

Working Together PFS and Managed Care Roundtable

HFMA Southern California

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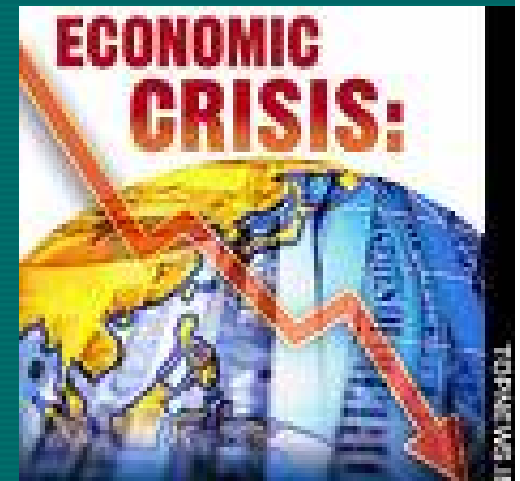
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Current Economic Climate

- Rising unemployment
 - 11.6% in California – 9.5% nationally
- Loss of Job-based health coverage
- 47 Million Americans Uninsured
 - Nearly 7 Million in California
- Increased enrollment in Medicaid
 - 43.5 million nationwide
 - Over 6 million in California



The Crisis Continues...

- 57% of hospitals report increase in ER visits
- CA hospitals on track for \$120 M increase in charity care in 2009
- Bad debt increased 14%
- 58% of hospitals report decline in elective procedures
- 37% of hospitals report a negative margin



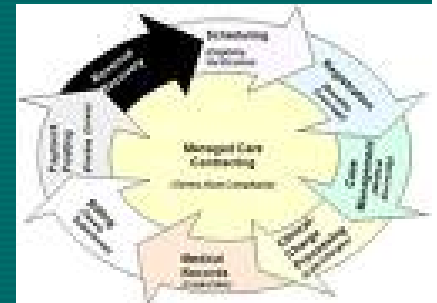
The Challenge for Hospitals...

- Make up revenue on the insured volume
 - Finding ways to increase paying volume
 - Negotiating payment increases on existing volume
- Collect payments accurately & efficiently
 - Reduce A/R days
 - Reduce denials and underpayments



PFS Challenges

- Contract terms are difficult to administer
 - Both provider and payer
 - Implant reimbursement at cost (requires invoice)
 - Revenue code specifications (billing of pharmaceuticals)
- Difficult Payor requirements/policies
 - NDC 340 B acquisition costs
 - CCI/NCCI Edits
 - Varying Payor interpretations of 835 “standards”
 - Increased silent PPO activity
- Increase in denials and request for additional documentation
- Payors holding onto reimbursement



Managed Care Challenges

- Payors taking hard line during negotiations
- Pressure to make concessions to Payors is high
- Contract boiler plate language is complex and overwhelming
- Financial data may not always be accurate and/or available
- Balancing the hospital's mission with financial objectives.



Strategies for Success

- Managed Care/PFS working collaboratively
 - Establish formal knowledge sharing meetings/methods
 - Identify potential legal risks
 - Ensure contract rates and terms are feasible and can be administered efficiently
- Rely on PFS payor trends and A/R data when negotiating
 - Include open A/R in negotiations
 - Review for necessary revisions to terms/language
- Issue Escalation
 - Managed Care can help PFS resolve denial/underpayment issues while preserving sensitive relationships



Strategies for Success

- Addressing key business issues
 - Filing complaints against non-compliant payors
- Combating silent PPOs
 - Add language to your contracts



Group Discussion

