

A new prognosis

Health providers moved to innovate as reimbursement rates decline

BY MARTIN DAKS

When the most recent International Organization for Standardization (ISO) standard for pharmaceutical equipment was released, RWJBarnabas Health decided that instead of upgrading the installations at 10 separate locations, it would be more cost-efficient to centralize the process.

"We upgraded at a central location, and then distribute the products to the other nine," according to CFO John Doll, CFO of RWJBarnabas Health. "Health care providers have to find ways to cut costs as reimbursement pressures continue to intensify."



Doll

Value-based approaches

Besides centralizing services, providers like RWJBarnabas are implementing value-based approaches like Bundled Payments for Care Improvement Advanced, a Centers for Medicare & Medicaid Services model that aims to align incentives for reducing expenditures while improving quality of care for Medicare beneficiaries.

"Under the BPCI Advanced model, Medicare looks at the care that was provided before, during and after a hospital stay," Doll said. "We utilize a system of navigators to help manage each stage so more attention is directed at the important transitions of care. We have agreements with physicians, home-health agencies and others to ensure that patients complete their treatment and are directed to the best health care professionals."

Telehealth, which allows patients, providers and institutions to connect electronically through laptops and smartphones, is another focus. "In January 2018 we launched a limited rollout to employees, and we're currently opening this to the public," according to Doll. "Telehealth improves access for our specialists as well as patients. For example, we're working with the Rutgers Cancer Institute so patients can consult with their professionals electronically, saving them from making a time-consuming trip. RWJBarnabas has also implemented a clinically integrated network where primary care physicians, specialists and insurers are connected. This can improve efficiencies by reducing the chance of unnecessarily duplicating tests."

At Trinitas Regional Medical Center, "a value analysis committee reviews expenses in clinical and administrative areas, and has yielded savings of more than a couple of million dollars in the costs of medicine, medical and office equip-

Moving the playing field

"Who wants to be in an ER unless you really have a true crisis?" asked Robert Garrett, co-CEO of Hackensack Meridian Health. "That's why we have drastically expanded care options outside of the hospital, including telemedicine and urgent care. We are expecting our telemedicine visits for urgent care to more than double in the next 12-18 months. It will result in thousands of patients quickly and conveniently connecting with their physicians."

The health system has also upped the number of urgent care and retail clinics to 44, from 16 two years ago. It also plans to open eight additional urgent care and retail clinics over the next year.

"It's not just about making care more affordable and convenient," according to Garrett. "These kinds of steps also allow us to provide more coordinated care, which research shows improves outcomes, the patient experience and reduces overall

costs," according to CEO Gary Horan. "It's not always a matter of selecting the lowest cost, but of getting the best result at the best cost."

The hospital also leverages the power of group purchasing as part of the Greater New York Hospital Association, and it utilizes telemedicine in areas ranging from psychiatry to strokes. "Through our affiliation with JFK Medical Center, we can quickly connect with stroke specialists," he said. "We're also working with insurers like Horizon Blue Cross and anticipate expansion of the telemedicine initiative."

Plugging the 'leakage'

As insurers turn down more reimbursement requests due to coding and other disputes and high-deductible and other plans force individuals to pick up more of the tab for health care, hospitals and other providers are seeing more "revenue leakage," according to Kathy Ruggieri, a Withum principal and team member in the CPA and advisory firm's Healthcare Services Group.

"We recently worked with a client hospital that was experiencing a significant increase in bad debt," she reported. "We engaged in a granular look at their operations, interviewing the staff involved in the intake process and flow-charting their processes and analyzing a year's worth of cases. We identified a number of opportunities for them to collect money upfront from patients when appropriate, and suggested ways to improve their ability to assist uninsured patients in signing up for Medicaid instead of using the emergency room and charity care as a primary physician."

Ruggieri and her fellow professionals "advise providers to look at the processes around their practices," she added. "When hospitals, for example, integrate their information insurers, it may be easier to tell patients upfront what their

health care costs." There's also likely to be fewer duplications of medical tests and other services, he added.

Another organization, Atlantic Health System, is strategically investing "in new therapies, discoveries and equipment, but also in innovative ways to enhance care, improve accessibility and ultimately, affordability," according to CEO Brian Gragnolati, who added that the organization is collaborating with physicians, health care organizations, insurers and employers.

"We are also moving care outside of the walls of our medical centers to build an ambulatory network," he said. "For example, Atlantic Health System and MedExpress are collaborating on 11 urgent care centers, providing patients with the right care, at the right time, in the right place. Research and innovation will also illuminate new ways to provide care. Atlantic Health System is a founding member of the PIER Consortium, a partnership of six health systems in streamlining clinical trials."

treatments will cost. That way they can shop around and see if extended payment plans or other options are available. Of course, integration is only part of the solution. The institutions also need someone who can understand the payment structures and explain it to patients."

Things may be getting a little easier for patients. Effective Jan. 1, hospitals must post a list of their current standard charges on the internet in a machine-readable format that can be automatically read and processed by a computer, according to Ruggieri.

Hospitals, however, continue to face challenges in areas like reimbursement rates. "Commercial payer reimbursements can vary by up to 500 percent for the exact same procedure," said Holy Name Medical Center CEO Michael Maron. "So we try to rein in costs maintaining a lean organization and continually reviewing and redesigning our workflow systems to provide efficiency. Our self-designed software accommodates our workflow, so that lets us squeeze out even more expenses."

Consulting firms like Grassi Healthcare Advisors LLC use analytic tools to help health care provider clients boost revenue, like redesigning their delivery system to conform with performance-based payments, according to CEO Joseph Tomaino. "We also help them to implement strategic initiatives like telemedicine, which can further reduce their costs.



Tomaino

We helped walk a psychiatrist through the regulations and reimbursement guidelines involving telemedicine, and now about 98 percent of her practice is done remotely."