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On the topic:
Understanding Reimbursement for Non-Physician Extenders
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Understanding Reimbursement for Non-Physician Extenders

Developed and presented by:
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How are you utilizing the NPP?

• Analogy: “Physicians performing all work is similar to automotive engineers changing sparkplugs”

• Non-physician extenders free up doctors to perform more difficult work, expand their practices, and increase net income for the practice
Why Hire Non-Physician Extenders (PEs)?

• PEs can handle 80% of primary care at 50% of cost
  ▪ Rand study show NP/PA inter-changeable
    o PAs more technical/surgical
    o NPs more education/prevention

• RX for MD stress!

Benefits

• Increases patient access to services
• Improves ability to provide patient education
• Increased positive patient relations, retention and marketing
• Increased patient compliance with advice
Excuses

• Don’t need
• Compromise care
• Patients/Referring MDs won’t accept
• Not enough value
• Can’t bill for services
• Hospitals won’t grant privileges

Examples of Extenders

• Nurse Practitioner (NP)
• Physician Assistant (PA)
• Clinical Nurse Specialist (CNS)
• Certified Nurse Midwife (CNM)
• Physical Therapist (PT)
• Occupational Therapist (OT)
• Clinical Social Worker (CSW)
• Clinical Psychologist (PhD)
• Advanced Practice Nurse
Extenders are used for:

- Assessment
- Diagnosis
- Development of treatment plan
- Implementation of plan
- Follow-up and evaluation of patient
- Patient education
- Facilitate utilization

Extenders Perform:

- Well baby, child exams
- GYN/OB
- Primary Care/IM Subspecialty/Derm/Surgery
- H & P's
- Discharge summaries
- Nursing home visits
- Reduce fractures
- Primary Care
- Admitting
- Perform procedures/assist in surgery
Education

• A Nurse Practitioner (NP) is a registered nurse with a master’s degree in nursing.
  ▪ Non-registered nurses cannot be Nurse Practitioners.
  ▪ NPs are licensed and governed by the Board of Nurse Examiners for the state they are practicing in and certified by various nursing specialty organizations.

• A Physician Assistant (PA) has an undergraduate or masters degree from an approved PA program.
  ▪ It is possible for an RN or LVN to be a PA; these NPPs are licensed and governed by the State Board of Medical Examiners and also the State Board of Physician Assistant Examiners for the state of practice.

Protocols

• Protocol requirements for nurse practitioners and physician assistants are different.
  ▪ NP’s must have collaboration agreement with the physician with which they relate even if one is not required by their state laws.
  ▪ They must have written authorization to provide the medical aspect of patient care that are agreed upon and signed by the NP and the physician.
  ▪ These protocols must be reviewed and signed at least annually and maintained in the practice setting of the NP.
Protocols

- Protocols are defined to promote the exercise of professional judgement by the NP based on their education and experience.

- Protocols need not describe the exact steps that the NP must take with respect to each specific condition, disease, or symptom and may state types or categories of drugs which may be prescribed rather than just life specific drugs.

Protocols

- Each team of physicians and PA’s are obligated to ensure that the PA’s scope of practice is defined.
- The relationship of each of the members of the team and access to the supervising physician must be spelled out.
- The team must ensure that the delegated medical tasks are appropriate for the level of the PA’s competency.
- A process for evaluation of the PA’s performance must also be established and described.
Other Extenders

- Advice RNs
- Health Educators
- Exercise Physiologists
- Physical Therapists
- Dietitians
- Social Workers
- MFCCs

Avoid Billing Mistakes

- Questions to ask of the Payers
  - Do you credential physician extenders such as, nurse practitioners (NPs) and physician assistants (PAs)?
  - Do you include them in your provider listing?
  - Do you require any specific level of supervision?
  - If the physician extender is not credentialled with the payer, then can the physician extender bill under the contracted supervising physician's billing numbers with the appropriate modifier?
  - Do you recognize and follow CMS "incident to"?
  - What is the reimbursement rate for physician extenders if the service rendered is not "incident to"?
Payer Resources

• MLN Article #SE0441 “Incident to” Services
• Aetna - Office Link Update (refer to page 4)
• BCBSTX - Blue Review (refer to page 12)
• Cigna - Reimbursement policy (refer to page 2)
• Humana - Provider Manual (refer to page 18-"Pass-Through Billing")
• UHC - Reimbursement policy

Reimbursement

• Look at the documentation!!!

• Medicaid
• Private Carriers
• MEDICARE

• Provider-Based Facility vs. Office-Based Facility? *This designation is determined by Medicare.*
Reimbursement (Medicare)

- Nurse practitioners (NP) and Clinical Nurse Specialists (CNS) may:
  - assign the right to payment to the employer *(this must be done for the employer to be able to receive reimbursement for their services)*
  - have independent contractor relationships when their services are billed under their own provider numbers
  - establish independent practice groups

Reimbursement (Medicare)

- Physician assistants (PAs) must comply with state laws about physician supervision and the protocol by which they collaborate with a physician.
- They cannot establish independent practice groups but they can have independent contractor relationships when their services are billed under their own provider numbers and payment is reassigned to their employer.
E&M Split/Shared Visit

- Some physicians confuse this with “Incident To” billing
- Place of service is everything!
- Services must be reasonable and necessary

What is Incident-to?

It is a Medicare guideline ONLY!

“Incident to a physician’s professional services means that the services or supplies are furnished as an integral, although incidental, part of the physician’s personal professional services in the course of diagnosis or treatment of an injury or illness”
Access Incident to Guidelines

• Internet Only Manual (IOM)
  ▪ Publication 100-2, Chapter 15, Section 60.1

• WPS – Medicare Part B Policies
  ▪ PHYS-004 (National Coverage Provision)
    http://www.wpsmedicare.com/part_b/policy/policy_active.shtml

Reimbursement

• ‘Incident to’ services are specific to Medicare billing and have defined guidelines that must be followed. When billing ‘incident to’ services, a practice can be reimbursed 100% of the physician’s fee schedule.

• Failing to bill or billing incorrectly can for ‘incident to’ services could cost a practice thousands of dollars each year.

• Medicaid carriers in most states often follow the rules set by Medicare for billing of these types of services, but not always. Be sure to check your participation agreements for other carriers as well.
State Law

- The state laws for practicing NPP's will usually be outlined in the State Occupational Code and in the Rules and Regulations of the board governing that profession.

- Do your homework and check all resources that are available to you. Remember to get book, chapter, and verse from reliable sources.

OIG

- The Office of Inspector General has instructed us that patient care is and should be our number one priority!
Recruiting/Selection

- According to Christopher Bernard, JD as quoted in Medical Economics (February 18, 2015)
  - American Association of Physician Assistants
    = > 85,000 certified Pas (more than 2x practicing 10 years ago)
  - American Association of Nurse Practitioners
    = > 192,000 presently employed
  - Source: http://medicaleconomics.modernmedicine.com/authorDetails/401830

2015 Healthcare Recruiting Trends Survey

Employers note that they have the most difficulty hiring for family medicine, psychiatry, internal medicine and a variety of other specialties.

Hiring the right physician extender

- Avoid negligent hiring
  - DO BACKGROUND CHECKS
  - Corporatescreening.com
  - Reference checks
  - License checks
  - Oig.gov/exclusions

Recruiting

- Contact the national organizations
- Contact physician recruiting firms
- Advertise in NP/PA journals
- 6 job offers for every graduating PA (How has this shifted?)
What to offer?

• CME
• Vacation, sick leave
• Dues
• Malpractice
• Moving expenses
• Prepare a written employment contract/letter of hire
• Protect practice lists/trade secrets

Per MGMA in July 2015

• Average signing bonus for NP = $5,000
Employee vs. Independent Contractor

- Check with Attorney and Certified Public Accountant
- Usually NP/PA is employee
- Penalties for false classification of Independent Contractor

Extender Profitability

- Many physicians who employ non-physician extenders do not track their productivity, so consequently do not know whether or not they are profitable.
- It is very important to insurance credential PEs and identify as the rendering provider when performing any patient care duties.
- Billing software should track the PEs productivity by billed charges and payments.
Typical Profit - FP

Collections Ave. = $222,000

Overhead = $107,500 (50%)
(benefits)

Salary = $ 87,360

Profit = $ 27,140

Average Profit = $20,000-$50,000

Incentive Bonus Based on Productivity

Example:

Base Salary
= $42 per hour/40 hours per week
= full time work at 2,080 hours per year
= $87,360 per year salary
### Direct Costs

<table>
<thead>
<tr>
<th>NP/PA Direct Costs</th>
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</thead>
<tbody>
<tr>
<td>$ 87,360.00</td>
<td></td>
</tr>
<tr>
<td>$ 6,683.04</td>
<td>Payroll taxes 7.65%</td>
</tr>
<tr>
<td>$ 7,200.00</td>
<td>Health/dental/benefits $600/month</td>
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<tr>
<td>$ 2,620.80</td>
<td>Pension/Profit sharing 3%</td>
</tr>
<tr>
<td>$ 1,000.00</td>
<td>Malpractice Insurance Base Salary $42/hour</td>
</tr>
<tr>
<td>$ 800.00</td>
<td>Continuing Education $800/year</td>
</tr>
<tr>
<td><strong>$ 105,663.84</strong></td>
<td>TOTAL DIRECT COSTS</td>
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</tbody>
</table>

### Indirect Costs

<table>
<thead>
<tr>
<th>Indirect Costs</th>
<th>NP/PA Direct Costs</th>
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<tbody>
<tr>
<td>$ 105,663.84</td>
<td><strong>TOTAL Overhead ratio</strong> 55 %</td>
<td>subtract Owner Direct Expenses - 3 %</td>
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<tr>
<td></td>
<td>52 % = Operations Overhead ratio 100 %</td>
<td>subtract Operations Overhead ratio - 52 %</td>
</tr>
<tr>
<td>$ 220,133.00</td>
<td>Breakeven = NP/PA Direct Costs / 48 %</td>
<td></td>
</tr>
<tr>
<td>-$ 114,469.16</td>
<td>Overhead x 52 % multiply Operations Overhead Ratio</td>
<td></td>
</tr>
<tr>
<td><strong>$ 105,663.84</strong></td>
<td><strong>NP/PA Wage</strong> (NP/PA Direct Costs) = Breakeven - Overhead</td>
<td></td>
</tr>
</tbody>
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Incentive Bonus

<table>
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<tr>
<th>Bonus Calculation</th>
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<tr>
<td>$ 235,000.00</td>
<td>Actual collections for NP/PA</td>
</tr>
<tr>
<td>$ 220,133.00</td>
<td>subtract Breakeven point</td>
</tr>
<tr>
<td>$ 14,867.00</td>
<td>Difference Collections - Breakeven A 100%</td>
</tr>
<tr>
<td>$ 7,730.84</td>
<td>Allocation for Operations Overhead % B 52%</td>
</tr>
<tr>
<td>$ 7,136.16</td>
<td>Remainder for division Owner-NP/PA C 48%</td>
</tr>
<tr>
<td>$ 4,460.10</td>
<td>ROI Owner MD D 30%</td>
</tr>
<tr>
<td>$ 2,676.06</td>
<td>Bonus to NP/PA E 18%</td>
</tr>
<tr>
<td>$ 14,867.00</td>
<td>Equals Difference Collections - Breakeven A equals 100%</td>
</tr>
</tbody>
</table>

Protocols and Scope of Practice

• Know Your State Laws!!

• Have written protocols
  ▪ Check with Attorney for clarity
  ▪ Contact Malpractice Carrier for Advice
Legal and Supervision

- MD on premises for Medicare except nursing homes and underserved areas
- Prescriptions
- Chart review and countersign
- CME requirements
- Liability – Extenders have low malpractice claims

Legal and Supervision

- Malpractice carriers report good experience and reduced exposure with non-physician extenders due to the increased time with patients.
- National Practitioner Database reports only 3.1% of all payments made are due to PAs and 1.5% to NPs.
- Average time for MD to supervise = 2 - 5 hours per week
Supervision

• Example of case law (California)
  ▪ Physically present
  ▪ Telephone present
    o According to regulations, the physician must be in the same facility with the PA or be immediately available by electronic communications.
  ▪ Number of extenders an MD can supervise
    o Current law allows a physician to supervise no more than four physician assistants (PAs) at any moment in time.

Areas of Liability

• Allowing PE to see patient too many times w/o seeing an MD
• Access/Collaboration/Communication MD & PE
• Review of charts
• Performance evaluations
• Continuing Education for PE
There are four methods for providing supervision of a physician assistant:

1. The physician sees the patients the same day that they are treated by the PA.

2. The physician reviews, signs and dates the medical record of every patient treated by the physician assistant within thirty days of the treatment.

3. The physician adopts written protocols, which specifically guide the actions of the PA. The physician must select, review, countersign and date a sample, consisting of, at a minimum, 5 percent of the medical records of patients treated by the physician assistant functioning under the protocols within 30 days of the date of treatment by the physician assistant.

4. Or, in special circumstances, the physician provides supervision through additional methods approved in advance by the Board.
PA

• Delegation of Services Agreement – For the mutual benefit and protection of patients, physicians and their PAs, the PA regulations require the physician to delegate in writing, for each supervised physician assistant, those medical services which the PA may provide. That document is often referred to as a Delegation of Services Agreement.

• Medical tasks, which are delegated by a supervising physician, may only be those that are usual and customary to the physician’s practice.

Drug Orders • Pharmacy Law
(Business and Professions Code Section 4000 et seq.)

• Authorizes licensed pharmacists to dispense drugs or devices based on a PA’s “drug order”. Current law also allow PAs to obtain their own DEA numbers for use when writing prescription drug orders for controlled substances.

• Current law permits physician assistants to write and sign prescription drug orders when authorized to do so by their supervising physicians for Schedule II-V medication.
Drug Orders • Pharmacy Law
(Business and Professions Code Section 4000 et seq.)

- A PA may only administer, provide, or transmit a drug order for Schedule II through Schedule V controlled substances with the advance approval by a supervising physician for a specific patient unless a physician assistant completes an approved education course in controlled substances, and if delegated by the supervising physician. If a physician assistant chooses not to take the educational course, the requirements for patient-specific authority remain unchanged.

- In order to ensure that a PA's actions involving the prescribing, administration or dispensing of drugs is in strict accordance with the directions of the physician, every time a PA administers or dispenses a drug or transmits a Schedule II drug order, the physician supervisor must sign and date the patient's medical record or drug chart within seven days.

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2015 CA Law – Physician Assistants

- **SB 1083** allows physician assistants to begin certifying an employee's disability for Unemployment Insurance (UI) purposes.
  - The law will take effect on **January 1, 2017**

- It will expand the definition of practitioners under the UI code to also include physician assistants who have performed physical exams under the supervision of a physician and surgeon.
Billing

• A physician’s co-signature is not useful in obtaining reimbursement.

• If billing Medicare under the incident-to rules, a physician must follow the incident-to rules, which say nothing about co-signature.
  - For example, if an NP conducts a visit with a new patient, the practice must make a choice – bill the visit under the NP’s provider number or bill the visit under the physician’s provider number, and have the physician, not the NP, perform and document the portions of the evaluation relevant to the choice of procedure code.

• The physician’s signature or writing “agree” on an NP’s evaluation will not suffice for Medicare. Other insurers may have different rules, but no insurer pays extra if a physician cosigns an NP’s records.

Inadequate Documentation

• “Patient seen” signed by the physician

• “Seen and examined” signed by the physician

• No comment at all by the physician, or only a physician signature at the end of the note
Clarification on billing "incident to"

I am responding to your question about the clarification under the “incident to” proposal under the Physician Fee Schedule NPRM that was published in the Federal Register on July 15, 2015. The proposal is intended to clarify that the ordering physician or other practitioner and the supervising physician or other practitioner DO NOT need to be one and the same. Rather, the proposal is intended to clarify that the physician or other practitioner who bills for the “incident to” service must always be the supervising physician or other practitioner.

~Regina Walker-Wren
Centers for Medicare and Medicaid Services
Center for Medicare/Health and Ambulatory Policy Group
Division of Practitioner Services

Advice from a Medicare Coding expert

“That means that one physician can create a treatment plan, but a different physician can oversee the NPP who is providing the incident to care. It’s just that the overseeing physician must bill the service – not the physician who created the treatment plan. You would be shocked how many practices were billing it under the doc whose patient it was so they would get credit, since they created the treatment plan.”

-Ginny Martin, NSCHBC member
Marketing and Patient/Referral MD Acceptance

- Introduce to patients and referring MDs
- Have AAPA and AANP association brochures in waiting room
- Instruct PEs to wear a nametag with their title and correct patient if called “Doctor”

FAQs

- **Question**: Can services provided by NPs in a hospital outpatient department or emergency department be billed to Medicare under a physician’s provider number?

- **Answer**: No. Incident to billing is not allowed in a hospital. The services must be billed under the NP’s provider number, assuming no other provider has billed the service and the NP’s salary has not been reimbursed by Medicare under the hospital’s cost report.
FAQs

• **Question**: *Can an extender act as a scribe for the physician?*

• **Answer**: Yes, but be careful. A scribe records the findings of a physician. If the NPP independently obtains the history and performs a physical exam, a third party payer might not consider this a scribe function but rather an independent service component by a healthcare provider, hence subject to the payer’s relevant payment policies.

Resources

• Articles to reference on hiring a Physician Extender

Questions?

• Thank you for your attendance!

• Get your questions answered on PMI’s Discussion Forum:
  http://www.pmimd.com/pmiForums/rules.asp

• Contact information: rgranja@pmiMD.com