



# Analyzing Net Revenue for Physicians

Sept. 22, 2020

**Presented by:**

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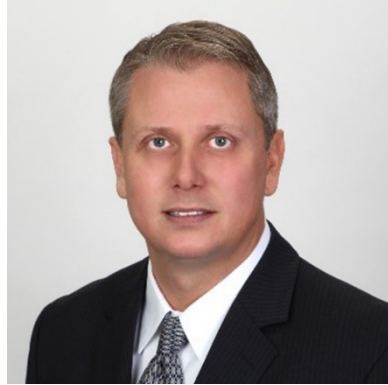
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# Your Presenters



## **BUSCH** **CROWE LLP**

Eric Busch, CPA, is a Senior Manager based in the Tampa office and currently serves as Crowe's Reimbursement & Physician Services Leader. Eric has 20 years of experience providing hospitals and physician practices with various types of assistance including strategic planning, managed care contracting and service line development.



## **WOLFE** **ASCENSION HEALTH**

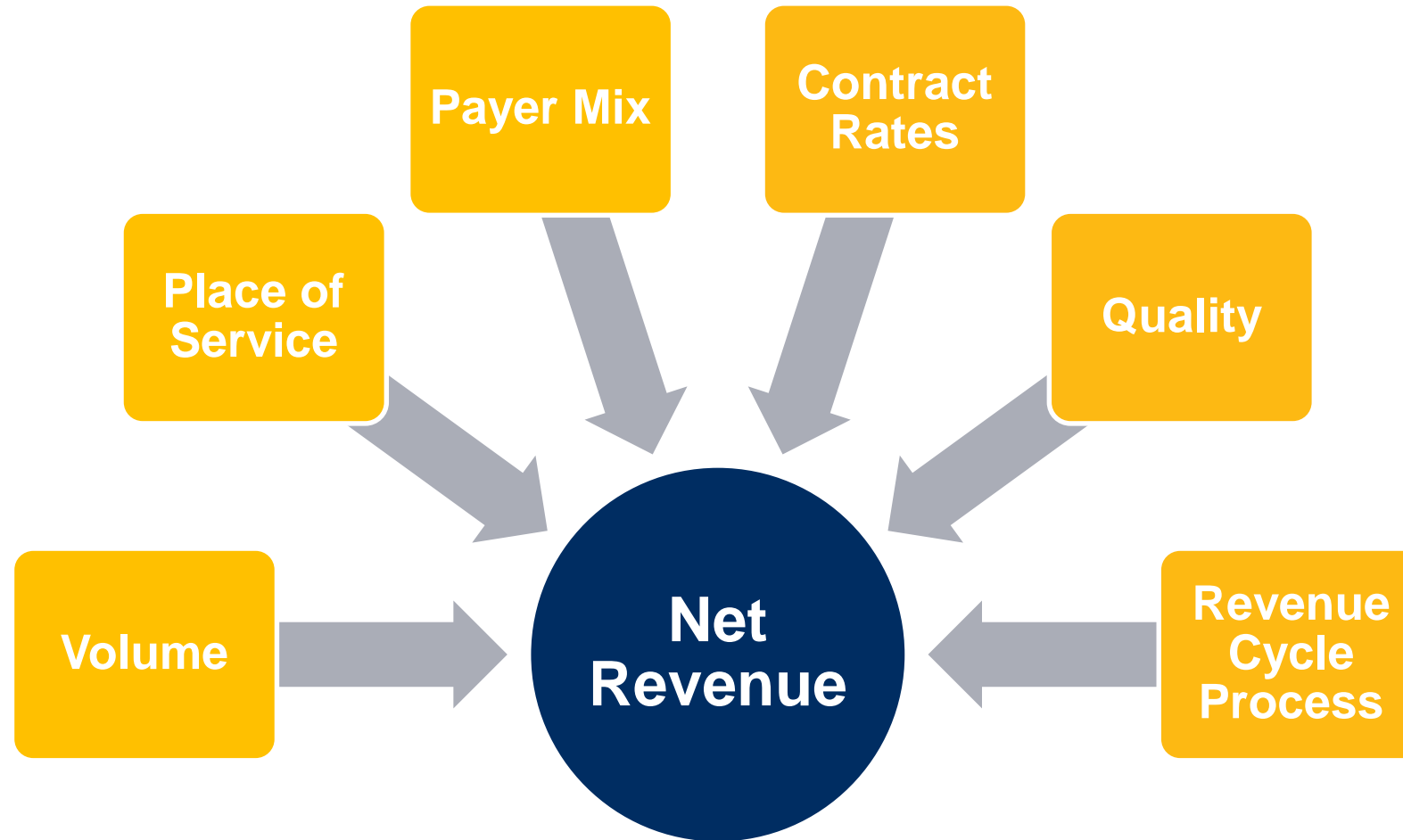
David Wolfe, CPA, is Director, Physician Net Revenue Management, Ascension with a combined 20+ years in physician related financial and practice management. David's unique blend of public accounting and as CFO for various independently physician-owned medical practices offers insightful, real world experiences.

# Agenda

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- Key elements driving net revenue
- Review calculations and historical results
- High performing providers and services
- Causes for lower than expected net revenue
- Actions that may increase net revenue

## Key elements driving net revenue





## Review calculations and historical results for areas of risk

| Specialty       | Gross Revenue        | C/As                  | Admin Adj           | Bad Debt              | Charity            | Current Month Net Revenue | Change in Prior Estimates | Total Deductions      | Net Revenue          |
|-----------------|----------------------|-----------------------|---------------------|-----------------------|--------------------|---------------------------|---------------------------|-----------------------|----------------------|
| Primary Care    | \$ 18,390,176        | \$(11,823,439)        | \$ (129,951)        | \$ (768,078)          | \$ (11,480)        | \$ 5,657,228              | \$ 139,183                | \$(12,593,765)        | \$ 5,796,411         |
| Otolaryngology  | \$ 2,704,185         | \$ (1,660,458)        | \$ (32,069)         | \$ (287,473)          | \$ (3,668)         | \$ 720,517                | \$ (287)                  | \$ (1,983,955)        | \$ 720,230           |
| Orthopedics     | \$ 12,135,397        | \$ (7,126,060)        | \$ (83,004)         | \$ (1,403,138)        | \$ (18,574)        | \$ 3,504,621              | \$ 131,619                | \$ (8,499,157)        | \$ 3,636,240         |
| Neuroscience    | \$ 3,356,415         | \$ (2,476,365)        | \$ (23,956)         | \$ (162,656)          | \$ (1,257)         | \$ 692,181                | \$ 29,054                 | \$ (2,635,180)        | \$ 721,236           |
| OBGYNs          | \$ 1,473,477         | \$ (716,889)          | \$ (14,707)         | \$ (55,784)           | \$ (1,031)         | \$ 685,065                | \$ 11,196                 | \$ (777,216)          | \$ 696,261           |
| Hospitalists    | \$ 12,848,441        | \$ (8,466,533)        | \$ (179,043)        | \$ (409,867)          | \$ (4,919)         | \$ 3,788,078              | \$ (61,630)               | \$ (9,121,993)        | \$ 3,726,448         |
| General Surgery | \$ 2,550,606         | \$ (1,754,591)        | \$ (14,219)         | \$ (132,793)          | \$ (3,506)         | \$ 645,498                | \$ 14,627                 | \$ (1,890,481)        | \$ 660,125           |
| Cardiovascular  | \$ 33,506,911        | \$(20,643,168)        | \$ (279,107)        | \$ (567,034)          | \$ (11,833)        | \$ 12,005,769             | \$ 234,406                | \$(21,266,736)        | \$ 12,240,175        |
| <b>Total</b>    | <b>\$ 86,965,608</b> | <b>\$(54,667,504)</b> | <b>\$ (756,056)</b> | <b>\$ (3,786,823)</b> | <b>\$ (56,267)</b> | <b>\$ 27,698,957</b>      | <b>\$ 498,169</b>         | <b>\$(58,768,481)</b> | <b>\$ 28,197,126</b> |

| Specialty       | Current Month Total wRVUs | Total wRVUs T3M Average | Total wRVU - Variance to T3M Average | Current Month Net Rev per wRVU | Net Rev per wRVU T3M Average | Net Rev per wRVU - Variance to T3M Average | Current Month Payments per wRVU | Payments per wRVU T3M Average | Payments per wRVU - Variance to T3M Average |
|-----------------|---------------------------|-------------------------|--------------------------------------|--------------------------------|------------------------------|--|---------------------------------|-------------------------------|---|
| Primary Care    | 76,697                    | 55,973                  | 20,724                               | \$ 73.76                       | \$ 63.69                     | \$ 10.07                                   | \$ 67.83                        | \$ 72.50                      | \$ (4.66)                                   |
| Otolaryngology  | 14,683                    | 10,877                  | 3,806                                | \$ 49.07                       | \$ 46.23                     | \$ 2.84                                    | \$ 45.91                        | \$ 53.49                      | \$ (7.58)                                   |
| Orthopedics     | 83,156                    | 62,501                  | 20,655                               | \$ 42.15                       | \$ 39.26                     | \$ 2.89                                    | \$ 37.05                        | \$ 46.30                      | \$ (9.25)                                   |
| Neuroscience    | 12,692                    | 9,566                   | 3,127                                | \$ 54.53                       | \$ 51.10                     | \$ 3.43                                    | \$ 51.87                        | \$ 69.89                      | \$ (18.02)                                  |
| OBGYNs          | 7,593                     | 7,297                   | 296                                  | \$ 90.23                       | \$ 80.53                     | \$ 9.70                                    | \$ 81.08                        | \$ 90.21                      | \$ (9.13)                                   |
| Hospitalists    | 49,651                    | 30,840                  | 18,811                               | \$ 76.29                       | \$ 68.46                     | \$ 7.84                                    | \$ 65.23                        | \$ 84.92                      | \$ (19.70)                                  |
| General Surgery | 12,775                    | 9,564                   | 3,212                                | \$ 50.53                       | \$ 42.88                     | \$ 7.65                                    | \$ 42.41                        | \$ 51.80                      | \$ (9.39)                                   |
| Cardiovascular  | 161,040                   | 106,136                 | 54,904                               | \$ 74.55                       | \$ 73.60                     | \$ 0.95                                    | \$ 70.45                        | \$ 85.05                      | \$ (14.60)                                  |
| <b>Total</b>    | <b>429,429</b>            | <b>304,637</b>          | <b>124,792</b>                       | <b>\$ 65.72</b>                | <b>\$ 60.61</b>              | <b>\$ 5.11</b>                             | <b>\$ 72.58</b>                 | <b>\$ 84.83</b>               | <b>\$ (12.25)</b>                           |

## Review calculations and historical results for areas of risk

| WRVUs by Payer    | Apr-20         | May-20         | Jun-20         | Jun Actual<br>vs. May<br>Actual | Jun Actual<br>vs. Prior<br>Year | PMFYD Avg      | Jun Actual<br>vs. PMFYD<br>Avg | T3M Avg        | Jun Actual<br>vs. T3M Avg |
|-------------------|----------------|----------------|----------------|---------------------------------|---------------------------------|----------------|--------------------------------|----------------|---------------------------|
| Aetna             | 11,409         | 14,499         | 22,419         | 7,920                           | (1,864)                         | 17,766         | 4,653                          | 14,963         | 7,456                     |
| BCBS              | 41,343         | 56,383         | 80,970         | 24,587                          | 3,530                           | 67,106         | 13,864                         | 55,800         | 25,170                    |
| Cigna             | 8,527          | 10,938         | 16,296         | 5,358                           | 355                             | 13,640         | 2,656                          | 11,542         | 4,754                     |
| Commercial        | 5,890          | 7,108          | 7,718          | 610                             | 343                             | 7,776          | (58)                           | 6,890          | 828                       |
| Medicaid          | 1,997          | 1,834          | 2,074          | 240                             | (152)                           | 2,064          | 10                             | 2,061          | 13                        |
| Medicare          | 52,305         | 71,507         | 101,921        | 30,414                          | (5,392)                         | 85,742         | 16,179                         | 70,693         | 31,228                    |
| Self-Pay          | 15,833         | 16,811         | 21,714         | 4,903                           | 4,662                           | 16,147         | 5,567                          | 16,070         | 5,644                     |
| United Healthcare | 20,048         | 24,860         | 37,180         | 12,320                          | (2,072)                         | 30,842         | 6,338                          | 25,545         | 11,634                    |
| <b>Total wRVU</b> | <b>169,102</b> | <b>214,964</b> | <b>304,588</b> | <b>89,624</b>                   | <b>1,282</b>                    | <b>253,403</b> | <b>51,184</b>                  | <b>214,892</b> | <b>89,695</b>             |

| Collections Per<br>WRVU by Payer | Apr-20           | May-20           | Jun-20           | Jun Actual<br>vs. May<br>Actual | Jun Actual<br>vs. Prior<br>Year | PMFYD Avg        | Jun Actual<br>vs. PMFYD<br>Avg | T3M Avg          | Jun Actual<br>vs. T3M Avg |
|----------------------------------|------------------|------------------|------------------|---------------------------------|---------------------------------|------------------|--------------------------------|------------------|---------------------------|
| Aetna                            | \$ 79.29         | \$ 86.93         | \$ 100.86        | \$ 13.93                        | \$ 2.48                         | \$ 90.31         | \$ 10.55                       | \$ 88.82         | \$ 12.04                  |
| BlueCross BlueShield             | \$ 81.83         | \$ 89.60         | \$ 103.75        | \$ 14.15                        | \$ 11.84                        | \$ 86.95         | \$ 16.81                       | \$ 87.26         | \$ 16.50                  |
| Cigna                            | \$ 77.14         | \$ 95.82         | \$ 98.97         | \$ 3.15                         | \$ (15.15)                      | \$ 95.44         | \$ 3.53                        | \$ 94.23         | \$ 4.74                   |
| Commercial                       | \$ 39.69         | \$ 47.68         | \$ 63.43         | \$ 15.75                        | \$ 9.36                         | \$ 54.60         | \$ 8.83                        | \$ 45.45         | \$ 17.99                  |
| Medicaid                         | \$ 0.54          | \$ 14.76         | \$ 14.22         | \$ (0.54)                       | \$ 3.45                         | \$ 8.76          | \$ 5.46                        | \$ 7.39          | \$ 6.83                   |
| Medicare                         | \$ 55.33         | \$ 55.13         | \$ 58.96         | \$ 3.83                         | \$ (4.70)                       | \$ 56.23         | \$ 2.72                        | \$ 56.68         | \$ 2.28                   |
| Other Government                 | \$ 26.58         | \$ 40.42         | \$ 43.99         | \$ 3.57                         | \$ (20.31)                      | \$ 44.54         | \$ (0.55)                      | \$ 34.79         | \$ 9.19                   |
| Self-Pay                         | \$ 9.17          | \$ 15.54         | \$ 17.10         | \$ 1.56                         | \$ 2.86                         | \$ 15.18         | \$ 1.91                        | \$ 14.09         | \$ 3.01                   |
| United Healthcare                | \$ 107.98        | \$ 108.64        | \$ 110.52        | \$ 1.88                         | \$ 5.25                         | \$ 109.07        | \$ 1.45                        | \$ 110.66        | \$ (0.14)                 |
| <b>Average</b>                   | <b>\$ 104.71</b> | <b>\$ 100.76</b> | <b>\$ 112.16</b> | <b>\$ 11.39</b>                 | <b>\$ 15.70</b>                 | <b>\$ 101.85</b> | <b>\$ 10.31</b>                | <b>\$ 107.40</b> | <b>\$ 4.76</b>            |

## Polling Question

**Does your organization review key metrics by specialty?**

B

Yes

C

No



# High performing providers and services

## Cardiology - EP

| Name         | Gross Charges      | Net Revenue        | WRVUs         | Benchmark     |
|--------------|--------------------|--------------------|---------------|---------------|
| Dr. Smith    | \$2,250,000        | \$950,000          | 11,500        | 11,750        |
| Dr. Patel    | \$2,100,000        | \$735,000          | 9,800         | 11,750        |
| Dr. Lee      | \$2,550,000        | \$1,150,000        | 12,750        | 11,750        |
| <b>Total</b> | <b>\$6,900,000</b> | <b>\$2,835,000</b> | <b>34,050</b> | <b>35,250</b> |

| Name      | GC per WRVU | Benchmark | NR P/ WRVU | Benchmark |
|-----------|-------------|-----------|------------|-----------|
| Dr. Smith | \$196       | \$210     | \$83       | \$85      |
| Dr. Patel | \$214       | \$210     | \$75       | \$85      |
| Dr. Lee   | \$200       | \$210     | \$90       | \$85      |
| Average   | \$203       | \$210     | \$83       | \$85      |

## Polling Question

**Which of the following metrics does your organization use to benchmark physician performance?**

**A**

wRVU's

**B**

Net Revenue

**C**

Collections

**D**

All of the above

**F**

None of the above

# Potential causes for lower than expected net revenue

- Poor patient access (e.g. scheduling templates, telephone management, registration processes, referral sources)
- Below market managed care payment rates
- Removal of ancillaries from the physician setting
- Poor revenue cycle processes (e.g. charge capture, coding, denials management)
- Reliance on outdated technology
- Missed opportunities to implement new payment methodologies

## Polling Question

**How often do you review managed care contracts?**

A

Quarterly

B

Annually

C

Bi-annually

D

Never

F

Other

## Potential actions that may increase net revenue

- Identify and address poor patient access (e.g. scheduling templates, telephone management, registration processes, referral sources)
- Negotiate managed care payment rates to market levels
- Transfer ancillaries back to the physician practice for site-neutral services
- Identify and address revenue cycle process issues (e.g. charge capture, coding, denials management)
- Pursue new payment streams (e.g. quality incentive payments)
- Participate in an Alternative Payment Model

## Polling Question

**Do you participate in an Alternative Payment Model?**

**B**

Yes

**C**

No





# Thank you

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