Software4Healthcare

Spring 2013 Newsletter

Surviving the "New Normal."

My goal for this newsletter is to highlight the major changes and challenges in healthcare administration that you will face over the next few years, and to give you practical, cost effective suggestions for meeting them.

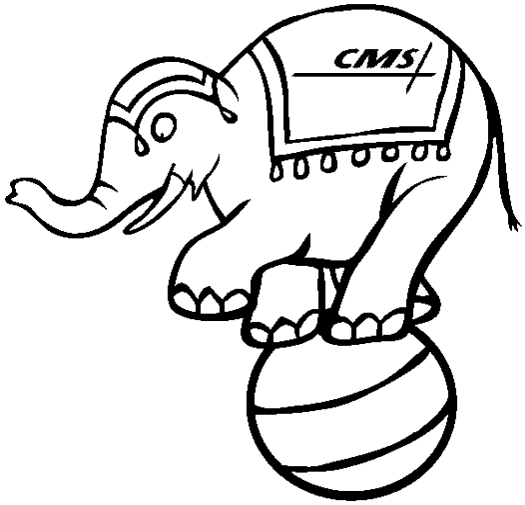
I am biting off a lot to cover in one newsletter, but we really need to get our arms around the whole situation in order to make smart decisions as we move ahead.

It has been a while since my last newsletter, and to say much has happened in healthcare is an understatement. To be honest, I had hoped that legal and political events would slow the government takeover of healthcare, but it went the other way, and now it's time to move forward. Healthcare billing and administration is complex, but I consider it my job to make it as easy as possible. When successful, you may not appreciate how much can go wrong. Change is difficult, and the wrong change can be catastrophic.

Our Medical Claims Clearinghouse has processed hundreds of millions of dollars in claims over the past ten years, and continues to be a reliable and cost effective way to get insurance claims to payers. Fortunately, I do not see any big changes in that area. Therefore, this newsletter is mainly directed at users of our DocPro-4-DOS and DocPro-4-Windows Practice Management Systems, but may be of general interest.

What IS the "New Normal" in Healthcare?

The Centers for Medicare and Medicaid Services (CMS) is the elephant in the room. A combination of old and new healthcare laws has inserted them into every detail of our businesses. The result: CMS issues edicts, forcing us to jump through hoops. These edicts generally apply to Medicare and Medicaid claims only, but some apply to all claims.



Here is my working list of changes to come:

1. **A new version of the CMS-1500 paper form may be near.** The NUCC, which designed the current form (08/05), has announced the new form (maybe 02/13). They (www.nucc.org) were shooting for this summer, but are awaiting approval by CMS and OMB. The only major change is with Box 21, which will change to accommodate 12 diagnoses instead of 4. You may want to limit purchases of the current (08/05) CMS-1500 form until we get more word on when (or if) the new form will be released.

2. **New ICD-10 codes to replace the ICD-9 codes.** These new diagnosis codes will be 3-7 digits, where digit 1 is alpha, digit 2 is numeric, digits 3-7 are alphanumeric, with decimal placed after the third digit. The new codes will take effect on October 1, 2014.
3. **Physicians Quality Reporting System (PQRS).** PQRS is a ***VOLUNTARY*** CMS-ONLY program where you report measurements or status of measurements for various treatments. You report this data by entering one or more extra Procedure Codes and Modifiers at $0.00 with each Procedure on which you are reporting . There are incentives of 1/2% in near term years for participation, and penalties up to 2% in later years (2015+) for not participating. If you do not meet the requirements of this program this year (2013), you will automatically get a penalty in 2015.
4. **Functional Limitation Reporting** (sometimes called G-codes) is similar to PQRS, but is a separate ***MANDATORY*** CMS-ONLY program for practices like PT (but not for DC's) that provide outpatient therapy services. Measurements must be reported on evaluation, every 10th visit, and at discharge. Again, extra Procedure Codes and Modifies are used to report measurements.
5. **Electronic Health Records (EHR):** Under this ***VOLUNTARY*** program (per the 2009 stimulus act), CMS wants you to use a certified EHR system on ALL PATIENT VISITS, and then prove what is called Meaningful Use (MU) each year. MU requires that you attest to achieving certain goals on up to 25 specific EHR related tasks. That sounds daunting, but some can be waived, and many are easy, such as recording blood pressure and smoking habits. If you do not prove MU on a Certified EHR, your Medicare payments will be docked %1 in 2015, 2% in 2016, and so on until 2019. However, many provider types (including Chiropractic, but not PT) can get incentive money of up to $39,000.00 over the next four years if they prove MU beginning this year, 2013. **I will tell you a trick on how you can do that for free later in this article.**

Now that we've filled our plate with issues...

...Let's dig in and resolve them.

CMS-1500 Form: If a new CMS-1500 form is released, the new DocPro-4-Windows will handle the changes. However, because the announced changes are trivial and will require every computer system in every doctor's office in America to be updated, I'm betting CMS will put if off until next year.

ICD-10 Coding: The new ICD-10 Codes are for real, and you'll need to be ready for them by October 1, 2014. The new DocPro-4-Windows already allows entry of ICD-10's on MM#8-4, and will validate the format. When there is a one-to-one conversion from an old ICD-9 code to a new ICD-10 code, DocPro-4-Windows will let you enter both codes on screen MM#8-4. In this case, you will simply flip a switch in DocPro-4-Windows on 10/1/2014, and the new ICD-10 codes will be used in place of the old ICD-9. Sometimes a single ICD-9 will translate to multiple ICD-10's, so you will have to recode some, or all, patients for visits after 10/1/2014.

PQRS: You need to start this CMS program immediately to avoid a 1.5% penalty in 2015. If you want to participate, you must first learn the program (go on-line for that), and then use the instructions in the next section (G-Codes) . Both the old and the new

DocPro will support this program. In any case, this a financial decision on your part. If you have not given it much thought, then I suggest you ignore it now. Unless you are pushing $100,000 per year in Medicare payments, you will be hard pressed to justify this financially. I'll have more to say about financial decisions later in this article.

G-Codes: If you are a PT (or other outpatient therapy based practice, but not DC), you MUST use G-codes on all CMS claims by July 1, 2013! In the new DocPro-4-Windows you need to enter the Special Code "@ZERO" with the G codes on MM#8-2, which will allow a $0.00 charge. In the old DOS-DocPro you need to enter the charge at one cent ($0.01). CMS will refuse payments without this coding.

What to do about Electronic Health Records?

With the little stuff out of the way, let's tackle EHR. This is the issue where the wrong decision can cause serious financial loss. We'll look at the basics. You need to document your patient visits, and there are some well established ways to do that, such as S.O.A.P notes. Medicare publishes Billing Guides for many specialties, and these guides will tell you exactly what they they want in your notes regarding Necessity, History, Exams, Procedures, and Results.

You can meet the requirements by hand writing your notes if you can do that legibly, but that sounds old fashioned, and the right computer program should be able to help create better notes, and provide professional looking reports. But the wrong computer notes program can cause great harm. The most common problems are they may consume way too much time for documentation, or produce notes of repetitive, boilerplate text that looks computer generated, and may not do a good job of presenting what is most important to you. Also, if you use a notes program that is not integrated with your billing system, you may have to enter a lot of data twice, which is not efficient. Now that CMS has jumped in by telling you to get a Certified EHR and they will give you a lot of free money, or else they will start penalizing you, you may feel the pressure to do something, and do it now.

Well, after a lot of research and experience I now have a solution for you: Use the new Med-Notes feature that is included with the new DocPro-4-Windows. Med-Notes is on the way to becoming a good basic notes program, and will meet your needs for a good integrated documentation system. It will not meet the CMS requirements for getting free money or preventing penalties, but I will show you later in this article how this approach will save you a lot of money, as well as make your practice run smoother. So, the choice here will be between being happy and rich, or sad and poor.

New "Med-Notes" feature added to DocPro-4-Windows

Med-Notes will provide everything you need to have good notes.

To get you started, Version 3 of DocPro-4-Windows, now available, already has the basic Med-Notes feature. With a little work on your part, you can make it better than paper notes. There is an empty glossary to store your personal macros (boilerplate text) for fast entry of repetitive text. Also, you can use Dragon Voice Recognition software (about $100.00) with Windows WordPad, and paste that text into Med-Notes.

You can create and store forms in WordPad and paste them into Med-Notes. With copy and paste, you can use any other Windows program you want in conjunction with Med-Notes, and you can copy from Med-Notes and paste into other Windows programs. Med-Notes has a feature to format and print your notes with a simple click of the mouse.

Over this summer, I plan to add improvements to the Med-Notes feature, including a Pain Chart, Range of Motion Chart, and a set of diagnostic tests for Chiropractic and PT to quickly document the location and results (which I will borrow from my web based EHR).

Although Med-Notes is free, if you need an extra computer workstation for the doctor, the license for that is $15/month. Also, Med-Notes will not be Government Certified, and therefore will not be eligible for an incentive, and will cause a 1% penalty of CMS payments in 2015, growing by a percentage each year through 2019. However, these penalties are trivial compared to the cost of buying, installing, learning, and using a new EHR system.

So, there you have it. That is how to get through the next five years with maximum profits and minimum disruption to your business.

How to justify not jumping through the CMS hoops.

The rest of this article will suggest some approaches for how to financially justify your decisions in these areas one way or another. They are mainly my own ideas, but they should make some of the above suggestions become so obvious that you will call them “no-brainers”. Also, I will tell you how to get the $39,000 from CMS for free.

First, let's define money: “Money is stored labor”. If you buy a cup of coffee at Dunkin Donuts, you are really buying the time of all the people involved in getting that coffee to you, including Jaun Valdez. However, that cup of coffee also represents your labor, namely how long you had to work to get the money to buy the coffee.

If you want to financially justify something, you need to justify your labor. Fortunately, we can do that pretty easily with a little math. This approach will quickly become a very powerful tool.

How much are you worth an hour, or better, a minute? Use your stats for a typical day at the office. We will assume a solo-provider in an unspecified specialty with a well established practice. You might work 20 hours a week, or 60, it will not matter much.

a. Average income per patient visit = (for example, $50).

b. Maximum number of visits you can handle in an hour = (for example, 6).

Now solve ((a * b) / 60 minutes), which will be about $5.00 per minute in our example. If you get $100 per patient but see only 3 per hour, you will get the same value per minute, and so on. That's a pretty big number, so just one minute of your labor should buy the cup of coffee – grab a doughnut too. But wait, you have to pay your staff, your rent, your taxes, and a hundred other things before you get to that coffee. In fact, you may not be able to afford the coffee – maybe a coffee maker in the office would be a better investment.

Your time could be worth $1 per minute, or, $15 per minute, but $5 per minute should provide good results in the following examples for most of you.

Let's say you are receiving $20,000 a year in Medicare payments. If you do not use the PQRS system starting right now, then, in the year 2015, you are going to lose $300 from Medicare. However, I'm guessing you would have to put in at least 10 hours a year of your own time for each of the next three years to learn the PQRS system and keep it running, and respond to changes and problems. That would total 30 hours or $9000 in labor, or a net loss of $8700 in potential income over the three years. So, that would be a disastrous decision.

Now lets look at the EHR penalties (we'll look at the incentives later). Again, we'll assume you are getting $20,000 a year from Medicare. The penalty in 2015 will be 1% or $200, and in 2016 it will be $400, growing to $1000 by 2019.To meet the CMS requirements, you need to have a Government Certified System and then use it on all your patients, not just the Medicare patients. From what I have seen, I can guess that it will take an extra minute (or more) per visit to enter notes that will later support the requirements of Meaningful use. If you see 20 patients a day for 5 days a week for 45 weeks a year, that would be 4,500 minutes, or $22,500 per year. Assuming you have a free EHR system, you are still losing over $20,000 per year, even in 2019. So that is an overwhelming negative, and you would never adopt a Certified EHR and meet MU just to avoid the penalty.

To highlight the absurdity of how much money you could waste in this endeavor, just reading Medicare's 85 page document called, “An Introduction to the Medicare EHR Incentive Program.” will take at least an hour, which will cost you $300 in lost time, which is already more than the penalty coming in 2015.

So, again, it is clear that you should ignore the penalties, because to change your business to avoid them is going to result in serious financial loss.

How to get $39,000 from Medicare for free.

If you start using a Certified system this year, and use it for a continuous 90 days during this year, you can get up to $15,000 free money from CMS. To figure out your maximum for this year, multiply the expected usual Medicare payments by 75%, so if you expect $20,000 in Medicare payments, you can get the full $15,000 free money. Next year the maximum is $12,000, in 2015 the maximum is $8,000, and in 2016 the maximum is $4,000, for a grand total of $39,000.

The first year is the easiest, and the most profitable, because you are only required to get in 90 days of continuous use and prove MU on that, but later years require full years of use, so 2013 would be the time to start. This might make financial sense if you have a small practice with a high percentage of Medicare patients, and you have free time on your hands. The idea would be to not cut into your productive time, but work extra hours to do the EHR. You could get your $15,000 this year, and then decide if you want to continue in later years.

The huge caveat here is that you need to work extra hours. If you try to fit this in between patients, it will disrupt your patient care, and practice in general. If you lighten up your schedule, your income per minute will go down. With this in mind, you might want to get into this program to just experiment with a few patients and learn what is involved, since there is no cost to do so. If you decide to go full speed ahead, you can run the numbers as follows:

Estimate the first year, which will take some training and then data entry time. Use these simple formulas:

(Learning and setup time at $300/hr)

+ (Patient visits per week **x** 1 minute each)

x ($5.00/min) **x** (12 weeks).

For example, say you have 100 visits per week. That math looks like this:

(20 hrs. to learn and setup at $300/hr = $6000)

+ (100 * $5 * 12 = $6000)

= total of $12,000 cost.

If you can get $15000, that's $3,000 over what you could expect by working your hardest seeing patients, so that justifies the time.

In the second year, you will not have the training costs, but you will have four times the number of visits to enter, and the incentive will drop from $15,000 to $12,000. With these changes, you will be making $150 an hour in your spare time, the third year you will make $100/hr, and the fourth and final year you will make $50/hr. So, you can justify using a Certified EHR and proving MU as long as you get the system for free. You would want to quit using it in 2017, and go to an easier system, unless you find that it is solving an important need of your practice. Keep in mind that I have been liberal on your ability to learn and use new technology efficiently. And, you will also need to take time to file your MU Attestations to CMS, but all in all Warren Buffet would probably approve.

Do it for free.

If you go to www.practicefusion.com, you will find a completely free on-line EHR that is Certified and will allow you to meet MU. They appear to be one the top ten providers of EHR, and generate income from advertizing and your data (scrubbed for HIPAA). I have not used the system myself, so I cannot grade them. There are lots of tutorials on You-Tube, and they appear to be a viable way to go if you can live with the privacy issues.

To Sum it All Up.

In some cases, jumping through all the CMS hoops seems like a path to serious financial loss. I'm happy to point out these “no-brainers”, and I hope you find them helpful. I understand that you may go in a different direction for strategic reasons, if not for financial ones.

As Always, Thank you for your Business.
Irv Paton