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It Takes a Village: Maximizing Pharmacy Revenue

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Outline

- Understand the current financial landscape impacting hospitals
- Review the basis of the complete revenue cycle
- Uniqueness of the pharmacy revenue
- Apply the concepts to a unprecedented case (MFN Model)
- Wrap up and Q&A

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COVID-19 Impact to Hospitals

Decrease in Patient Volumes

AHA. June 2020. https://www.aha.org/system/files/media/file/2020/06/aha-covid19-financial-impact-report.pdf

Inpatient volumes decreased **19.5%**

Outpatient volumes decreased **34.5%**

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COVID-19 Impact to Hospitals

Increase in Cost of Care

AHA. June 2020. https://www.aha.org/system/files/media/file/2020/06/aha-covid19-financial-impact-report.pdf

- Personal protective equipment
- Supplies
- Other equipment

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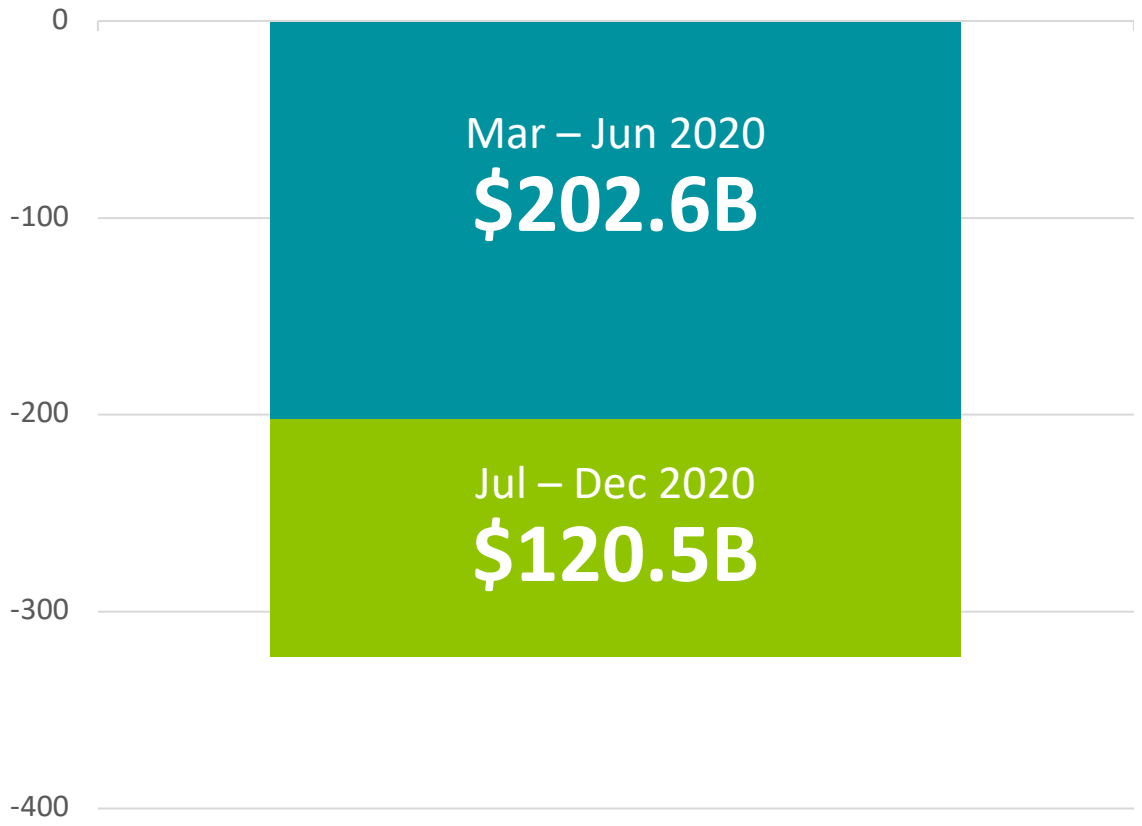
COVID-19 Impact to Hospitals

$323.1B

Total Losses

AHA Projections (June 2020)



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Projected Hospital Operating Margin

AHA and KaufmanHall (July 2020)

MORE OPTIMISTIC:
a slow but steady decrease in COVID-19 cases

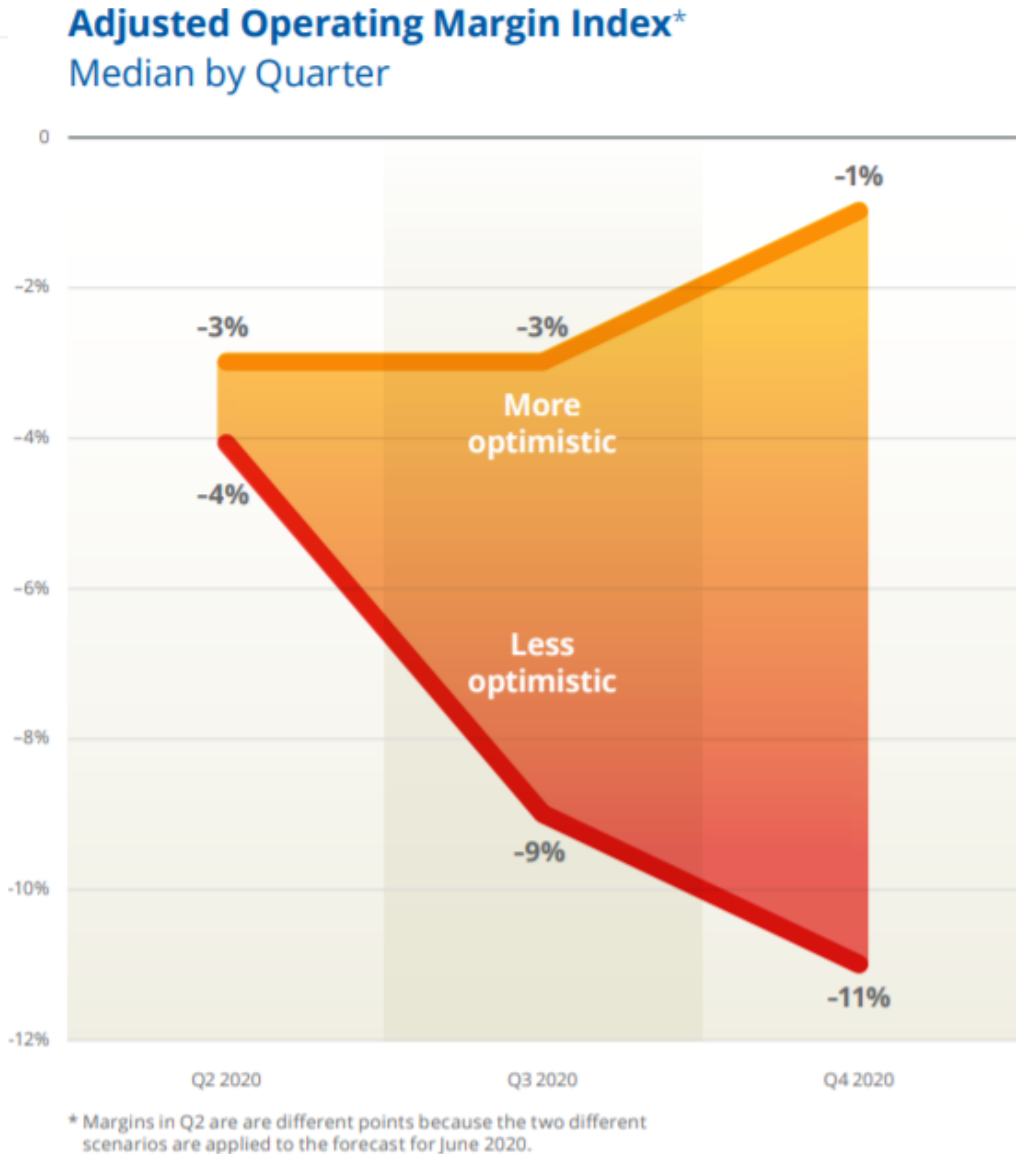
Operating margin -1%

LESS OPTIMISTIC:
periodic surges in COVID-19 cases

Operating margin -11%

Estimations include funding from CARES Act

https://www.aha.org/system/files/media/file/2020/07/KH-COVID-Hospital-Financial-Health_FINAL.pdf



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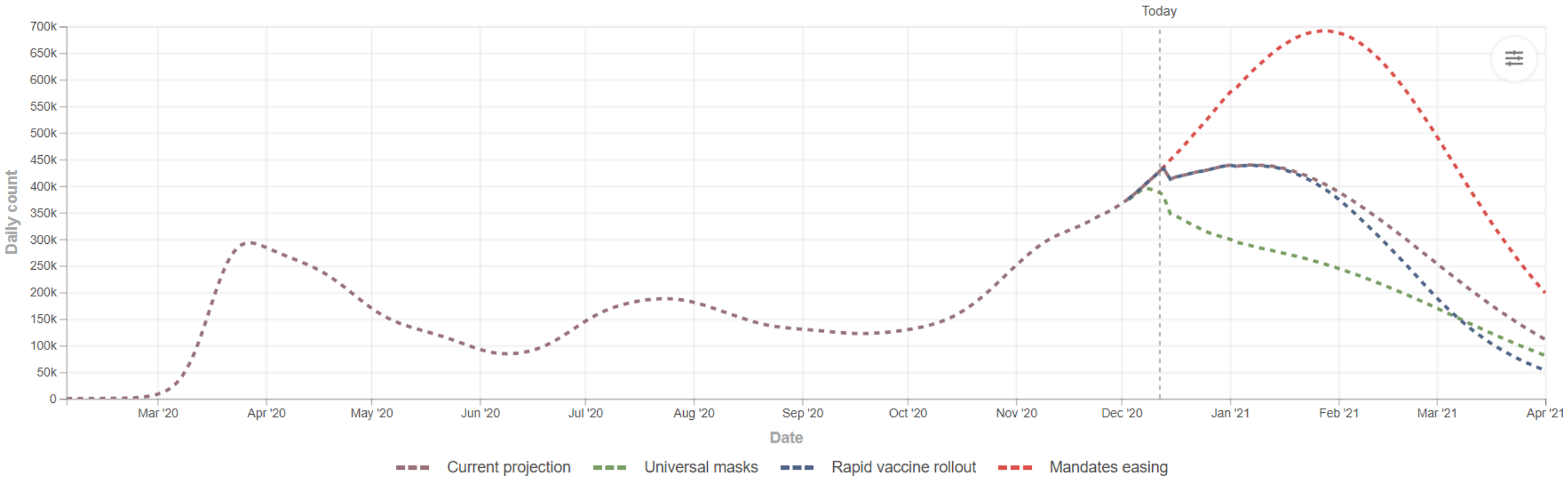
Current Projections

Daily Infections & Testing



https://covid19.healthdata.org/united-states-of-america?view=infections-testing&tab=trend&test=infections

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Perfect Storm

July – December 2020

Additional cost of care

- Segregated infusion centers/ vaccine supplies
- Employee cost (turnover and shortages)

Payer mix changes

- Increase in Medicaid
- Increase in uncompensated care

Unpredictable fluctuations in patient volumes

Constant change in the regulatory environment

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Ask the Audience: Polling Question #1

How would your rate revenue cycle performance?

- **Amazing:** we have a complete understanding and collaborate with all teams
- **Good:** we have an understanding but identified areas of improvement
- **Average:** we have a general understanding but most areas are in need of an improvement
- **Poor:** we don't have a revenue cycle team and lack understanding how to improve
- Still trying to understand what revenue cycle is?

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Revenue Cycle Basics

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Revenue Cycle Basics

Scheduling

- Demographics
- Insurance information
- Px & Dx codes

Prior-Authorization

- Payer Authorizations

Pre-Registration

- Insurance Verification
- Patient Estimations
- POS Collections

Registration

- Documents/ Signatures
- POS Collections

Financial Counseling

- Payment & Options
- Charity/ Indigent Care

Pre - Access

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Revenue Cycle Basics

Physician	Clinical Staff
› Orders › Documentation	› Charge Capture

Clinical Care

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Revenue Cycle Basics

HIM & Coding	Charge Master	Charge Capture	Charge Edits	Billing
› Coding › Transcription › Release of Information	› Develop Charge Codes	› Validate charge accuracy	› Validate claim edits	› Hospital & Professional Claim Submission

Mid-Cycle

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Revenue Cycle Basics

Denials	Audits & Appeals	Customer Service	Self Pay	Collections
› Remittance Processing › Analysis & Reporting	› Medicare & other government audits › Appeals	› Questions/ Complaints	› Statements › Outbound calls › Payment & Options	› Vendor Management › Pre Collect/ Bad Debt

Post-Access

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Ask the Audience: Polling Question #2

Do you feel knowledgeable in pharmacy's role in revenue cycle?

- Yes
- Somewhat
- No
- I didn’t know there was a pharmacy revenue cycle

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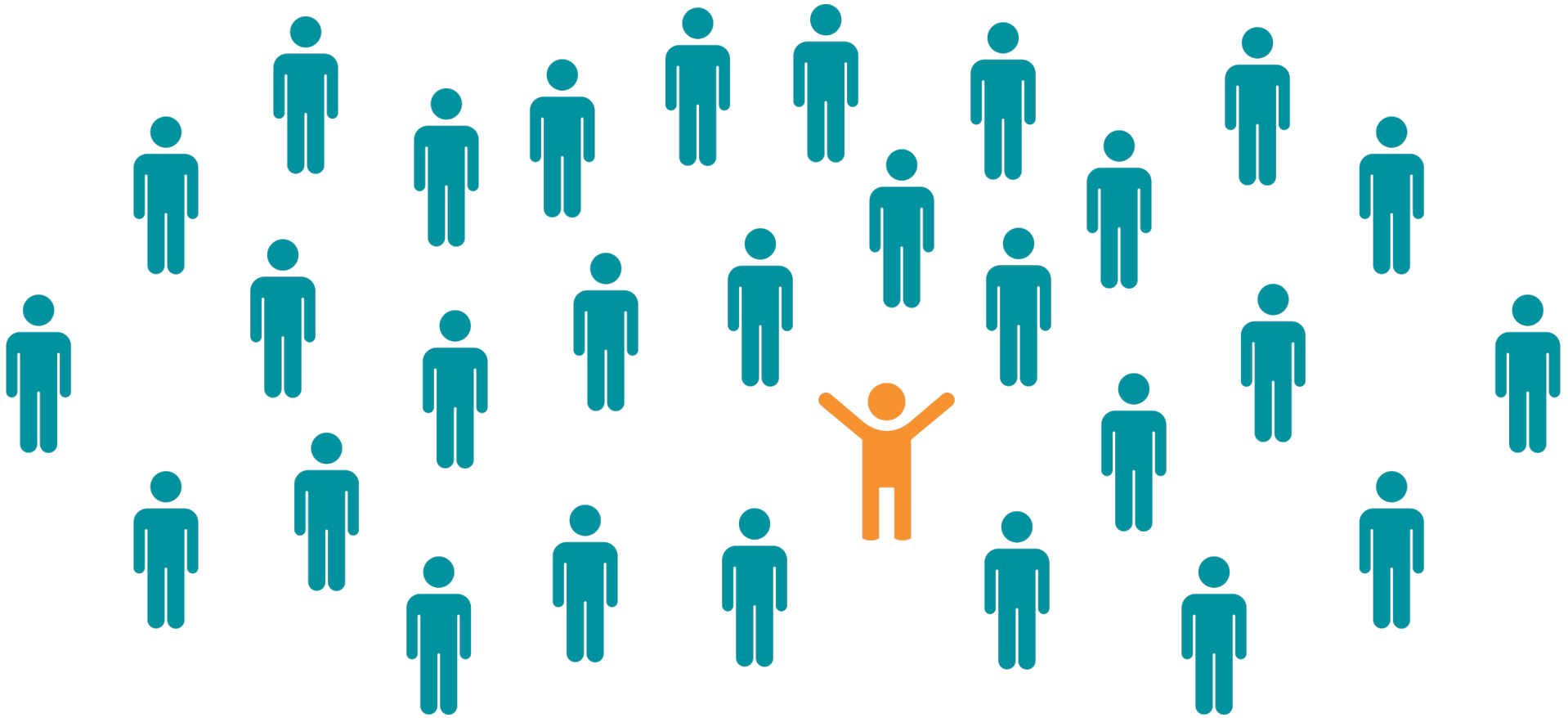
Pharmacy Revenue Cycle



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Ask the Audience: Polling Question #3

Who conducts the clinic administered drug prior authorizations?

- Revenue cycle teams
- Pharmacy teams
- Outsource or 3rd party vendor
- What is a clinic administered drug prior authorization?
- I do not represent a hospital or other provider organization

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Pharmacy Revenue Cycle

Prior-Authorization

- Complex Medical Policies
- Site of Care Determination
- Payer Specific Formulary

Financial Counseling

- Cost of therapy
- Vendor programs

Pre - Access

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Pharmacy Revenue Cycle

Physician

- Complex order (i.e. factor)
- Documentation

Clinical Staff

- Charge Capture

Pharmacy Staff

- Waste charging
- Drug preparation

Clinical Care

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Pharmacy Revenue Cycle

HIM & Coding

- Complex coding (i.e. alteplase)

Charge Master

- Drug HCPCS & Multipliers

Charge Capture

- Variation charging methodology (i.e. charge on dispense vs administration)

Charge Edits

- Modifiers based on 340B status, MUE thresholds

Billing

- Payer specifications (i.e. NDC, revenue code)

Mid-Cycle

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Pharmacy Revenue Cycle

Denials

- Variety of payment methodologies
- Medical Necessity

Audits and Appeals

- High dollar
- Clinical justification

Post-Access

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It Takes A Village

Revenue Services | **Finance** | **Pharmacy**

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Ask the Audience: Polling Question #4

How many organizations have been able to successfully model the impact of the MFN Rule?

- Completed the final model and have estimated the total impact
- General understanding of the impact, but have not conducted a thorough analysis based on our utilization
- The organization continues to work through the modeling
- We have not been able to figure out how to model the impact
- Not applicable

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Situation – Most Favored Nation (MFN)

What is the financial impact?

How do you interpret this rule?

What are the long term impact?

Will commercial plans follow suite?

What are the billing implications?

How do we mobilize a team?

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MFN - Complexity

Part B Drugs

Net Revenue Calculations

- 340B excepted vs. non-excepted site
- Hospital outpatient vs. physician office
- Status indicator

Billing Implications

- New “M” HCPCS code representing drug overhead and handling cost
- Establishing standard charges
- Managing primary vs. secondary claims

Long Term Planning

- Supply chain negotiations
- Excluding purchases from ASP calculations
- Payer contract language

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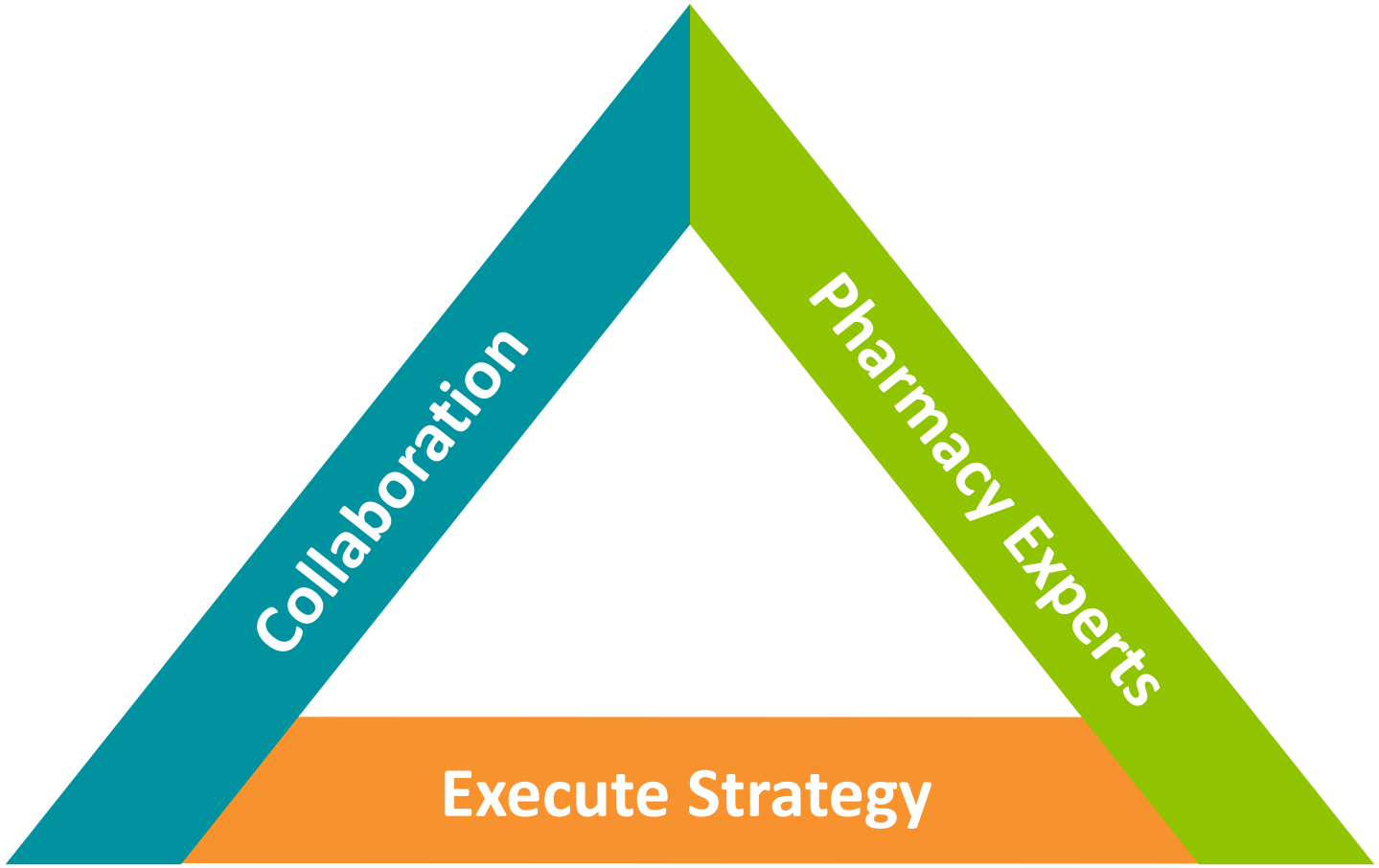
Strategy for Pharmacy Revenue Cycle Teams



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Upcoming

Session 2

Thurs. Jan. 14 at 12 pm CT

When Cash is King: Increasing Efficiency in Drug Reimbursement

Session 3

Thurs. Jan. 28 at 12 pm CT

Denial Isn't Just a River in Egypt –

How Pharmacy and Revenue Cycle Partnerships are Key to Financial Success

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