

## Reducing Financial and Reimbursement Risk for Chemotherapy & Administration Services



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## Objectives: Reduce Reimbursement Risk



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- Learn Effective Gate Keeping Strategies and Tools
- Implement Best Practices



## Objectives: Reduce Financial Risk

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- Understand Drug Costs in Order to Maximize Drug Purchasing Opportunities
- Analyze Drug Administration Profitability
- Discover Strategies to Improve Drug Administration Profitability



## Reducing Reimbursement Risk

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## Gate Keeping

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- Gate keeping is the process of verifying insurance coverage, reviewing regimen and diagnosis ordered using payer medical policies & compendia, determining patient financial responsibility, and performing financial counseling with the patient **in advance of treatment** .
- Successful Gate keeping procedures require a *team approach* that includes the physician, nurse, and reimbursement team members.



## Benefits of Effective Gate Keeping

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- Practice Will Receive Payments Quicker
- Reduce Risk of Denial
- Decrease Payer Requests for Medical Records
- Allow for Effective Financial Counseling



## Gate Keeping Process

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- Review Patient's Specific Insurance Plan
- Review Drug Regimen Compared to Label Indication and NCCN Guidelines
- Review Specific Insurance Medical Policies and Coverage Guidelines if Applicable
- Financial Counseling



## Review Patient Specific Insurance Plan

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- **Deductible**- How much the patient is required to pay before any benefits are paid by the insurance company
  - total annual amount and how much is met year to date
- **Out of Pocket Limit**- Total amount patient must pay before insurance pays at 100% of allowable charge
  - total OOP amount and how much is met year to date
- **Policy Effective Date**
  - If within 6 months, determine risk of pre-existing condition



## Review Patient Specific Insurance Plan- Continued

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- **Benefit Limits**
  - Annual
  - Lifetime
- **Co-payments**
  - Office Visits
  - Chemotherapy, Non-Chemotherapy, & Injectibles
- **Pre-Authorization Requirements**
  - Office Visits
  - Administration
  - Chemotherapy, Non-Chemotherapy, & Injectibles



## Review Drug Regimen

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- Is Drug Regimen Prescribed On Label?
  - Package insert
  - Drug website
- If Off Label, is it listed in one compendia with no negative recommendations in any compendia?
- If Off Label and not listed in a compendia, are there two published peer reviewed articles?
- Does it meet NCCN Guidelines?
  - <http://www.nccn.org>



## Review Drug Regimen- Continued

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- Does it fit with the Payer's Medical Policy Coverage Guidelines?
  - Medicare: National & Local Coverage Determinations
  - Anthem Blue Cross PPO
  - United Healthcare PPO
  - Blue Shield PPO



## Medicare Payer Guidelines

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- Northern California and Southern California Active LCDs
  - LCD L28275 Intravenous Immune Globulin
  - LCD L29888 Erythropoietin Stimulating Agents
  - LCD L28259 Filgrastim, Sargramostim, and Pegfilgrastim
  - LCD L28273 Interferon
- National Coverage Decisions
  - NCD 110.21 Erythropoiesis Stimulating Agents (ESAs) in cancer and related neoplastic conditions

<http://www.palmettogba.com/palmetto/providers.nsf/ocsCatHome/Jurisdiction%201%20Part%20B>



## Commercial Payer Guidelines

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- <https://provider2.anthem.com>
- <https://www.unitedhealthcareonline.com>
- <https://www.blueshieldca.com>
- <https://navinet.navimedix.com>
- <https://cignaforhcp.cigna.com>



## Identify Patients with Significant OOP Costs

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- Medicare patients with no supplemental secondary insurance
- Medicare HMO patients with 20% co-payments on drugs
- Consumer Directed Health Plans where patients have not met deductible or OOP limits
- Plans with annual limits
- Plans with effective dates within 6 months of first consultation
- Patients with drug regimens that include off label drugs and/or do not meet payer guidelines for reimbursement



## Practices Must Establish Stringent Patient Collection Policies

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- Patients should pay at the time of service for drugs that are prescribed Off Label without two supporting compendia articles or contrary to Insurance Plan Medical Coverage Guidelines
- Patients should pay all co-payments at the time of service.
- Patients with high deductibles and/or high OOP limits should pay the expected portion at the time of service.



## Before Patient is Treated!

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- Obtain Pre-Authorization When Required
- Execute Advanced Beneficiary Notice for all off label drug use
- Perform and Document Financial Counseling
  - Calculate Patient Share of Cost
  - Receive Payment for Patient Portion
  - Enroll Patient in Copayment Assistance Programs if applicable

## If Patients Cannot Pay at the Time of Service:

- Financial Counselor alerts physician so that options can be discussed with patient prior to treatment
  - Are there patient assistance programs available?
  - Is there a lower cost therapy option?
  - Is there an alternative site of treatment?

Patients have to pay more towards their health care costs than ever before!





## Health Insurance Changes

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- Percentage of covered workers with Consumer Directed Health Plans such as Health Savings Accounts and Health Reimbursement Accounts increased from 10% in 2006 to 27% in 2010.
- Employees average deductible increased from \$1,737 to \$2,096 per year.

\*The Kaiser/HRET Survey of Employer Sponsored Health Benefits  
2006-2010



## Increasing Number of Patients Enrolled in Medicare HMOs

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- Participants in Medicare HMOs increased in 2010 in all 58 California counties.
  - Secure Horizons Direct, Humana PFFS, Caremore & Aetna PFFS
  - Medicare HMOs through local IPAs: Secure Horizons, Blue Shield 65+, HealthNet Seniority Plus
  - 20% Co-payment on all drugs



High probability that you will  
receive timely payment...

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But is it enough?



Reducing Financial Risk


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## Effective Management of Drug Costs

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- Understand drug costs compared to drug reimbursement
- Effective purchasing strategies
- Inventory Management
- Clinical and Reimbursement team approach



## Use the Current Quarter Medicare Drug Allowables as your benchmark

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- Compare drugs costs with Medicare current quarter ASP + 6%
- Determine which drugs are underwater
- Compare drugs in each therapeutic class and select a preferred drug
  - Antiemetics
  - Growth Factors
  - IV Iron
  - IVIG
- Protocol Analysis Tools



## Protocol Analyzers

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- ION, Oncology Supply
  - <https://www.iononline.com>
- Onmark, McKesson
  - <https://www.onmarkservices.com>



## Protocol Analyzer

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- Compare drugs from same therapeutic class
- Determine Under-Water Drugs
- Compare drug regimens

## Example: ION Online

- Select Drug vs. Reimbursement tab in Protocol Analyzer Section
- Practice actual cost from distributor
- Current Quarter Medicare ASP + 6%

## IVIG Brand A vs. IVIG Brand B

MBU:	0.5 g
Cost Per MBU:	\$37.62
SDV:	5 g
Cost Per SDV:	\$376.20
<input type="text" value="40"/> Recalc	
Enter Dose:	40 grams <input type="text" value="0.5 gram"/>
Total Qty:	80
Total Cost:	\$3,009.60
Medicare + Co-pay:	\$3,011.68
+/- :	\$2.08
Medicare w/o Co-pay:	\$2,409.34
+/- :	(\$600.26)

Fictitious Practice Example

## IVIG Brand A vs. Brand B

MBU:	0.5 g	
Cost Per MBU:	\$37.30	
SDV:	5 g	
40 Recalc per SDV:	\$373.00	
Enter Dose:	40 grams	.5 gram
Total Qty:	80	
Total Cost:	\$2,984.00	
Medicare + Co-pay:	\$3,079.68	
+/- :	\$95.68	
Medicare w/o Co-pay:	\$2,463.74	
+/- :	(\$520.26)	

Fictitious Practice Example

## Drug Cost vs. Reimbursement Chemotherapy Drug Jxxxx Example

MBU:	10 mg	
Cost Per MBU:	\$588.22	
SDV:	30 mg	
Cost Per SDV:	\$1,764.66	
Enter Dose:	30 mg	10 mg
Total Qty:	3	Recalc
Total Cost:	\$1,764.66	
Medicare + Co-pay:	\$1,720.04	
+/- :	(\$44.62)	
Medicare w/o Co-pay:	\$1,376.03	
+/- :	(\$388.63)	

Fictitious Practice Example



## For Underwater Drugs:

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- Negotiate reduced price from drug distributors
- Evaluate alternative regimens
- Evaluate alternative site of service



## Effective Drug Purchasing

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- Keep List of current pricing
- Order drugs online to validate appropriate pricing
- Compare drug pricing from multiple drug distributors
- Minimize Drug Inventory
- Pay Drug Distributor Invoices On Time



## Evaluate Drug Distributor Payment Terms


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- Don't create a cash flow burden with too aggressive payment terms
- Calculate practice Days Sales Outstanding (average time to collect payment from payer)
- Set payment terms at or above practice DSO



## Understand Your Drug Administration Costs

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Use your total infusion center staff payroll with benefits cost plus supply cost per hour as a benchmark

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- Calculate Annual Working Hours that Infusion Center is open
- Identify all staff that work in Infusion Center. For staff that work in other areas of the practice, allocate a percentage of their time to infusion services. Staff to include:
  - RNs
  - LVNs
  - Pharmacy Technicians
  - Medical Assistants



## Drug Administration Costs- Continued

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- Calculate total salary and benefit costs for all infusion center staff
- Determine Supply Costs for Infusion Center
- Add Total Salary & Benefit Costs to Supply Costs to obtain Total Costs
- Divide Total Costs by Annual Working Hours to obtain Total Costs per Hour



## Drug Administration Net Revenue

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- Determine drug administration revenue (payments received for administration CPT codes)
- Calculate Drug Administration Revenue per Hour by dividing Drug Administration Revenue by the Annual Working Hours



## Are you Profitable?

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- Subtract your Total Costs per Hour from your Drug Administration Revenue per hour.
- Analysis does not include indirect costs such as rent, billing, and other overhead items.



## How Does your Practice Compare to Practices in ANCO Economic Assessment?

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- Practices  $\leq$  3 physicians
  - Only one practice in analysis was unprofitable.
  - Average annual working hours = 1829, 5 out of 12 practices had infusion centers open less than full time.
  - Average total costs per hour = \$173.00
  - Average drug administration revenue = \$378.00
  - Average marginal profit per hour = \$205.00
  - Average marginal drug admin costs/average revenue = 46%



## How Does your Practice Compare to Practices In ANCO Economic Assessment?

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- Practices  $>$  3 physicians
  - Average working hours = 2080
  - Average total costs per hour = \$661.00
  - Average drug revenue per hour = \$908.00
  - Average marginal profit per hour = \$247.00
  - Average drug admin costs/average drug admin revenue was 73%.



## What you can do to increase Drug Administration Profitability

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- Increase the Number of Patients that receive infusion therapy in your practice
  - Evaluate the patients that are receiving treatment elsewhere
  - Expand therapies provided in the office
  - Provide Continuous Chemotherapy Services



## What you can do to increase Drug Administration Profitability- Continued

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- Decrease Infusion Center Staff Costs
  - Evaluate Infusion Center Hours of Operation
  - Use of RNs, LVNs, and Medical Assistants
  - RN Managers
  - Use of Pharmacy Technicians
  - Evaluate consolidation of satellite offices to bring patients on treatment to a central location



## What you can do to increase Drug Administration Profitability- Continued

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- Reduce Supply Costs
  - Implement cost effective practice
  - Evaluate alternative brands
  - Evaluate alternative vendors



## Questions & Answers

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