Reimbursement issues raise challenges, opportunities

In the rapidly changing, high-cost world of health-care technology, and particularly in today's challenging reimbursement environment, patient access to essential technology can prove to be difficult.

According to ***Edward Townley***, associate director of Reimbursement (Radiation), technology frequently overtakes the creation of reimbursement rules that govern it.

"On a regular basis we see new technologies, important new modalities and therapies, that have CPT codes created to describe them, but the rules to govern their use are non-existent," said Townley.

Reimbursement is also affected not only by the cost, but the "shelf life" of technology.

"It used to be 10 years, now technology has an obsolescent cycle of three to seven years," said ***Bill Herman***, vice president and general manager of Cancer Center Services.

Current government constraints are also putting pressure on reimbursements.

"There are more restraints on us from the government every day because of the Balanced Budget Act and the Deficit Reduction Act," said ***Craig McNabb***, associate director of Reimbursement (Radiation).

This is a trend that will continue. "We see increasing reimbursement pressure from commercial payers, who want to match CMS policy and reduce their payments," McNabb added.

Additional pressures from increased patient demand for new technologies are also present.

"We have a better educated patient population than at any time in the past," he said. "However, at the same time patients are asking for technology, we are restricted by CMS for the approval of some of it, particularly if it doesn't meet certain diagnosis criteria."

Herman also acknowledges the trend of managed care

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companies to keep new technology in the experimental category longer, which can adversely impact reimbursement.

"Keeping treatments in the experimental stage gives managed care companies the opportunity to deny payment," Herman said. "So we have to spend a lot of time demonstrating the value of these new technologies and trying to move them out of an experimental position to a conventional position."

The burden on physicians to learn and understand the new technologies is an issue, as well.

"As the technology becomes more sophisticated, there is a lot more responsibility on the physician to sort through a lot of diverse data," Herman added. "I think the government at this point underestimates the cost of doing this."

Summing it all up, Townley noted, "The endless spiral of medical expenses to the practice for essential new technology and the ratcheting controls of managed care represent conflicting priorities."

Edward Townley (left-center, page 63 and above-right) visits with radiation therapists (page 63, from left) Clay Kumlangngam and Jennifer Koehler, and practice administrator Doug Barnard (above) at the Longview, Texas, cancer center.

Strategic business analysis

To mitigate these factors, US Oncology assists affiliated practices in looking at the numbers closely and weighing every technology decision. While most people understand how much it costs to bring technology into a practice, they may not fully appreciate maintenance and associated information technology costs, and may not be aware of related reimbursement trends.

To make these decisions, US Oncology-affiliated practices undergo careful business analysis, weighing the feasibility of purchasing any new technology. Part of this analysis includes looking at improved charge capture and revenue cycle processes to make sure each practice is getting paid for all services provided.

"We do an analysis of the charge capture, based on the types of treatments a practice provides," said McNabb. "Every code has a particular documentation path that has to be met, and we make sure the practices are meeting required levels of coding."

Overhead costs are also analyzed and watched closely throughout the network.

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– Craig McNabb
US Oncology
Reimbursement

New strategies

Equipment advances are easing the reimbursement burden. In the past, one machine could do one procedure, but that is starting to change.

"Where before we may have had a CT and conventional simulator, we can do all of that on one machine now," said Herman. "It allows us to spend less capital, while fully utilizing that capital."

Getting therapies out of the experimental stage more quickly will also be a crucial element. "As new technology comes to market, and it's coming about every 18 months, we will need to figure out how to get it out of the experimental stage faster, so that we can get the appropriate use of it with our patients and get appropriately paid," said Herman. "I think that's our biggest challenge."

In the end, the need exists for everyone involved in reimbursement to pay attention to the details, checking and double-checking the governing rules for any particular payer.

"The front-end team – financial counselors, patient service representatives – and business office have to become experts in pre-authorization," said Townley. "And we have to work out communication processes with the doctors to advise them of a patient's insurance resources available to fund proposed treatments.

"At US Oncology, we are fortunate to have positions dedicated to all of these essential responsibilities," Townley added.▲