Optimizing Payor Mix

Billing & Collections in the Changing Economic Landscape

NWRPCA/CHAMPS 2009FALL CONFERENCE
SEATTLE, WASHINGTON

GUIDIAN HEALTHCARE CONSULTING

Presentation Overview

- ☑ **PAYOR MIX – THE BIG PICTURE**
- ❑ 5 Important Reasons to Evaluate Payor Mix
- ❑ Role of Payor Mix in Operations Management
- ❑ Service Area Payor Mix
- ❑ Optimizing Payor Mix thru Billing & Collecting
- ❑ Wrap-up and Questions

The Big Picture

Understanding the financial health of your community health center begins with understanding the user groups who access services, and how those services are reimbursed.

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The Big Picture

Budgeting

Understanding how many visits per payor class

Understanding Net Revenue per Visit by Payor

Determine ratio of Medicaid users needed to cover costs of an uninsured user

Determine total number of uninsured covered by grants

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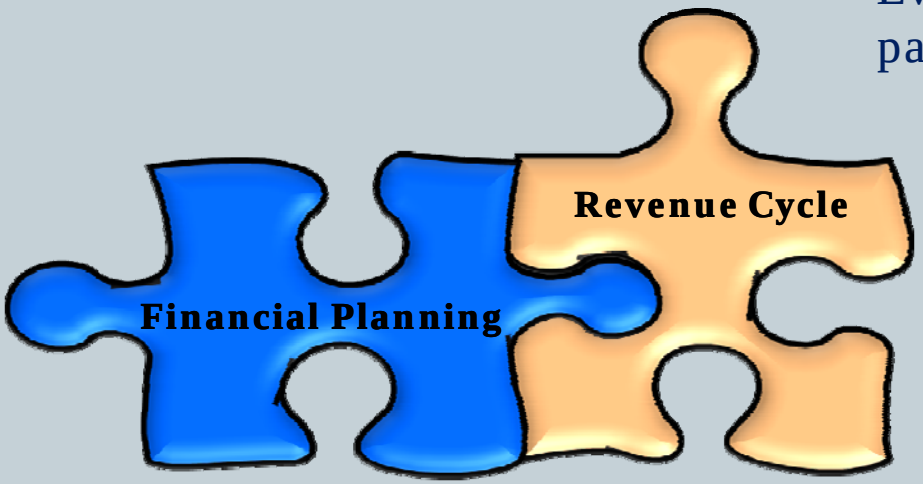
The Big Picture



Evaluate which payors are favorable

Evaluate receivables by payor

Create a platform for contract negotiation

Identify issues in billing & collecting process by comparing various payor mix calculations

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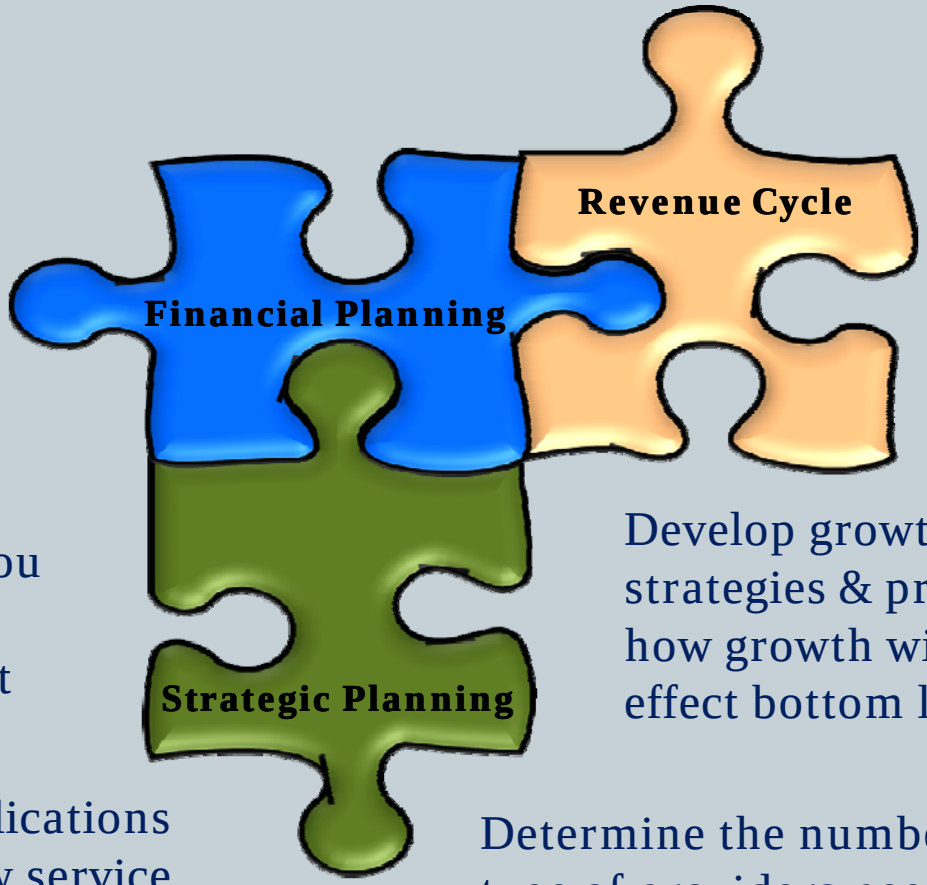
The Big Picture



Understand how you are positioned in service area market

Develop growth strategies & project how growth will effect bottom line

Evaluate the implications of initiating a new service

Determine the number and type of providers needed

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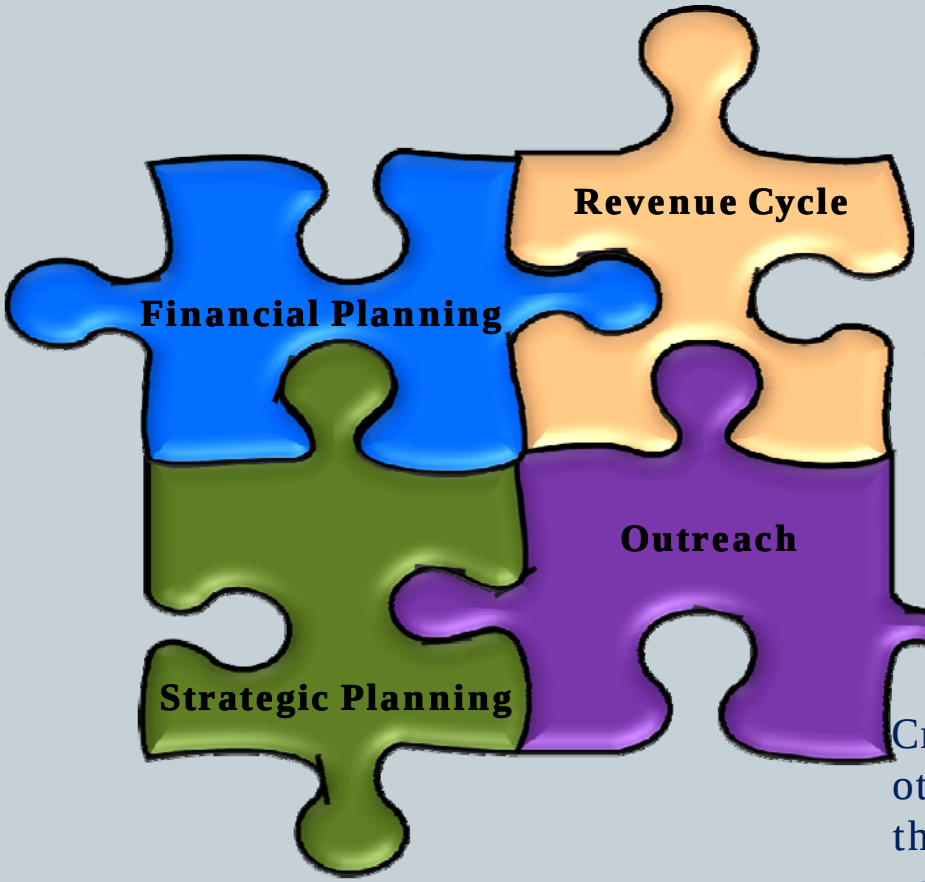
The Big Picture



Create targeted outreach strategies

Develop internal cross selling plans

Create relationships w/ other social service agencies that serve the populations you want to target

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Presentation Overview

- Payor Mix – The Big Picture
- **5 IMPORTANT REASONS TO EVALUATE PAYOR MIX**
- Role of Payor Mix in Operations Management
- Service Area Payor Mix
- Optimizing Payor Mix thru Billing & Collecting
- Wrap-up and Questions

5 Reasons to Evaluate Payor Mix

- Payor mix allows the CHC to evaluate how well it is doing and compare itself to other CHCs and private practices
- Comparing the CHC payor mix to the service area payor mix illustrates how the CHC is situated in the market place
- Payor mix is a key ingredient to organizational strategic planning
- Comparing various payor mixes can “red flag” issues with the CHC’s billing and collections or payor contracts
- Comparing Payor mix by service line can identify opportunities to maximize revenue by maximizing payor mix across the organization

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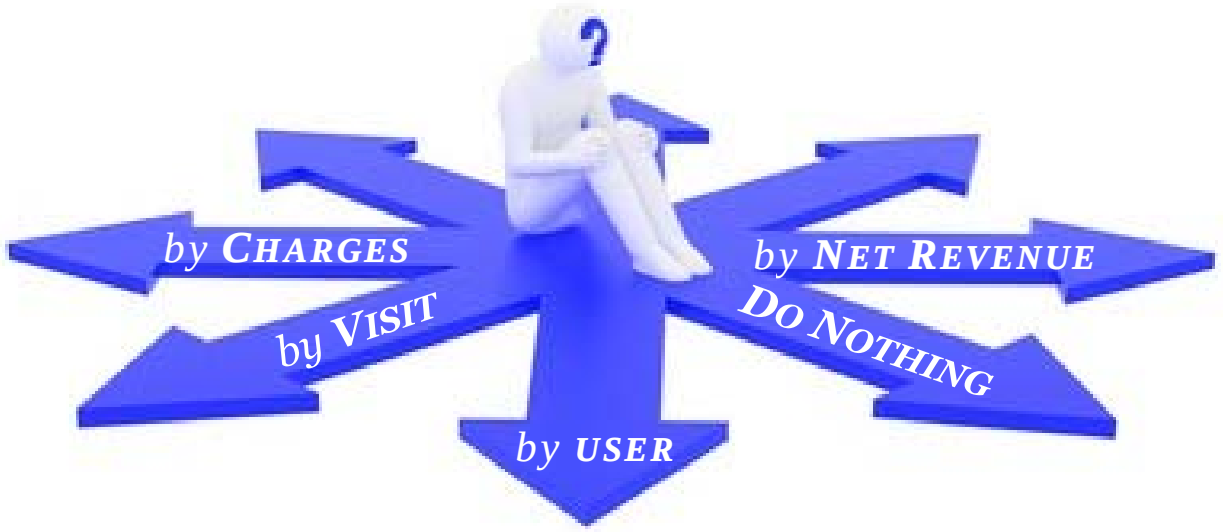
Presentation Overview

- Payor Mix – The Big Picture
- 5 Important Reasons to Evaluate Payor Mix
- **ROLE OF PAYOR MIX IN OPERATIONS MANAGEMENT**
- Service Area Payor Mix
- Optimizing Payor Mix thru Billing & Collecting
- Wrap-up and Questions

Payor Mix & Operations Management



"When you come to a fork in the road, take it!"

Yogi Berra

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Payor Mix & Operations Management

Do Nothing

We can try to avoid making choices by doing nothing, but even that is a decision.

Gary Collins

Doing nothing is very hard to do, you never know when you are finished.

Leslie Nielsen

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Payor Mix & Operations Management

Case Study #1

A CHC was evaluating its business practices, and trying to determine the organizational effects of hiring new providers to treat the growing population in its service area. The service area had a growing uninsured population, and Medicaid is one of the better payors resulting in competition for this patient base between the CHC and private physician practices.

CHC Baseline Data

Strategic Growth Plan

	Baseline	7-year Growth Plan
Physicians	8.25	21.25
Midlevels	3	5
Residents	21	21
Total Providers	**32.25**	**47.25**
Productive FTE	**23.87**	**38.12**

Health Center Revenue

	2009 Estimated	% Total Revenue	2015 Projected	% Total Revenue	Projected Change
Gross Pt Sx Revenue	10,406,000	112%	28,472,000	134%	174%
Operating Grant	2,992,000	32%	2,992,000	14%	0%
Contractuals	(4,085,500)	-44%	(10,177,000)	-48%	149%
Total	**9,312,500**	**100%**	**21,287,000**	**100%**	**128.6%**

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Payor Mix & Operations Management

Case Study #1

Service Area Payor Mix

	2009 Estimated	% Market	2015 Projected	% Market
Medicaid	46,000	10%	47,625	8%
Uninsured	108,077	25%	141,028	25%
Medicare	37,253	8%	53,617	9%
Public Insurance	8,787	2%	11,466	2%
Private	239,222	54%	319,548	56%
Total	**439,339**	**100%**	**573,284**	**100%**

Medical User Market Penetration

	2009 Estimated Popln	2009 Estimated Medical User	Market Penetration	2015 Estimated Popln	2015 Estimated Medical User	Market Penetration
Medicaid	46,000	8,989	20%	47,625	21,596	45%
Uninsured	108,077	2,775	3%	141,028	14,199	10%
Medicare	37,253	1,226	3%	53,617	3,688	7%
Public Insurance	8,787	479	5%	11,466	1,135	10%
Private	239,222	3,240	1%	319,548	7,606	2%
Total	**439,339**	**16,709**	**4%**	**573,284**	**48,224**	**8%**

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Payor Mix & Operations Management
by User

Calculate Payor Mix by Service Line

Medical User Payor Mix

	2009 Estimated	% Users	2015 Projected	% Users	Payor Mix Change
Medicaid	8,989	54%	21,596	45%	-17%
Uninsured	2,775	17%	14,199	29%	77%
Medicare	1,226	7%	3,688	8%	4%
Public Insurance	479	3%	1,135	2%	-18%
Private	3,240	19%	7,606	16%	-19%
Total	16,709	100%	48,224	100%	

- **The "How To"**
  - Assign a unique identifier to each payor type in the patient management system
  - Verify insurance coverage with each patient at every visit and make sure they are entered into the patient management system correctly

- **The "Why"**
  - Reportable on the UDS
  - Needed to determine how CHC is positioned in market
  - Needed to determine how much of the 330 grant is being used to treat the uninsured
  - Use information to evaluate how you can cross sell services to existing users

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Payor Mix & Operations Management
by Visits

Medical Visit Volume Payor Mix

	2009 Estimated	% Visits	2015 Projected	% Visits	Payor Mix Change
Medicaid	25,298	62%	60,775	53%	-14%
Uninsured	9,559	23%	32,661	29%	22%
Medicare	2,832	7%	8,549	7%	8%
Public Insurance	1,346	3%	4,930	4%	31%
Private	2,041	5%	7,658	7%	35%
Total	**41,076**	**100%**	**114,573**	**100%**	

- **THE "HOW TO"**
  - Use patient management system to generate report detailing # of encounters by payor
  - Evaluate EOBs to determine payment per encounter
  - Use information to calculate number of visits per user by payor type

- **THE "WHY"**
  - Project annual revenue budget
  - Project additional capacity needed by increasing # users in any given payor category
  - Evaluate disparities in user patterns by payor class
  - Can complete an ICD-9 evaluation to determine if one payor class is "sicker" than another

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Payor Mix & Operations Management
by Visits by Service

Payor Mix by Service

		Visits/User		Estimated Visits		Payor Mix	
	Users	FP Only	All Medical	FP Only	All Medical	FP Only	All Medical
Medicaid	1,659	3.25	4.29	5,392	7,117	27%	34%
Uninsured	2,654	2.00	1.68	5,308	4,459	27%	21%
Medicare	430	5.87	5.87	2,524	2,524	13%	12%
Public Insurance	431	6.88	6.88	2,965	2,965	15%	14%
Private	1,197	3.00	3.24	3,591	3,878	18%	19%
Total	**6,371**			**19,780**	**20,943**	**100%**	**100%**

- **The "How To"**
  - Further segment data by service line to understand different utilization patterns for different services by payor

- **The "Why"**
  - Services will have different payor mixes – Budgeting Implications!
  - Determine where you can cross sell services to increase utilization
  - Services will have varying utilization by payor type

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Payor Mix & Operations Management
by Charges

Medical Gross Charge Payor Mix

	2009 Estimated	% Charges	2015 Projected	% Charges	Payor Mix Change
Medicaid	5,535,000	65%	14,579,000	57%	-13%
Uninsured	1,614,800	19%	6,049,000	24%	24%
Medicare	740,500	9%	2,451,300	10%	10%
Public Insurance	220,000	3%	884,000	3%	33%
Private	414,700	5%	1,706,400	7%	37%
Total	**8,525,000**	**100%**	**25,669,700**	**100%**	

- **The "How To"**
  - Generate reports from the billing system to show gross charges by payor & segment by:
    - by plan
    - by service
    - by provider
- **The "Why"**
  - Determine which payor class utilizes services at the highest rate
  - Determine which providers are most productive (levels playing field for revenue evaluation)
  - Compare with net revenue to determine who is best payor

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Payor Mix & Operations Management
by Net Revenue

Medical Net Revenue Payor Mix

	2009 Estimated	% NPSR	2015 Projected	% NPSR	Payor Mix Change
Medicaid	3,597,750	69%	10,467,722	64%	-8%
Uninsured	888,140	17%	3,326,950	20%	19%
Medicare	387,282	7%	1,282,030	8%	5%
Public Insurance	74,140	1%	297,908	2%	27%
Private	241,770	5%	994,831	6%	30%
Total	**5,189,082**	**100%**	**16,369,441**	**100%**	

- **The "How To"**
  - Generate reports to s
  - Work with billing department to ensure that all EOBs are entered into system timely & accurately
  - Work with front office staff to be sure that users are assigned to the correct payor class

- **The "Why"**
  - Net revenue is actual dollars into CHC
  - Used to create budget projections
  - Helps CHC manage cash flow
  - Evaluating net revenue by payor can red flag issues with a payor
  - Look at AR by payor class to identify potential issues with a payor

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Payor Mix & Operations Management

Comparing the Results

Payor Mix Calculations Comparison - 2009

	Users	Visits	Gross Chrg	NPSR
Medicaid	54%	62%	65%	69%
Uninsured	17%	23%	19%	17%
Medicare	7%	7%	9%	7%
Public Insurance	3%	3%	3%	1%
Private	19%	5%	5%	5%
Total	**100%**	**100%**	**100%**	**100%**

Payor Mix Calculations Comparison - 2015

	Users	Visits	Gross Chrg	NPSR
Medicaid	45%	53%	57%	64%
Uninsured	29%	29%	24%	20%
Medicare	8%	7%	10%	8%
Public Insurance	2%	4%	3%	2%
Private	16%	7%	7%	6%
Total	**100%**	**100%**	**100%**	**100%**

Payor Mix & Operations Management

Case Study #2 - Nuts & Bolts

STEP ONE: EVALUATE YOUR BUDGET TO DETERMINE TOTAL DESIRED REVENUE BY SERVICE LINE

- Project where you want to be so that you can project the total number of PATIENTS and VISITS that you need to meet your budget
- Understand the COST PER PATIENT VISIT and the average NET REVENUE PER PATIENT VISIT that your receive by payor type
- Understand the total number of uninsured patients that are covered by your 330 grant

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Payor Mix & Operations Management
Case Study #2 - Nuts & Bolts

STEP TWO: CALCULATE THE CURRENT PAYOR MIXES & ANALYZE THE DATA

- Payor Mix by users, visits, gross charges, net revenue

- Determine the following:
  - How you are positioned in the market, what are the opportunities
  - Who is your best payor
  - How many visits per user by payor type are needed to meet your budget
  - What are the various payor mixes by service line

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Case Study #2 - Nuts & Bolts

STEP THREE: CREATE A PLAN TO OPTIMIZE PAYOR MIX

- Set targets for optimal payor mix
- Determine the best way to attract the number of new patients needed by payor for each service line
- Educate all staff about the plan
- Implement your plan

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Payor Mix & Operations Management

Case Study #2 - Nuts & Bolts

A CHC wanted to understand how a new Medicaid program expansion would affect its bottom line as well as how it might expand the organization's ability to treat not only more Medicaid patients, but to treat additional uninsured patients. In order to plan for the future, the health center took the following steps:

- Conducted a targeted market assessment by zip code & determined its market penetration by payor for each service line
- Projected the operating budget using the existing organizational structure
  - Calculated the total number of visits per user by payor type
  - Calculated the net revenue by visit by payor type
  - Projected all revenues and expenses
- Determined the cost per medical user, per dental user, and per behavioral health user
- Determined how many uninsured users its 330 grant covered
- Determined how many new Medicaid users were needed to be able to treat one new uninsured user

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Payor Mix & Operations Management

Case Study #2 - Nuts & Bolts

SERVICE AREA MARKET ASSESSMENT BY PAYOR

Service Area Payor Mix

Zip Code	Total Population	Medicaid	%	Uninsured	%	Medicare	%	Private	%
xx204	39,706	16,399	41%	11,087	28%	9,927	25%	2,293	6%
xx204	8,784	6,404	73%	902	10%	791	9%	687	8%
xx206	26,550	15,194	57%	2,935	11%	5,576	21%	2,846	11%
xx208	31,336	11,596	37%	3,827	12%	4,700	15%	11,212	36%
xx209	46,093	15,752	34%	4,839	10%	3,687	8%	21,815	47%
xx210	27,165	12,327	45%	2,928	11%	4,618	17%	7,292	27%
xx212	27,694	10,703	39%	3,907	14%	831	3%	12,253	44%
xx215	52,510	17,957	34%	9,552	18%	6,301	12%	18,700	36%
xx216	33,738	11,699	35%	3,672	11%	10,121	30%	8,246	24%
xx218	42,043	16,297	39%	4,137	10%	7,568	18%	14,041	33%
xx225	25,658	8,656	34%	2,350	9%	3,849	15%	10,803	42%
xx233	14,113	2,654	19%	2,143	15%	3,246	23%	6,070	43%
Total	**375,390**	**145,638**	**39%**	**52,280**	**14%**	**61,214**	**16%**	**116,258**	**31%**

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SERVICE AREA PAYOR PENETRATION

Market Penetration by Payor - Medical User

	Medicaid			Uninsured			Medicare			Private		
Zip Code	Users	Popln	%	Users	Popln	%	Users	Popln	%	Users	Popln	%
xx204	600	16,399	4%	1,325	11,087	12%	272	9,927	3%	78	2,293	3%
xx205	596	6,404	9%	374	902	41%	52	791	7%	0	687	0%
xx206	2,358	15,194	16%	693	2,935	24%	325	5,576	6%	81	2,846	3%
xx208	1,142	11,596	10%	426	3,827	11%	345	4,700	7%	175	11,212	2%
xx209	1,728	15,752	11%	666	4,839	14%	446	3,687	12%	255	21,815	1%
xx210	924	12,327	7%	673	2,928	23%	717	4,618	16%	84	7,292	1%
xx212	2,054	10,703	19%	860	3,907	22%	42	831	5%	120	12,253	1%
xx215	554	17,957	3%	1,204	9,552	13%	402	6,301	6%	407	18,700	2%
xx216	963	11,699	8%	319	3,672	9%	725	10,121	7%	121	8,246	1%
xx218	1,236	16,297	8%	655	4,137	16%	476	7,568	6%	106	14,041	1%
xx225	728	8,656	8%	418	2,350	18%	179	3,849	5%	94	10,803	1%
xx233	278	2,654	10%	596	2,143	28%	147	3,246	5%	217	6,070	4%
Total	**13,160**	**145,638**	**9%**	**8,207**	**52,280**	**16%**	**4,128**	**61,214**	**7%**	**1,738**	**116,258**	**1%**

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Payor Mixes

Payor Mix - Medical

	Users	%	Visits	%	Net Revenue	%
Medicaid	13,160	48%	37,949	47%	7,513,991	73%
Uninsured	8,207	30%	25,860	32%	1,050,816	10%
Medicare	4,128	15%	11,490	14%	1,349,095	13%
Private	1,738	6%	4,839	6%	416,128	4%
Total	**27,233**	**100%**	**80,138**	**100%**	**10,330,030**	**100%**

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BUDGET COMPONENTS

Operating Budget

	CY2009	
Operating Revenue	**$**	**% Total**
Net Patient Service Revenue	14,788,570	75.9%
Operating Grant & Contract	3,581,536	18.4%
Other Revenue	1,112,641	5.7%
TOTAL	**19,482,747**	
Operating Expenses		
Personnel Expense	13,415,753	68.9%
General Operating Expense	3,927,205	20.2%
Facility Expense	1,300,140	6.7%
TOTAL	18,643,098	95.7%
Operating Gain/Loss	**839,649**	**4.3%**
Total Cost per Visit	**159.75**	

- Illustrates costs per all visits
  - back out costs not directly related to a patient visit
- Could show by service line if data is available
- Evaluate annual budget for cost savings
- Determine the net revenue per visit by payor type

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BUDGET COMPONENTS

Net Revenue per Visit by Payor - Medical

Payor Type	CY2009	CY2010	CY2011	CY2012	CY2013
Medicaid	198.00	201.91	205.04	207.60	210.56
Uninsured	40.63	40.83	41.04	41.24	41.45
Medicare	117.41	119.73	121.58	123.10	124.86
Private	86.00	87.70	89.06	90.17	91.46

- NOTE: the CHC loses money on every type of patient except Medicaid

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Strategic Analysis of Data

Operating Gain/Loss per User

	Users	Visits	Visits/User	Cost/User	Rev/User	Gain/Loss
Medicaid	13,160	37,949	2.88	460.67	570.97	110.30
Uninsured	8,207	25,860	3.15	503.36	128.02	(375.34)
Medicare	4,128	11,490	2.78	444.65	326.80	(117.85)
Private	1,738	4,839	2.78	444.78	239.44	(205.34)
Total	**27,233**	**80,138**	**2.94**	**470.09**	**379.31**	**(90.78)**

- How can CHC work with the private payors to increase revenue per visit – renegotiate contracts
- CHC support staff must effectively collect the Medicare 20% co-insurance
- Revisit market opportunities – Especially for Medicaid – and create a plan to attract those patients
- Are there opportunities to drive down the number of visits per user

Payor Mix & Operations Management

Case Study #2 - Nuts & Bolts

WHAT DOES GRANT FUNDING COVER

330 Grant & Other Grants	3,336,691
Cost to Treat Uninsured User	503.36
Total Users Covered by Grant	6,629
Excess Uninsured Users	**1,578**
Excess Cost of Uninsured	**4,131,135**

- NOTE: the CHC will need to bring in 3.5 new Medicaid users for every new Uninsured user

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Are There Market Opportunities?

Market Penetration by Payor - Medical User

	Medicaid			Uninsured			Medicare			Private		
Zip Code	Users	Popln	%	Users	Popln	%	Users	Popln	%	Users	Popln	%
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xx206	2,358	15,194	16%	693	2,935	24%	325	5,576	6%	81	2,846	3%
xx208	1,142	11,596	10%	426	3,827	11%	345	4,700	7%	175	11,212	2%
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Case Study #2 - Nuts & Bolts

If a Payor has too Many Visits per User

- Conduct an ICD-9 evaluation by payor to see if there are health trends and create targeted programs to address issues
- Work with the particular payor to enhance revenue per visit
- Screen the uninsured at every visit to determine if they qualify for an insurance program

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Presentation Overview

- Payor Mix – The Big Picture
- 5 Important Reasons to Evaluate Payor Mix
- Role of Payor Mix in Operations Management
- **SERVICE AREA PAYOR MIX**
- Optimizing Payor Mix thru Billing & Collecting
- Wrap-up and Questions

Service Area Payor Mix

…IS THE POPULATION IN YOUR SERVICE AREA SEGMENTED BY PAYOR TYPE

- Managing payor mix means, in part, measuring progress towards the organization's goal for payor mix and revenue.
- Service area payor mix provides an objective benchmark by which these strategic goals may be defined.

MEASURE WHAT YOU WANT TO MANAGE

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Service Area Payor Mix
Case Study

CHC wanted to expand its dental practice due to high demand. The initial financial planning showed that the organization could add 1 dentist without additional grant support for operations. After the first year the CHC incurred a $100K loss in its once profitable dental service line. What happened?

CHC ASSUMED DENTAL PAYOR MIX OF NEW USERS WOULD REMAIN SAME

Service Area Dental Payor Mix

	Users	%
Medicaid	5,250	15%
Uninsured	17,850	51%
Private	11,900	34%
Total	35,000	100%

CHC Dental Payor Mix

	Users	%
Medicaid	1,850	42%
Uninsured	2,100	47%
Private	480	11%
Total	4,430	100%

CHC Market Share

	%
Medicaid	35%
Uninsured	12%
Private	4%
Total	13%

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Service Area Payor Mix
Case Study

CHC went from generating a small gain in dental to a $100K loss.

Payor mix analysis would have shown that CHC needed grant support to expand dental.

New users 70% uninsured and 20% Medicaid

CHC
Dental Payor Mix

	Users	%
Medicaid	1,850	42%
Uninsured	2,100	47%
Private	480	11%
Total	4,430	100%

CHC
New Dental Payor Mix

	Users	%
Medicaid	2,060	38%
Uninsured	2,835	52%
Private	585	11%
Total	5,480	100%

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Service Area Payor Mix

Monitoring Service Area payor mix helps identify opportunities to increase revenue

- By assessing the service area payor mix for each service line, and comparing it to the CHC's payor mix by service line, the organization can identify opportunities for increasing access and for improving revenue.
  - Capturing more Medicaid users can create additional capacity to treat new uninsured users.
  - Identify opportunities to cross refer between service lines.

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Service Area Payor Mix
Case Study

CHC measured its payor mix by service line monthly to benchmark its revenue goals. Annually it compared each service line's payor mix to the payor mix of its target population in the service area. Below are the results for this Alabama health center. What opportunities and/or red flags does this information provide management?

Adult Medicine Payor Mix

	Service Area	CHC	CHC Mkt Share
Medicaid	18%	17%	46%
Medicare	21%	21%	48%
Uninsured	61%	62%	50%
Total	100%	100%	49%

Pediatric Payor Mix

	Service Area	CHC	CHC Mkt Share
Medicaid	76%	72%	19%
CHIP	6%	3%	10%
Uninsured	17%	25%	29%
Total	100%	100%	20%

Dental Payor Mix

	Service Area	CHC	CHC Mkt Share
Medicaid	42%	11%	2%
Slide	33%	86%	20%
Private Pay	25%	3%	1%
Total	100%	100%	8%

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Service Area Payor Mix

DEFINING PAYOR MIX OF TARGET POPULATION IN YOUR SERVICE AREA

1. Define target service area to evaluate.
2. Define target population for each service line that will be evaluated.
3. Identify size of population for each payor type in your target population.
4. Benchmark service area payor mix against CHC payor mix as part of strategic planning process and revenue management process.

Service Area Payor Mix
Calculating It

STEP 1 – DEFINE TARGET SERVICE AREA

- Identify the geographic area from which your organization currently draws 70% to 80% of its patients.
  - Don't add zip codes or neighborhoods from areas you don't draw patients unless you plan new outreach efforts
- Identify the area by zip code, census tract or county. The smaller the geographic area the more precise the information.
  - Most population data is reported on a zip code basis

Service Area Payor Mix
Calculating It

STEP 2 – DEFINE TARGET POPULATION FOR EACH SERVICE LINE

- Pediatrics – Medicaid, CHIP, and Uninsured
- Adult Medicine – Medicaid, Medicare, and Uninsured
- OB/GYN – Medicaid, Uninsured, State Programs for Non-Citizens
- Dental – Medicaid, Uninsured and Private Pay

Will serve users with other insurance coverage, but only interested in evaluating largest payor groups.

Service Area Payor Mix
Calculating It

STEP 3 – IDENTIFY POPULATION SIZE FOR EACH PAYOR TYPE IN TARGET POPULATION FOR SERVICE LINE

- Medicaid – State level data available by program and age
- CHIP – State level data available by age
- Medicare – National data available by county
- Uninsured – No state or national data source, need to develop population estimates

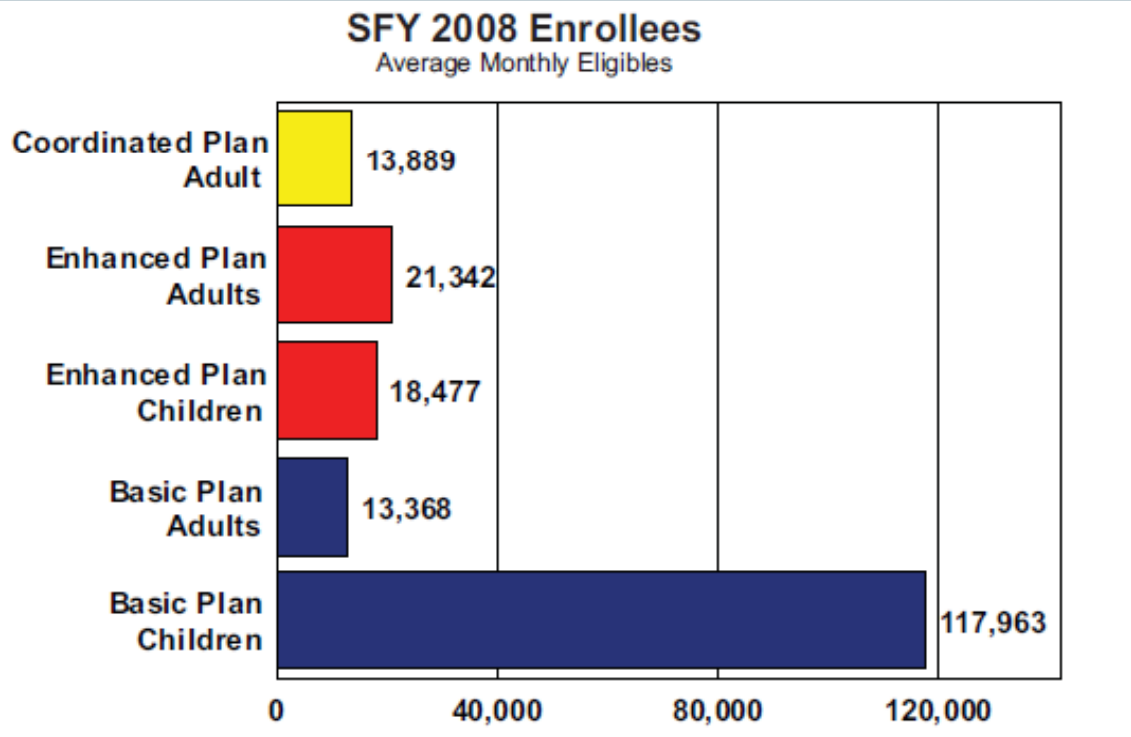
Service Area Payor Mix
Payor Population Data

MEDICAID

- Count people insured through Medicaid programs that would seek primary care services from a CHC.
  - Family based programs (TANF, expanded coverage for 6-18 yo, etc…)
  - Pregnant women and infants
  - BCCDP and EPSDT
- Exclude people covered by non-primary care based programs
  - Medicaid for blind or disabled or long term care
- Medicaid enrollment data is available by age – a proxy for service line population
- Medicaid data is available via public data request or FOIA

Service Area Payor Mix
Payor Population Data

MEDICAID EXAMPLE - IDAHO



- Only Basic Plan would be target population
- Basic Adult would be proxy for Adult Medicaid population
- Basic Children would be proxy for Pediatric Medicaid population

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Service Area Payor Mix
Payor Population Data

MEDICAID EXAMPLE - OREGON

Oregon Division of Medical Assistance Programs Summary (*Preliminary Counts)												
15 November 2008	Note: Dept. of Human Services confidentiality policy requires that cells indicating fewer than 5 individuals within a geographic area are designated as "< 5".											
	Oregon Health Plan Plus (TANF, PLMC, AB/AD, GA, OAA, CHIP, Child Protective Services, PLMW)			Oregon Health Plan Standard (Adults/Couples and Families)			Medical Assistance Other (CAWEM, QMB, BCCP)			Total Medical Assistance Programs		
COUNTY	Current Month Eligible Clients	Previous Month Eligible Clients	Percent Change from Previous Month	Current Month Eligible Clients	Previous Month Eligible Clients	Percent Change from Previous Month	Current Month Eligible Clients	Previous Month Eligible Clients	Percent Change from Previous Month	Current Month Eligible Clients	Previous Month Eligible Clients	Percent Change from Previous Month
BAKER	1,819	1,815	0.22%	160	151	5.96%	119	117	1.71%	2,098	2,083	0.72%
BENTON	4,679	4,694	-0.32%	409	388	5.41%	406	402	1.00%	5,494	5,484	0.18%
CLACKAMAS	22,581	22,633	-0.23%	1,735	1,677	3.46%	1,679	1,676	0.18%	25,995	25,986	0.03%
CLATSOP	3,186	3,202	-0.50%	294	282	4.26%	315	305	3.28%	3,795	3,789	0.16%
COLUMBIA	4,139	4,092	1.15%	419	410	2.20%	217	217	0.00%	4,775	4,719	1.19%

- Different programs can be used to determine Medicaid population by service line.
  - BCCDP can be a proxy for GYN Medicaid population.

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Service Area Payor Mix
Payor Population Data

MEDICAID EXAMPLE - WASHINGTON

Program Group***	May 2009		
	Adults*	Children**	Total
Children's Medical Program	0	456,694	456,694
Family (TANF) Medical	99,260	176,980	276,240
People with Disabilities	164,502	18,295	182,797
Elderly People	70,153	0	70,153
Pregnant Women's Coverage	29,190	1,451	30,641
Medicare SLMB Beneficaries	14,220	0	14,220
Family Planning	56,983	7,431	64,414
Total	**434,308**	**660,851**	**1,095,159**

- Programs and age can be used to determine payor population by service line.
- State Medicaid data provides information by program type and by age. Information usually reported on a zip code basis.

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Service Area Payor Mix
Payor Population Data

MEDICAID

- ALASKA
  - http://www.hss.state.ak.us/dpa/programs/medicaid/
  - http://hss.state.ak.us/dhcs/DenaliKidCare/default.htm
- IDAHO (public records request)
  - http://healthandwelfare.idaho.gov/AboutUs/PublicRecordsRequest/tabid/132/Default.aspx
- OREGON
  - http://www.oregon.gov/DHS/healthplan/data_pubs/main.shtml
- WASHINGTON
  - http://hrsa.dshs.wa.gov/News/EnrollmentFigures.htm

Service Area Payor Mix
Payor Population Data

UNINSURED

- Uninsured population is measured by (1) Uninsured all year and (2) Uninsured at some point in the year.
- Uninsured population can be broken down by those who qualify for slide (<200% FPL) and those who are private pay.
  - The uninsured <200% FPL are target population for CHC
- Uninsured population estimates by age can be used to determine uninsured population by service line
  - Adults over 65 without Medicare Part B are uninsured

Service Area Payor Mix

UNINSURED

- Kaiser State Health Facts
  - Uninsured by state, by age, by income
  - http://www.statehealthfacts.org/comparecat.jsp?cat=3
- BRFSS
  - National, state and county reports on uninsured
  - http://www.cdc.gov/brfss/index.htm
- Small Area Health Insurance Estimates
  - Most complicated estimates, but more accurate detail
  - http://www.census.gov/did/www/sahie/index.html

Service Area Payor Mix

MEDICARE

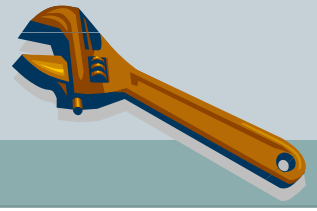
- CMS Reports
  - Enrollment reports by state and county and by program
  - https://www.cms.hhs.gov/MedicareEnrpts/
- Only those people enrolled in Part B have primary care coverage.
  - Include only people insured through Medicare Aged program

Service Area Payor Mix
Calculating It

STEP 4 – BENCHMARK SERVICE AREA PAYOR MIX AS PART OF STRATEGIC AND REVENUE PLANNING

- Allows organization to set realistic goals for managing payor mix
- Provides information for financial feasibility for growth planning.
- Assists organization identify opportunities to increase revenue and/or capacity.

Service area payor mix is your first tool in managing your payor mix.



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Presentation Overview

- Payor Mix – The Big Picture
- 5 Important Reasons to Evaluate Payor Mix
- The Role of Payor Mix in Operations Management
- Service Area Payor Mix
- **OPTIMIZING PAYOR MIX THRU BILLING & COLLECTING**
- Wrap-up and Questions

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Optimizing Payor Mix

Optimizing Payor Mix at the Front Desk

- First point of contact in Billing & Collections cycle is at the Front Desk
- Educate front desk staff
  - Understand whole revenue cycle
  - Understand their role's impact on the financial performance of the organization
- Check-In impact on payor mix
  - Know appropriate co-pay and sliding fee & collecting fees
  - Flagging and collecting outstanding balances (refer to collections)
  - Verify insurance coverage and demographics to insure a clean claim
  - Direct uninsured users to financial counselor

Optimizing Payor Mix

Optimizing Payor Mix at the Front Desk

- Check-Out impact on payor mix
  - Talk to user about scheduling other services such as preventative medical, dental or GYN appointments
  - Know services covered by user's insurance (imp for clinical staff as well)
  - Flagging and collecting outstanding balances (refer to collections)
- Financial counselor impact on payor mix
  - Enroll uninsured users in Medicaid or other public programs
  - Discuss and manage payment plans
- Monitor processes and report data monthly to Front Desk so they can see the impact their efforts have on payor mix and financial performance.

Optimizing Payor Mix

Optimizing through Scheduling

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Optimizing Payor Mix

OPTIMIZING THROUGH SCHEDULING

Example Scheduling Template

Time	Purpose	Physician	Time	Purpose	Physician
8:00 - 8:15	PHYSICAL		12:30 - 12:45	BLOCK FOR LUNCH	
8:15 - 8:30	PHYSICAL		12:45 - 1:00	SICK VISIT	
8:30 - 8:45	PHYSICAL		1:00 - 1:15	PHYSICAL	
8:45 - 9:00	SICK VISIT		1:15 - 1:30	PHYSICAL	
9:00 - 9:15			1:30 - 1:45	PHYSICAL	
9:15 - 9:30			1:45 - 2:00	SICK VISIT	
9:30 - 9:45	NEW PT		2:00 - 2:15		
9:45 - 10:00	NEW PT		2:15 - 2:30		
10:00 - 10:15	SICK VISIT		2:30 - 2:45	NEW PT	
10:15 - 10:30			2:45 - 3:00	NEW PT	
10:30 - 10:45			3:00 - 3:15		
10:45 - 11:00			3:15 - 3:30		
11:00 - 11:15	SICK VISIT		3:30 - 3:45		
11:15 - 11:30	NEW PT		3:45 - 4:00		
11:30 - 11:45	NEW PT		4:00 - 4:15	PHYSICAL	
11:45 - 12:00	BLOCK FOR LUNCH		4:15 - 4:30	PHYSICAL	
12:00 - 12:15	BLOCK FOR LUNCH		4:30 - 4:45	PHYSICAL	
12:15 - 12:30	BLOCK FOR LUNCH		4:45 - 5:00	SICK VISIT	

- Each provider allowed to create unique template
- 70% templated & 30% open slots
- No payor mix planning
  - schedule allows any payor type to take any slot
- There is some means to deal with "No Shows"

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Optimizing Payor Mix

Optimizing through Scheduling

Example Scheduling Template

Time	Purpose	Physician	Time	Purpose	Physician
8:00 - 8:15	NEW MEDICAID 1		12:30 - 12:45	BLOCK FOR LUNCH	
8:15 - 8:30	NEW MEDICAID 1		12:45 - 1:00	NEW MEDICAID 10	
8:30 - 8:45	EST MEDICARE 2		1:00 - 1:15	NEW MEDICAID 10	
8:45 - 9:00	EST MEDICARE 2		1:15 - 1:30	EST MEDICAID 11	
9:00 - 9:15	EST PRIVATE 3		1:30 - 1:45	EST UNINSURED 12	
9:15 - 9:30	EST PRIVATE 3		1:45 - 2:00	EST UNINSSURED 13	
9:30 - 9:45	EST UNINSURED 4		2:00 - 2:15	EST UNINSURED 14	
9:45 - 10:00	EST UNINSURED 4		2:15 - 2:30	EST MEDICAID 15	
10:00 - 10:15	NEW MEDICAID 5		2:30 - 2:45	EST MEDICAID 15	
10:15 - 10:30	NEW MEDICAID 5		2:45 - 3:00	SICK ANY PAYOR 16	
10:30 - 10:45	EST MEDICAID 6		3:00 - 3:15	NEW OTHER PAYOR 17	
10:45 - 11:00	EST MEDICAID 7		3:15 - 3:30	NEW OTHER PAYOR 17	
11:00 - 11:15	EST MEDICAID 7		3:30 - 3:45	EST MEDICARE 18	
11:15 - 11:30	EST MEDICAID 8		3:45 - 4:00	EST MEDICARE 18	
11:30 - 11:45	SICK ANY PAYOR 9		4:00 - 4:15	EST MEDICAID 19	
11:45 - 12:00	BLOCK FOR LUNCH		4:15 - 4:30	EST MEDICAID 19	
12:00 - 12:15	BLOCK FOR LUNCH		4:30 - 4:45	EST MEDICARE 20	
12:15 - 12:30	BLOCK FOR LUNCH		4:45 - 5:00	SICK ANY PAYOR 21	

	Payor Mix	# Slots	Template Mix
Medicaid	47%	9	43%
Uninsured	32%	4	19%
Medicare	14%	3	14%
Private	6%	1	5%
Any Payor		4	19%
Total Daily visits		**21**	**100%**

- 3:1 ratio for new patient slots to increase the number of Medicaid users
- Keep a higher % of slots open to reduce the "No Show" rate
- Designate a provider(s) to see all of the walk-ins & allow any payor mix
- If open slots during the day, fill with Medicaid patients as people call for appointments

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How Billing & Collecting Effects Payor Mix

Even though your practice may have a desirable payor mix from a user or visit standpoint, it is important to look at the entire financial picture….

Comparing Payor Mix by Gross Charges to payor mix by NPSR can highlight red flags in billing and collections.

Optimizing Payor Mix

Optimizing Payor Mix Through Billing

- Clean claims to reduce rejections & write offs and increase NPSR
  - Establish policies and procedures for collecting appropriate patient information at check in
  - Establish procedures for reviewing claims and addressing problems before claims are submitted
  - Increase frequency of billing
  - Facilitate communications between front desk operations and billing
- Monitor billing and collections for commercial payors
  - Identify opportunities to increase reimbursement per encounter
  - Identify opportunity to negotiate better contracts or increase charges
- Know terms for all payors and communicate this information.

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Optimizing Payor Mix

Optimizing through Knowing your Payor Terms

- Evaluate each payor to understand the terms of payment
- Create a Health Plan Inventory Worksheet (HPIW)
  - One page for each payor and contracted health plan
  - Keep all worksheets together in one place for easy access and reference
- Components of the HPIW
  - Plan name
  - Plan products (create one sheet per product if products have significant variation)
  - Contract effective date and renewal date (these dates often are different)
  - Termination provisions
  - Payment rates
  - Copayment/coinsurance/deductible
  - Withhold and criteria for receiving withhold payments
  - Claims address
  - Billing timeline
  - Payment timeline

Optimizing Payor Mix

Optimizing Payor Mix by Managing Collections

- Analyze receivables by payor type to identify red flags
  - Increasing receivables can indicate a problem that may result in increased write offs
- Create goals for working rejected claims
  - Reduce likelihood of denial because of timeliness
- Create policies for non-payment by users
  - Payment plans
  - Bad debt recovery

Optimizing Payor Mix

Payor Mix is managed by

- Managing your operations,
- Measuring your performance,
- Benchmarking your goals.

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