG Compliance Guidance for Physicians including footnotes and appendices.
- Review OIG Compliance Guidance for Pharmaceutical Manufacturers, "Relationships with Physicians and Other Health Care Professionals" ("Switching arrangements", consulting and advisory payments).
- OIG Workplan, "Physicians" Section to guide compliance audits.

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Practical Steps

- Other special hot topics are:
 - > Gifts;
 - > Professional courtesy;
 - > Meaning of "medical necessity";
 - > Patient safety and medical error reduction.
- Encourage use of web.

Essential Compliance Websites: "Add to Favorites"

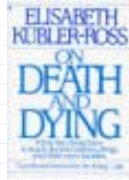


Essential Compliance Websites: "Add to Favorites"

- www.oig.hhs.gov - Office of Inspector General
- www.hhs.gov/ocr - Office for Civil Rights
- www.cms.gov/physicians - Center for Medicare & Medicaid Services, "Physicians" section
- www.cms.gov/medlearn - Medicare Learning Network
- www.ama-assn.org - American Medical Association
- www.healthlawyers.org - American Health Lawyers' Association
- www.hcca-info.org - Health Care Compliance Association

Adjust Your Attitude

- Anger
- Denial and Isolation
- Bargaining
- Depression
- Acceptance



***"Fasten your seatbelts.
You're in for a bumpy ride!"***