IMPLEMENTING A DMEPOS SERVICE LINE

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AGENDA AND OBJECTIVES

- Profile: University Orthopedics and Brown University
- History: Our Story
- Why bring DMEPOS in house?
- People: Our Team Approach
- Partner: Selection Process
- The Importance of Compliance
- Inventory Management
- Processes: Billing
- Performance: The End Result
PROFILE

- Privately owned-Hybrid Academic-Orthopedic Institution with Brown University
- One of four of the oldest fracture care services in the country
- 37 Attending Physicians
- 30 Orthopedic Residents, active Residency Program since 1938
- 12 MD- Orthopedic specialty Fellows
- 9 Physician Assistants and 4 Nurse Practitioners
- Based out of Providence, RI
- 5 Orthopedic Outpatient Locations
WHY BRING DME IN HOUSE?

Our History:

- **Model:** “Stock and Bill” - Contractual agreement with local O&P shop.

- **Patient Care:**
  - Poor continuity of care
  - No control over financial charges or quality of products

- **Staffing:** UOI staff handling inventory orders, stocking products, fitting patients, and obtaining signature consents with no value added to our company.

- **Revenue:** No financial reward
DECISION MAKING PROCESS: WHO, WHAT, AND WHY?

PEOPLE
Administrator, DME Manager “Quarterback”, Billing Specialist, Support Staff, Physicians

PARTNER
Vendor / Inventory Management System: Vendor Neutral / Products

PROCESSES
Implement Best Practices: Compliance, Billing and Operational Workflows

PRODUCTS
Products Fair: Selection and Setting Par Levels for Inventory Management Control

PERFORMANCE
Improved Outcomes and Ancillary Revenue
PEOPLE: IT TAKES A TEAM

Administrator: "Head Coach" Responsible for outlining the company business model, setting reasonable timelines, making the final decisions.

DME Manager: "Quarterback" Set up meetings with vendors, understand clinical and physician needs, evaluate products, prices, and all applicable information to set up inventory.

Billing Manager/DME Billing Specialist: Someone comfortable with DME billing and submitting DME claims. Implement billing workflows for revenue cycle management and revenue integrity.

Clinical Staff: Trained for the DME "recipe" by location for workflow efficiency—MA's/Ortho techs/DME fillers.

Physicians: Must "buy in" to the system and compliance, documentation to meet medical necessity, and continual education.
PARTNER: WHY BREG?

- Compliant Foundation: Training on DWO, POD, Documentation, LCD’s and ABN’s
- Company Analysis: Suggest best practice ideas and help create workflows to increase efficiency
- Insurance Matrix: Payer profiling for suggested billing charges/Allowed rates
- Charge Master: Assist with coding, billing suggestions and self pays charges
- Implementation/Support: Expert team equipped to handle a large orthopedic practice
- Staff Training: Physicians, Billing Staff, DME Fitters/Ortho Techs, MA’s, and Front Desk
- “Deposit Method” = PERFECT program for our practices’ workflow
- Consignment for all Breg products stocked across our 5 locations
- System allows us to carry products from other suppliers
PARTNER: INVENTORY MANAGEMENT

- **Storage:** Where to stock DME? Closets? Storage Units?
  - Locked units with limited access to prevent leakage

- **Product Selection:** Physician “Product Fair” - What to Carry?
  - We carry over 60 Products
  - Goal: Limit Similar Products

- **Par Levels:** Creating levels based on provider prescribing habits

- **Ordering:** Who controls ordering for each location?

- **Reporting:** Internal tracking on what we dispense - Same HCPC products
  - Revenue margin on products with similar codes

- **Other Considerations:** Employee Courtesy and Physician Courtesy
PROCESSES: COMPLIANCE

- Medicare = Gold Standard
- Rules of the Game: “Getting Paid and Staying Paid”
- Setting up a Compliant Office: Compliance Binders and Hours of Operation
- Documentation standards: Educating the Providers on documenting Medical Necessity
- Same/Similar Rules: Reasonable Useful Lifetime; Documenting- Who?
  - Noridian Portal
- Credentialing for Medicare by Dispensing Location
  - PTAN’s (Provider Transaction Access Number)
  - Activated and maintained
- Chart Audits: Compliance follow through with internal audits
PROCESSES: BILLING- FRONT END

- Staff: DME fitters trained on how claims work.
  - Insurance Matrix, Charge Master and UOI’s Overall Program
- Patient Education: Learning efficient and direct verbiage so patients can fully understand the billing process
- Deposits: Collect deposits on items that bill out under $500.00
  - Who not to collect deposits on?
  - Check out staff collecting payments to notate DME payment for appropriate allocation
- Insurance Matrix: Payers to script out- Setting up “cash n’ carry” rates for self-pays
- Pre-Authorizations: “High ticket items” (over $500.00 billing charge) verification of benefits
  - Workers Comp Authorizations?
  - Who does them?
  - Training staff on how to deliver this information to patients
PROCESSES: BILLING – BACK END

- Charge Master: Built into PM System
  - Updates on new products - Breg / DME Manager / Billing Manager

- Modifiers: LT/RT
  - Medicare: LT/RT, KX, Non-Covered and ABN Items

- Charge Capture: Create a Seamless well Defined System
  - Current State: Claims entered via daily DME Reports
  - Future State: Pre-populating of HCFA 1500 Claim Form via Interface

- Clean Claims: “Medicare Watch List” most scrutinized codes get internally reviewed by our compliance team before going out the door

- Communication: Alignment with DME Manager for new payer policies to help create appropriate protocols

- Revenue Cycle: Run quarterly reports to track payments, look for trends and allowed rates
  - Update the insurance matrix for more efficient collections and patient education
BENEFITS OF BRINGING DME IN HOUSE

- **Patient Care:**
  - Upgrade in patient experience with better quality products, better education on proper usage, and more upfront information on their finances
  - DME Fitters who specialize in product fittings and patient education
  - Surgical DME Protocols: Addition of motorized cold therapy post-operatively

- **Revenue Cycle Management:**
  - Better control over costs related to the orthopedic episode for bundled payments and tiering
  - Cost reduction to patients and their insurance companies with customized billing charges – 1.3x Medicare allowed rates

- **Department:**
  - Additional revenue for faculty estimated to be approximately $40K each in year #1 (large benefit to Pediatrics which is often difficult to support)
  - Chief retains Medicare Revenue estimated to be $120K in year #1 which allows funds to be utilized for research and educational missions of the Department (compliance for Designated Health Services)
### DME Profit & Loss 2017 Q1

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Notes</th>
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<tbody>
<tr>
<td>Charges</td>
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<tr>
<td>Gross Revenue</td>
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<td>64% Collections</td>
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<tr>
<td>Medicare Revenue</td>
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<td>DHS</td>
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<tr>
<td>Net Revenue</td>
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<tr>
<td>Labor &amp; FB</td>
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<tr>
<td>Cost of Goods</td>
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<td>Breg Program</td>
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<tr>
<td>Total Expenses</td>
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<td>Profit MD’s</td>
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<td>42% to Faculty</td>
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<tr>
<td>Retained Earnings</td>
<td>30,000</td>
<td>8% to Department</td>
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- Exceptional Patient Service
- Financial Results are Promising
- DME Dispensements = 1,900
- 2017 Charge Forecast: ~$2.3M
- 2017 Revenue Forecast: ~$1.44M
  - 64% Collection Rate (Billed Charges set at 1.3 x Medicare)
- DME Deposit: Removed Risk / Liability
  - Cost of Goods Dispensed: ~ $105K
  - Deposits Collected at Point of Service: ~$60K
  - UOI collected 64% up front with the “Deposit method” program
5 Keys for Operational Success:

1. People:
   1. Ownership and Accountability
2. Partner:
   1. Systems Integrations
3. Risk Mitigation:
   1. Compliance
4. Revenue Cycle Management:
   1. Payer Knowledge
5. Closing the Gaps:
   1. Checks and Balances
THANK YOU!
For more information about University Orthopedics and Brown University’s DMEPOS Service Line, please contact:

- Administrative Inquires:
  - Weber Shill at (401) 457-1504 or Wshill@universityorthopedics.com
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