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When Cash is King: Increasing Efficiency in Drug Reimbursement

Moderator

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Outline

- How is the pharmacy revenue cycle more challenging than the overall revenue cycle?
- What impact does a high performing pharmacy revenue cycle process have on cash flow?
- How can pharmacy resources be optimized to produce “clean” claims?
- Your 120-day plan: Tips and Tricks on where to start
- Wrap up and Q&A

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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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Revenue Cycle Basics

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Cash is King: Patient Encounter to Payment

Charges generated

- 3 days post discharge

HIM Coding added

- 1- 3 days

Pre-bill Edit Review

- 1-3 days

Claims Processed and Submitted

- 1-3 days

Claims Paid

- 30-45 days
  - Payment received for “clean claim”

Patient encounter to payment-→ up to 57 days

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Cash is King: Patient Encounter to Drug Payment: Reality

Charges generated

- 3 days post discharge
- **Pharmacy may have up to 7 days to verify late charges**

HIM Coding added

- 1- 3 days

Pre-bill Edit Review

- 1-3 days
- **Pharmacy may have up to 7 days to review MUEs, IP NTAP and hemophilia**

Claims Processed and Submitted

- 1-3 days
- **Pharmacy may have up to 7 days to verify duplicate charges**

Claims Paid

- 30-45 days
- **Pharmacy may have up to 7 days to address invalid NDC numbers**

Patient encounter to payment-→ up to 95 days

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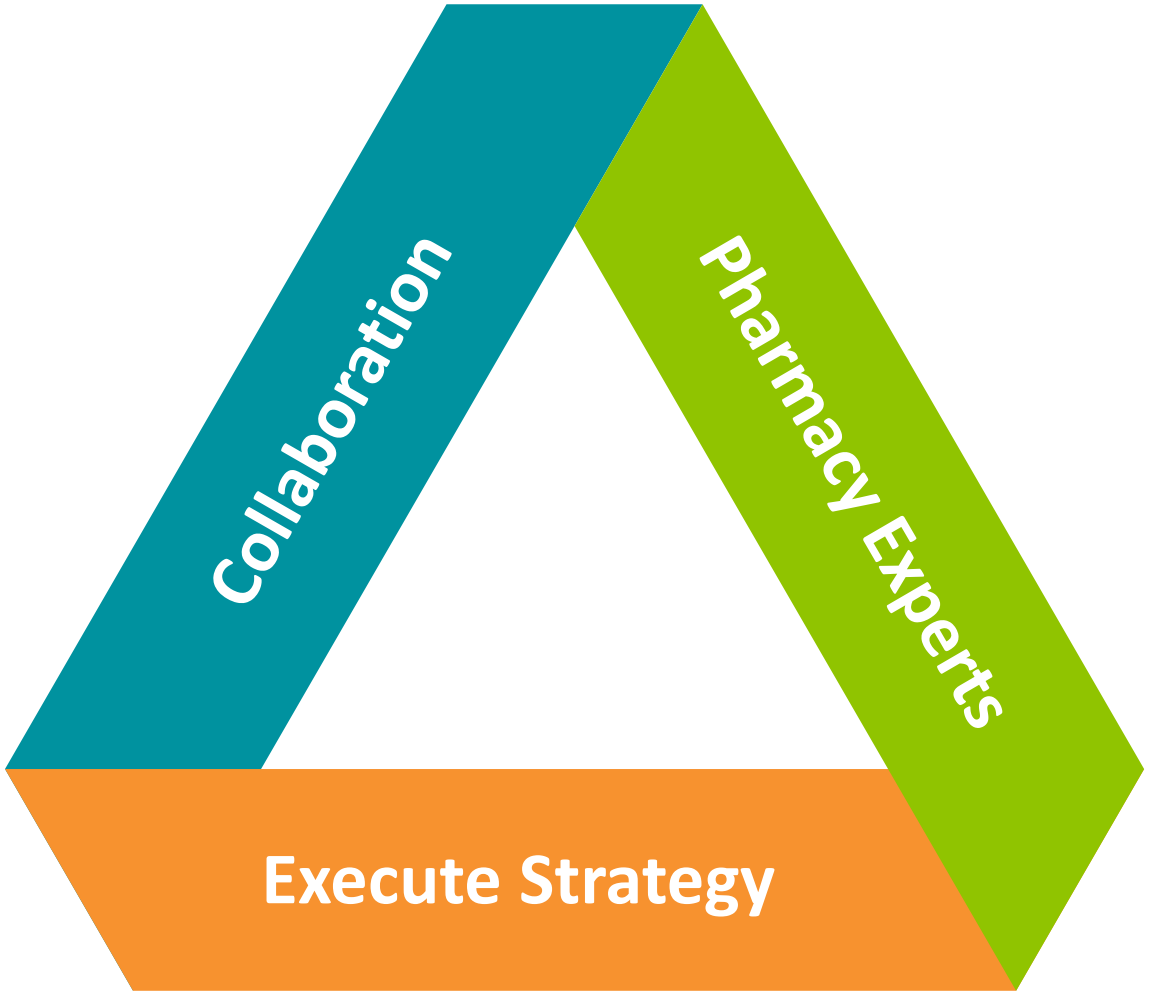
Strategy for Pharmacy Revenue Cycle Teams



Involvement Opportunities

- Corporate Team led by Pharmacist who facilitates/coordinates rev cycle activities
- Hybrid with Corporate Team responsible for EHR/CDM changes, payer policy reviews and Facility-based team responsible for MUE and write-off/denial reviews
- Pharmacist/Pharmacy Technician embedded in Revenue Integrity Department to support drug-related functions
- Partner with a firm with Pharmacy Revenue Cycle expertise

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Comparing Complexity of Drug Billing to Other Services

Other Services	Drug Products
Usually 1:1 relationship (1 chest x-ray)	Drugs “multiplied” from product size to billed units
CPT codes updated annually	HCPCS codes updated quarterly
Annual new codes have additional notes on usage from AMA	HCPCS codes have similar generic names which cause selection errors
Codes rarely change once established	Codes change with dose change and replacement codes
New services are infrequent	FDA approves new drug products daily
Charges are associated with results	“Billing on Dispense” requires manual credits

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Similar HCPCS Code Naming Causes Confusion

HCPCS variability based upon route

HCPCS Code	Short Description	HCPCS Code Dosage	Payment Limit
J3357	Ustekinumab sub cu inj, 1 mg	1 MG	180.116
J3358	Ustekinumab, iv inject, 1 mg	1 MG	11.951

ASP File-January 2021

HCPCS variability based upon product

HCPC	LONG DESCRIPTION	SHORT DESCRIPTION
J2505	Injection, pegfilgrastim, 6 mg	Injection, pegfilgrastim 6mg
Q5108	Injection, pegfilgrastim-jmdb, biosimilar, (fulphila), 0.5 mg	Injection, fulphila
Q5111	Injection, pegfilgrastim-cbqv, biosimilar, (udenyca), 0.5 mg	Injection, udenyca 0.5 mg
Q5120	Injection, pegfilgrastim-bmez, biosimilar, (ziextenzo), 0.5 mg	Inj pegfilgrastim-bmez 0.5mg
Q5122	Injection, pegfilgrastim-apgf, biosimilar, (nyvepria), 0.5 mg	Inj, nyvepria

Alpha-Numeric File-January 2021

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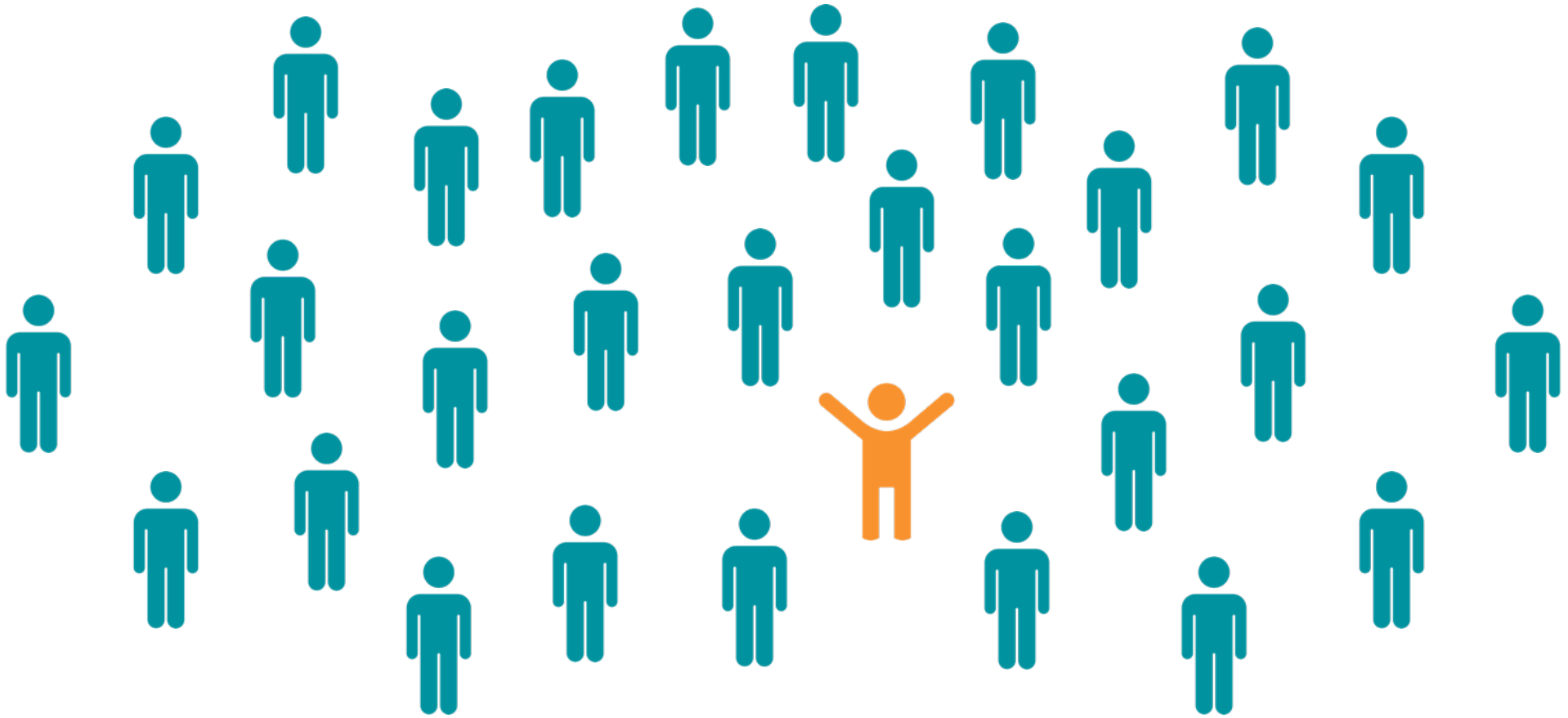
Pharmacy Revenue Cycle



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The Candy Factory

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Ask the Audience: Polling Question #1

Who is responsible for identifying drug HCPCS and revenue codes?

- Pharmacy Department
- Finance Department
- Chargemaster Manager
- Revenue Integrity
- External Partner
- I don’t know for sure
- N/A: doesn’t apply in my practice setting

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Ask the Audience: Polling Question #2

How often are drug HCPCS and revenue codes updated in eHRs/CDMs?

- Annually in January
- Annually at the beginning of our fiscal year that is not January
- Quarterly
- Whenever we get a message from Revenue Integrity that a code is invalid
- I don't know for sure
- N/A: doesn't apply in my practice setting

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Revenue Cycle Basics- Pharmacy Involvement

Scheduling	Prior-Authorization	Pre-Registration	Registration	Financial Counseling
› Demographics › Insurance information › Px & Dx codes	› Payer Authorizations	› Insurance Verification › Patient Estimations › POS Collections	› Documents/ Signatures › POS Collections	› Payment & Options › Charity/ Indigent Care

Pre - Access

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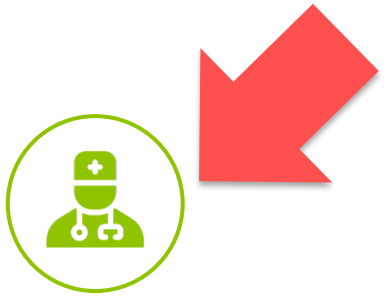
Revenue Cycle Basics – Pharmacy Involvement



Physician	Clinical Staff
› Orders › Documentation	› Charge Capture

Clinical Care

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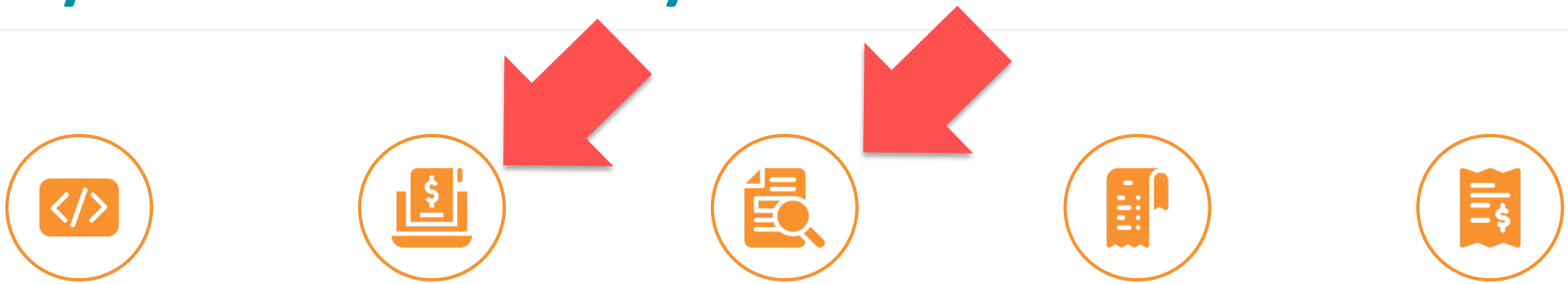
Revenue Cycle Basics- Pharmacy Involvement



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- Pharmacy Involvement

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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Tip #1- Keep HCPCS codes up-to-date quarterly

CMS updates drug HCPCS codes quarterly (as of January 2020)

Process Flow Diagram:

- Who identifies HCPCS code changes, researches use of C9399?
- What systems need updating and who applies the changes?
- Process for downstream verification and change request data storage

Consequence: Rituximab code updated and dose changed from 100 mg to 10 mg. Revenue loss $100,000 in 1QU19 due to obsolete code.

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Tip #2- Use full range of Revenue Codes appropriately

National Uniform Billing Committee (NUBC) can update revenue codes quarterly

- Coordinate Managed Care contracts to include drug carve-outs for inpatients/outpatients per revenue code
- Use full range including 250, 253 (take home meds), 636, 637 (self-administered), 343/344 (radiopharmaceuticals), 634/635 (epogen) and 891/892 (Car T-cell/gene therapy)
- Only products approved as drugs in pharmacy revenue codes

Consequence: Managed care contract has carve outs for revenue code 344 (therapeutical radiopharmaceutical) but product in revenue code 250. Loss of reimbursement = $95,000 per dose

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Tip #3- Implement source of truth for default NDC numbers

Increasingly, payers requiring NDC numbers are denying claims with “invalid NDC numbers”

- Payers are using FDA NDC Directory and State Medicaid programs are using the CMS Medicaid Rebate File to “scrub” claims for ineligible NDC numbers
- Manufacturers must legally update FDA NDC Directory bi-annually but may do so daily; CMS Medicaid Rebate File is updated quarterly
- Manufacturers voluntarily report to third-party vendors such as First DataBank and Medispan, and often assign numbers to non-drug products

Consequence: Charges for NDC numbers not included in FDA NDC Directory must be written-off from the claim or appealed; State Medicaid programs can only cover drugs included in the CMS Medicaid rebate file

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Tip #4- Review a few High-Cost Drugs for Missing Charges

Identify 5 high cost drugs to ensure purchases = payment

Potential Areas to review:

- Drugs eligible for New Technology Add-on payments (NTAP) on inpatient claims
- Hemophilia drugs eligible for added payment on inpatient claims
- New drugs that haven't been assigned a HCPCS code yet to bill with HCPCS code C9399

Consequence: Humate-P used on Medicare inpatient but not itemized on claim; loss of revenue per dose = $9600.

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Tip #5- Active Pharmacy Participation in Write-off/Denials Review

Who is responsible for reviewing write-off/denials for drug-related charges?

One Step: Review purchases and reimbursement for Rabies Vaccine (CPT code 90675). If Rabies vaccine denied based upon diagnosis coding, consider standard ER documentation for repeat visits.

More on Write-offs/Denials in Webinar #3!

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Tip Summary

HCPCS Codes updated quarterly

Use full range of pharmacy revenue codes

Start review of write-offs and denials

Implement review process for high cost drugs with missing billing

Implement source of truth for NDC codes

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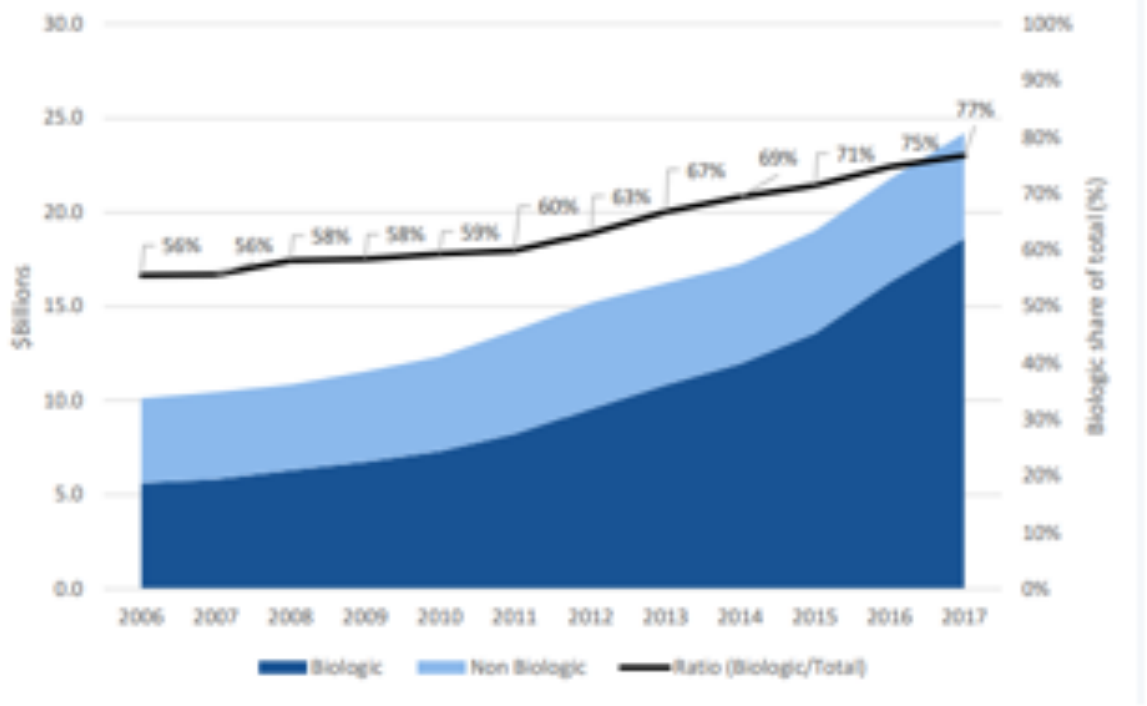
Cost of Part B drugs- Biologics vs. Non-Biologics

Exhibit 4. Medicare Part B Program FFS Spending for Drugs: Biologic vs. non-Biologic, 2006-17



Source: Analysis of carrier, durable medical, and outpatient claims data 2006-2017 by Acumen for ASPE.

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Ask the Audience: Polling Question #3

Which drug had the highest expenditure by Medicare in Hospital Outpatient Departments in 2019?

- J9271- Pembrolizumab (Keytruda) injection
- Q5103- Infliximab-dyyb (Inflectra) injection
- J9355- Trastuzumab (Herceptin) injection
- J0878- Daptomycin (Cubicin) injection

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Ask the Audience: Polling Question #3

Which drug had the highest expenditure by Medicare in Hospital Outpatient Departments in 2019?

- J9271- Pembrolizumab (Keytruda) injection- #1- (correct)– $1,405,643,568
- Q5103- Infliximab-dyyb (Inflectra) injection - #52 - $64,517,936
- J9355- Trastuzumab (Herceptin) injection - #9 - $420,630,154
- J0878- Daptomycin (Cubicin) injection - #53- $58,771,270

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120-day plan- Pharmacy Revenue Cycle

0-30 days

Review CDM for HCPCS codes and Revenue Codes and establish process for quarterly review

30-120 days

Implement Source of Truth for NDC numbers and review default NDCs	› Utilize FDA NDC Directory › Utilize CMS Medicaid Rebate File › Appeal “invalid NDC” rejection when appropriate
Review Medical Devices and Dietary Supplements for non-Pharmacy Revenue Codes	› Only drugs billed with pharmacy-related revenue codes (25x, 63x, 343/344, 891/892) › Bill Medical Devices in supply revenue code (27x) › Health system decision on dietary supplement billing
Review Top 5 high cost and high-risk drugs for charge capture	› Review inpatient claims to ensure NTAP drugs and Hemophilia Factors are correctly coded/billed › Choose five new drugs and confirm they were initially billed with C9399

→ *Begin write-offs/denials reviews*

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Ask the Audience: Polling Question #4

How confident do you feel about implementing a 120 day plan for drug cashflow improvement?

- I'm excited to get started! I have enough information to start immediately.
- I understand pharmacy's contribution, but I don't have the resources (time and talent) right now to execute a plan.
- I need more information on pharmacy revenue cycle and pharmacy's role.
- N/A: My role in my organization does not pertain to this question.

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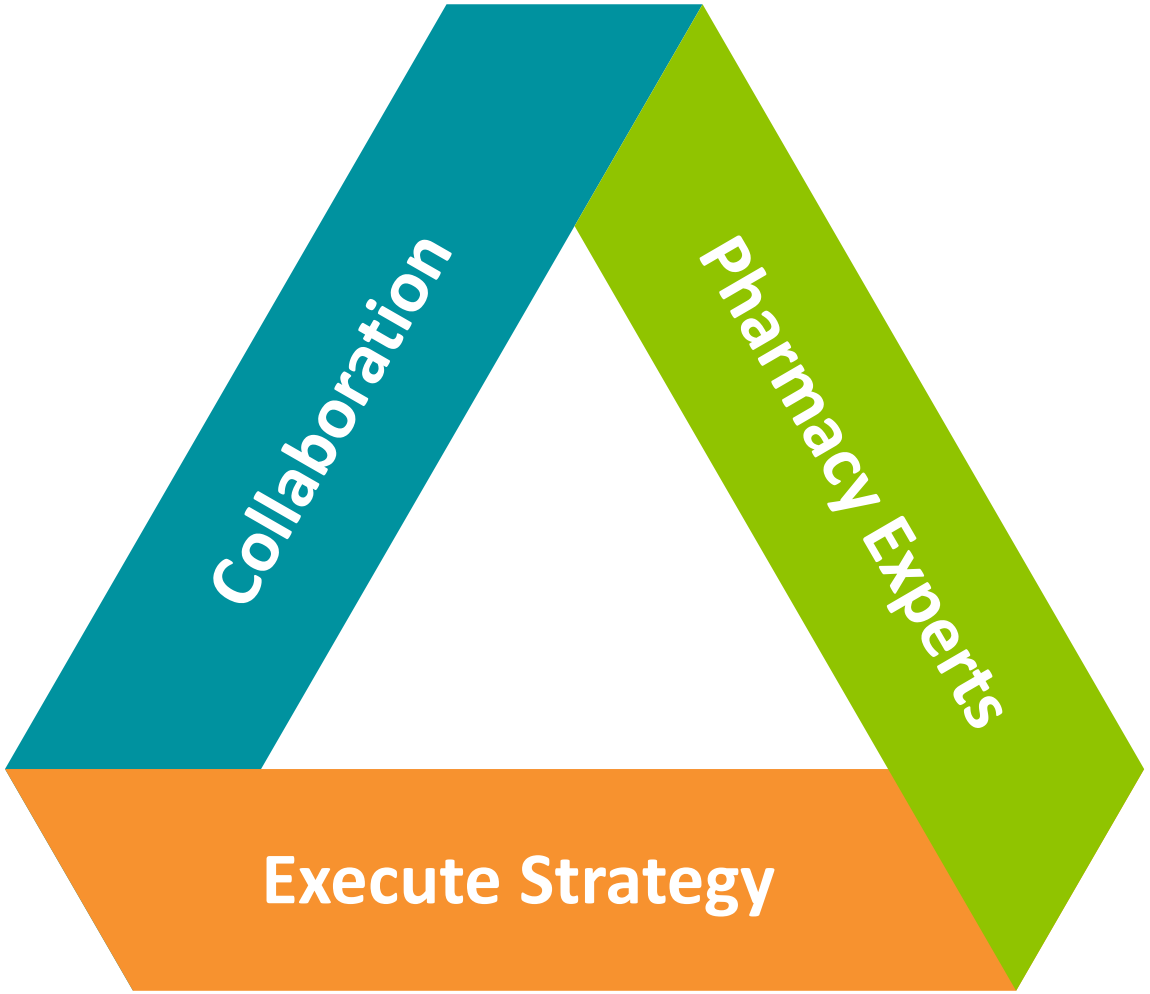

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Q&A

Upcoming

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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