

End the tug of war

Control costs while maintaining program integrity with technology

BY SYLVIA TOSCANO

WITH MEDICARE COSTS rising, baby boomers coming of age and beneficiaries struggling to remain in their homes, DMEPOS plays an ever-important role in Medicare spending. Our industry is at greater risk in terms of budget cuts than ever before. Everyone's agenda is "cut costs and reduce spending."

The ensuing battle between the government and DME providers relative to reimbursement has hit an all-time high. Seemingly, no expense has been spared by CMS audit contractors such as the RACs, ZPICs, QICs, CERT and MACs in the combat against fraud, abuse and improper payments for DME. Although the need to audit may never be totally eliminated, it can be

greatly reduced by streamlining processes related to medically necessary equipment and supplies through the enhanced utilization of technology. This model, to a lesser degree, has worked successfully for years in the private insurance sector, as well as state Medicaid programs via the pre-authorization process.

The Electronic Health Record (EHR) was mandated as part of the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009. Based on estimates, Medicare would receive about \$23 billion of the potential savings per year, and private payers would receive \$31 billion per year by the implementation of EHR. Provider incentive programs are already underway.

The prospective use of electronic authorization, in conjunction with the EHR, will ensure those DME and ancillary providers and healthcare practitioners provide and submit legible, complete, proper and authenticated documentation prior to dispens-

ing. This may be done by utilizing the equivalent of a provider service portal. Coupled with Computerized Physician Order Entry (CPOE), this process will allow for the uploading of supporting clinical documentation, and access to local and national coverage determinations, progress note requirements, electronic CMNs, attestations and product information. Continuing Education Units (CEU) relevant to proper ordering of DME should be made available to practitioners and staff via the portal. Automated system edits may also inform suppliers and physicians of visit requirements and contemporaneous documentation, as well as recertification and follow-up testing as required by program guidance. This will, in turn, slow unnecessary and improper spending; ensure further protection related to supplier financial loss; reduce administrative costs; and ensure appropriateness of Medicare payments. Minimal human intervention will be required based on system edits used in process-

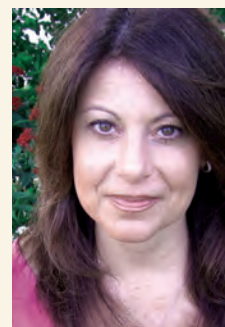
ing functions. Reasonable claim samples may be selected and aberrant billing patterns easily detected via data mining. This widely used model, as part of a strong base of primary care, will greatly eliminate the ambiguity of documentation requirements. This will streamline and integrate processes, as well as decrease the burden suppliers currently face regarding physician education.

It is also my strong belief that reform of our current, inaccurate fee schedules and "gap filling" payment methodology also play an important role in the steps toward improvement in DMEPOS spending. This outdated system does not account for product, service market and technology changes. As a supplement to the electronic authorization process, individual application of fee schedules may be applied. These should be relative to the cost, product selection and complexity of the ordered item(s). Prod-

uct-specific information provided by manufacturers, and priced and coded individually at a profitable specified percentage above cost, will promote transparency, proper coding and justifiable expense. This will level the playing field and eliminate the need for destructive programs such as competitive bidding, which limit choice and restrict access. Full service and specialty providers would receive adequate and fair reimbursement for products and services. This will, in turn, remove incentives and control costs while maintaining program integrity, and thus end the "tug of war."

Implementation costs of such a program would be offset by savings in spending related to excessive government contracts awards in excess of hundreds of millions of dollars.

With sharp reductions in fee schedules, rising costs and

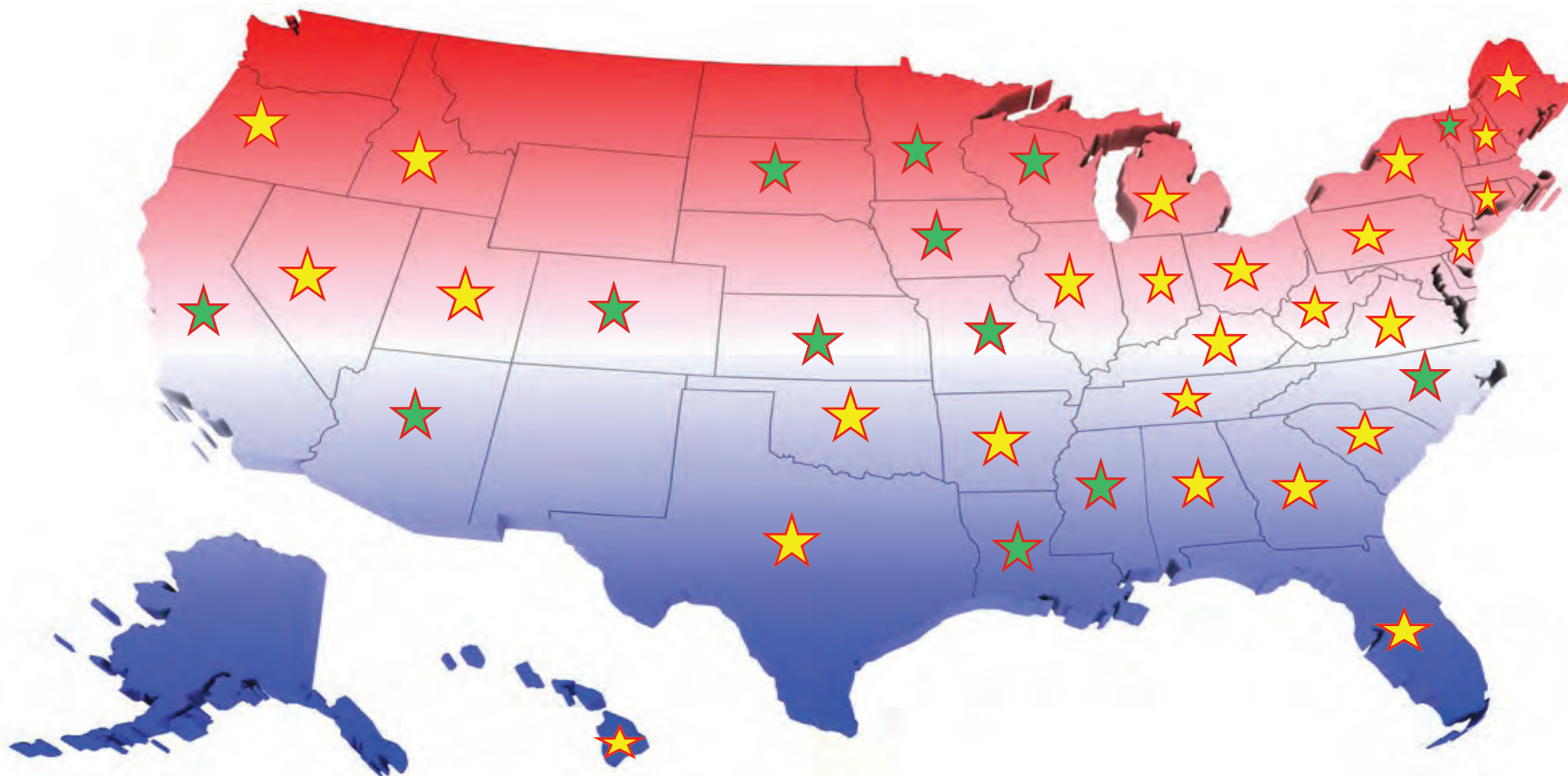


"EHR will play critical role in reducing health care spending."
Sylvia Toscano

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States which will be affected by Medicaid cuts

Focus on what's most profitable

BY JENNIFER KEIRN, Contributing Editor

FOR YEARS, John Allman worked with The MED Group to help members secure managed care contracts. Now Allman is an independent consultant helping HME providers break into managed care mar-

ing to anybody. It's hard to figure out who is the payer. Most of the payers in the country are small. Just to say, "Run out and get as many managed care contracts you can," is not the solution.

HME: How do the challenges in managed care differ from those in Medicare?

Allman: On the whole, when we need to look up Medicare's rules, we can find them. Managed care is not always a known entity. They may say they will follow Medicare guidelines in medical necessity. But they have different rules in terms of rent-to-purchase, payment terms...they can write their

own rules in many ways.

HME: Why do you believe it's worth the investment of time and resources to pursue managed care markets?

Allman: It's out there. It's part of your world. What will you do if you are in a competitive bidding area and you don't get a contract?

If you don't have managed care, what will you do for business?

HME: If attendees come away with one thing from your session, what would you like it to be?

Allman: Whether it's Medicare, Medicaid, managed care or straight retail, we are in a time when we need to focus on what's most profitable. If you're going to play in the managed care arena, it becomes even more critical. **HME**



John Allman

president, John Allman Consulting

Monday, Oct. 24, 2011
1:45 pm to 2:45 pm

Services provided:

Healthcare consulting

Session: "Navigating the Complex World of Managed Care"

Contact: 805.239.2462 / john.allman@charter.net

kets, and he'll share his best tips in his Medtrade session, "Navigating the Complex World of Managed Care." He gave HME News this preview.

HME NEWS: Do you feel most HME providers have a pretty good understanding of the managed care world?

John Allman: The managed care marketplace and the complexity of payers—PPOs, silent PPOs, companies that establish networks of providers—become pretty confus-

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increased regulation, combined with an audit-frantic environment, the challenge of maintaining quality service and compliance remains an ever-daunting task for providers. The reduction of improper payments for DME-POS is also a challenge for CMS. EHR will play a critical role in the reduction of government spending on health care. The proposed implementation of preauthorization as an adjunct to EHR will virtually eliminate prepayment review and dramatically diminish post-payment review and multi-level appeals. The end result is improved quality and timeliness of care, as well reduction of costs for Medicare and the supplier community. **HME**

Sylvia Toscano is president of Professional Medical Administrators, a durable medical equipment billing and consulting agency located in Boca Raton, Fla.

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