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The Abaris Group

The TAG Line

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Seven High-Leverage Strategies for Improving Emergency Care Payments

Mike Williams

This is a first of a series of articles to help emergency care providers identify and implement high leverage strategies to improve the performance of their services. This first article focuses on improving revenue sources.

Emergency services providers are struggling with the ever changing variables of getting paid. Continuous changes in coding, payment, contract terms and payment rules make revenue recovery a major source of frustration for emergency care providers.

Oftentimes this revolving door of variables is perceived as a ceiling towards implementing steps to improve revenue.

The following high-leverage revenue improvement strategies are designed to allow any emergency provider to evaluate and implement steps that are likely to have a significant impact on improving a provider's revenue.

1. Evaluate and refine your charge master.
Most emergency providers live under the myth that they "do not get paid on their charges." Nothing can be further from the truth, and this perception artificially keeps a provider's charges too low and the range of charges too small. We will learn more later in this article about new payers that pay full charges.

2. Automate the method for allocation of charges.
Many of the charge allocation tasks, whether the charge should even be levied and at what level, are people-driven. This potentially leads to bias; oversight and a probability that the patient care's documentation will not match the charges. Many new electronic patient care documentation systems are available for prehospital, emergency department and trauma center providers and offer optimal and automated documentation, automate the coding and charge allocation, and even cue the caregiver to provide more complete documentation, which often improves the coding and charges.

3. Evaluate and adjust your patient account documentation process.
For hospital providers, this

(Continued on page 2)

Our Friend — James O. Page, JD
1936-2004

Known to the industry as a leading authority on emergency medical services, James O. Page, JD, left behind a legacy that the EMS community will forever appreciate and follow. Page's career began in 1957 when he was an ambulance attendant, making $1 an hour. At the time of his death, Page was touring the country with his wife, Jane, profiling fire departments in small towns. He was 68-years-old.

Photo courtesy of JEMS, 2004.

Seven High-Leverage Strategies for Improving Emergency Care Payments, *continued*

(Continued from page 1)

means completely rethinking the patient registration process in the ED. Why? Most hospital "registrars" are amongst the lowest paid hospital employees, not trained for their special responsibilities in the ED and often do not have the right tools to adequately document all potential payer sources. EMS and physician providers often rely on the hospital's patient account information. As providers, you have the opportunity to look at your own staff's training and information gathering skills to assure they will document all factors that may relate to the successful conclusion of an account.

4. Evaluate your entire bill drop and return mail system.

Every emergency care provider experiences it. Delays in bill drops and problems with return mail. It comes with the emergency care territory. But often there is no reaction to poor performance in these areas as it is assumed that "nothing can be done." Completely flow charting the steps, tools and performance of the bill drop and bill return process will identify numerous processes that can be improved, eliminated or retimed to achieve breakthrough performance in these areas.

5. Evaluate your entire collection process.

Most providers do not appreciate that collecting on emergency accounts is a specialty. You need to wrap all of the steps in the educational, process, performance and staffing to assure optimized performance. For hospitals, it means creating specialized ED revenue recovery teams. Self-pay collectors need to know all of the special payer sources and collection tools that are available and are most likely to be needed on ED accounts.

6. Know your payers.

Of course we are not talking about the "normal" commercial, managed care or government payers. These payers are the unique and unusual sources that are likely to be applicable to the ED patient. Auto insurance, homeowners insurance, and victims of crime are just a few of the 15 unique sources that The Abaris Group has identified. Without knowledge of the special payers' rules and, more importantly, the robustness of these payment options, it is unlikely that these sources will be appreciated during the revenue cycle.

7. Don't give it away in the contract.

Many emergency care providers struggle to improve charges, charge capture and their billing processes only to ultimately give it away with one-way, payer-favorable or vague contract terms. Common themes are failure to include or enforce prompt payment terms, failure to define "clean-claim" or "covered-service" terms, or not to include prudent-layperson or carve-out terms.

These simple steps have the potential for an emergency care provider to study, define and implement revenue enhancement strategies with very little resources, and with the potential for a profound impact on improving revenue.

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California's Proposition 67

A measure on the November 2 California ballot would raise millions of dollars annually for hospitals statewide. If passed, Proposition 67 will impose a 3 percent surcharge on telephone bills to fund the uninsured problem in California, providing additional funds to emergency departments, trauma centers and health clinics, and paying for physician training and emergency medical equipment. Although voters "appear to be lukewarm" about the measure, Proposition 67 would raise $550 million annually for hospitals.

Trauma Centers in Crisis

The future of two California trauma centers—San Jose Medical Center and Martin Luther King, Jr. Medical Center in Los Angeles—are uncertain. San Jose Medical Center is closing its doors in December, while MLKJ Medical Center's future lies in the hands of a management firm brought in to handle its day-to-day operations. The closure of both hospitals' trauma centers means a loss of emergency services to surrounding counties, and increased emergency room visits to the remaining hospitals in the area.

Historically, the two trauma centers have provided emergency services to large populations in the area, but have seen financial losses in the last few years.

Threats to trauma centers are widespread. Although the number of trauma centers in the United States has doubled since 1991—471 to 1,154—they collectively experience a $1 billion loss. Without corrective action, 10 to 20 percent of

(Continued on page 4)

Emergency Medicine Celebrates 25 Years

In 1979, the American Medical Association recognized emergency medicine as the 23rd medical specialty, and the American Board of Emergency Medicine later offered its first examination (1980). Today, more than 114 million people annually seek care in the emergency departments across the United States. Emergency physicians and nurses treat patients 24-hours-a-day, 7-days-a-week. For more information about the evolution of Emergency Medicine, please visit the American College of Emergency Physicians Web site at www.acep.org.

Hospitals No Longer Required to Ask for Immigration Status

The U.S. government has backed off plans to require hospitals to ask patients about their immigration status to get reimbursed for serving illegal immigrants. Hospitals recoiled, saying patients might stop going to medical facilities for fear that law enforcement officials will get a hold of their immigration information.

The Centers for Medicare and Medicaid Services' (CMS) administrator Mark B. McClellan said to hospitals that the government agency will have to come up with an "indirect" method to establish reimbursement.

The new $1 billion, four-year program launched by the U.S. government will help pay hospitals some of the emergency room costs of treating illegal immigrants. The money is a portion of the 2003 Medicare act, and became available in early October.

Currently, there are believed to be 8 million illegal immigrants in the U.S., most without health insurance. Under the provision of the Emergency Medical Treatment and Labor Act (EMTALA), hospitals are required to treat anyone in need of emergency medical treatment. The cost of providing medical care for this uninsured population has become critical for states.

CMS will issue guidelines at a later time for how hospitals will be reimbursed for the emergency services. At this time, hospitals will receive a flat reimbursement rate based on the number of illegal immigrants in the counties served by the hospital.

For additional information and updates, visit the CMS Web site at www.cms.gov.

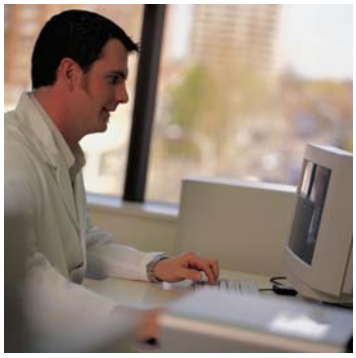
URGENT Matters

Urgent Matters, the national initiative examining emergency department crowding and the health-care safety net, is accepting applications from hospitals to participate in *Learning Network II*, a year-long collaborative to improve patient flow and reduce ED crowding. Visit urgentmatters.org for more details.

Urgent Matters is supported by a grant from The Robert Wood Johnson Foundation.

Conference:

Urgent Matters will hold "Perfecting Patient Flow: Proven Solutions to ED Crowding," November 11-12, 2004, in Washington, D.C. Conference participants will hear from hospital leaders and industry experts representing both major metropolitan hospital systems and those in smaller communities. Check urgentmatters.org to register and learn more about the initiative.



Emergency Rooms Not Full of Uninsured, Poor

A recent study published in the *Annals of Emergency Medicine* finds that 85 percent of patients visiting emergency departments have medical insurance, disputing the common belief that the poor and uninsured are filling them up.

According to the study's researchers, people without health insurance are no more likely to have an emergency visit than those with private health insurance.

The study finds that 83 percent of emergency department visits are made by people who have a doctor, clinic or are members of a health maintenance organization (HMO).

The University of California, San Francisco, researchers interviewed nearly 50,000 emergency department visitors between 2000 and 2001. They found that emergency departments "serve as a safety net" for Americans, "in particular those with serious and chronic illness[es]."

In a statement made by the lead author, "the mistaken belief that emergency departments are crowded by a small, disenfranchised portion of the U.S. population can lead to misguided policy decisions and a perception by hospital administrators that emergency patients are not as valuable to the institution as patients having elective surgery." (*Reuters*)

An estimated 45 million Americans are uninsured, and oftentimes the emergency department is used by this group for everyday conditions. Many hospitals have closed their emergency facilities in recent years because of the burden of treating the poor and uninsured.

"83 percent of patients visiting emergency departments have medical insurance." - Annals of EM

The Abaris Group Introduces Air Medical Consulting

The Abaris Group introduces its Air Medical consulting service. We have conducted numerous studies for air medical programs, including working with separate interests of multiple, unrelated sponsor hospitals, conducting an environmental impact report (EIR) for a hospital's air medical program, feasibility studies, and revenue and cost analysis.

The Abaris Group is now expanding our Air Medical services with new team member, Barry Hickerson. Barry has 13 years of experience in marketing, redesigning, contracting and managing air medical services. For additional information about our Air Medical or to contact Barry, please call The Abaris Group at 800-EMS-0911.

Trauma Centers in Crisis, *continued*

(Continued from page 3)

these facilities will close within three years.

Across the nation, trauma centers face a lack of funding, poor reimbursement, and limited physician availability. In a recent study by the American College of Emergency Physicians, 66 percent of emergency directors nationwide report shortages of on-call specialists.

Existing trauma centers continue to provide an essential public service. There are an estimated 678,000 injury victims across the nation who benefit from evaluation and treatment in a trauma center. The fundamental economic threats faced by trauma centers need to be addressed to assure that a healthy and productive nation continues to receive emergency care.

The Flu Vaccine Shortage: What It Means to Emergency Departments

In early October, the United States learned that the expected 46 million flu vaccine doses to be supplied by Chiron Corp. would not be delivered because Chiron's flu vaccine was not safe to use. This causes a potential problem for emergency departments nationwide.

The flu season is the busiest time of year for emergency departments, as flu and seriously ill patients fill its waiting rooms. Hospital administrators are beginning to fear that the severe flu season will worsen the crowding and financial problems already afflicting emergency departments.

Recently, health officials with the U.S. Department of Health and Human Services (HHS) announced that Americans can expect an additional 61 million flu vaccine doses to be administered by the time flu season hits, an amount to cover those most at risk.

In a recent news release from HHS Secretary Tommy Thompson, the flu vaccine combined with an ample supply of antiviral medicines—potentially enough for 40 million people during flu season—will put America in a strong position to keep people healthy and safe from any complications resulting from the flu.

The American College of Emergency Physicians (ACEP) issued a national call to action in mid-October to prepare the nation's emergency departments and hospitals for a surge of severely ill influenza patients this winter. Representing 23,000 emergency medicine professionals, ACEP calls on HHS to convene in the next few weeks and hold a "crisis summit" to plan for the coming flu season.

According to the Centers for Disease Control and Prevention (CDC), 5 to 20 percent of the American population gets the flu each year, and older adults, young children, and people with certain health conditions, including pregnancy, are at high risk for flu complications. CDC has said that these groups have first priority in receiving the flu vaccine.

For additional information about the flu vaccine shortage, visit the CDC Web site at www.cdc.gov/flu/.

ABARIS GROUP *Innovative Solutions for the Emergency Care Field*

About Us

The Abaris Group is a consulting firm that specializes in emergency and outpatient services. We provide clients with help on a wide range of topics, including strategic planning, operational improvement, and financial enhancement, to help them achieve their goals.

We pride ourselves on delivering value to our clients in the form of quality recommendations and strategies that work. To achieve this, we conduct detailed analyses, blending insight and experience from all spectrums of the healthcare and emergency care fields to meet our client's unique needs.

Whether it is evaluation of new programs, studies of existing ones or assistance with implementation, we will extend this superior level of service to you and your organization.

For more information, visit abarisgroup.com or email subscriptions@abarisgroup.com.

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