
# PAs (&NPs) in Orthopaedics: Demonstrating Value

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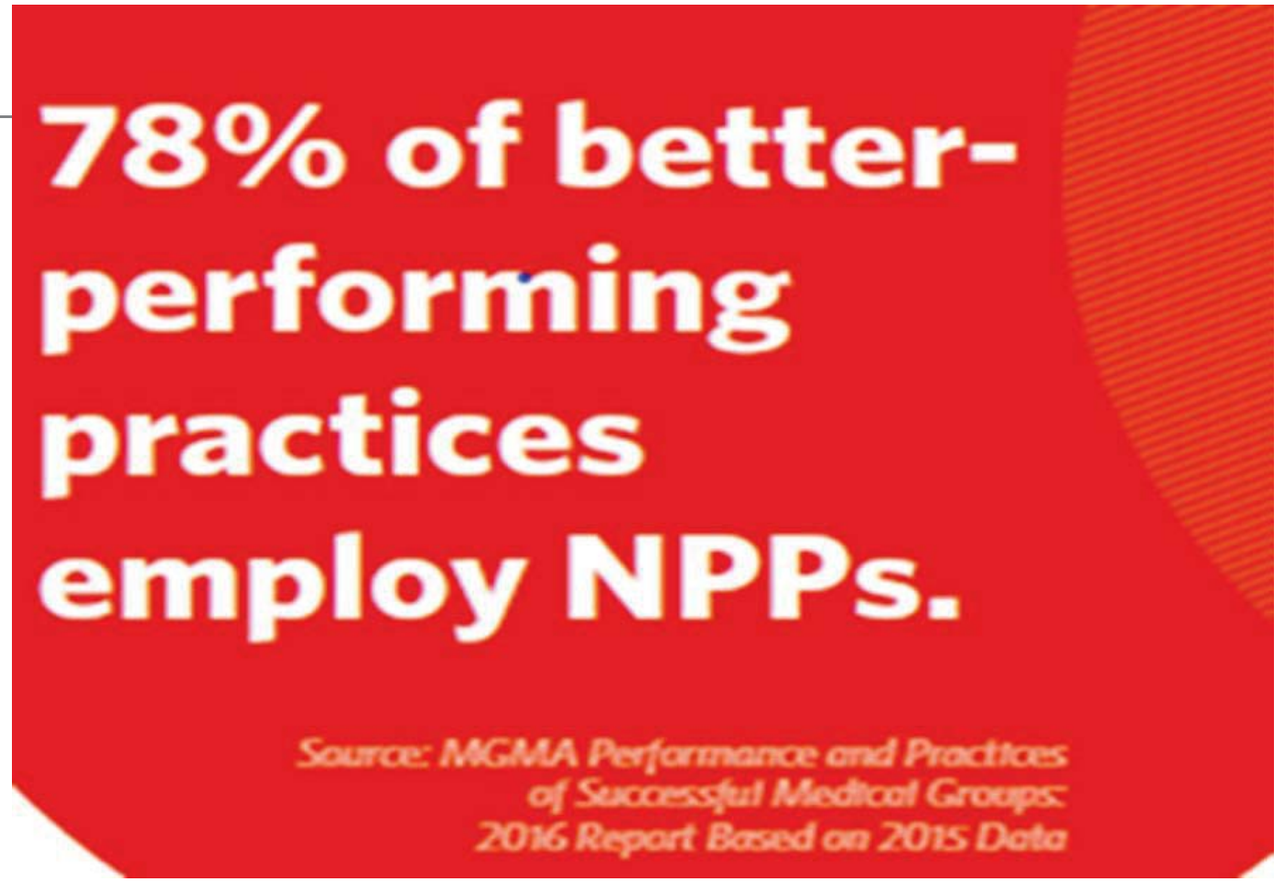
# MGMA 2018 "DataDive" Press Release

**New MGMA Data Shows Medical Practices Utilizing More Non-Physician Providers are More Profitable, Productive**

"Today's findings not only further demonstrate this trend, [relying on NPPs] but show that by utilizing more non-physician providers in their practice, administrators can actually boost their practices' revenue and productivity…"

Dr. Halee Fischer-Wright, President and CEO of MGMA



# Employer Expense

10 PAs/NPs

$1.75 Million

# Relative Costs

## Capacity Cost Rates ($/minute) for clinical and staff people

| | Surgeon | Physician Assistant | RN | X-Ray Tech | Scribe | Office Assistant |
|---|---|---|---|---|---|---|
| **Total Clinical Costs** | **$546,400** | **$120,000** | **$100,000** | **$64,000** | **$51,000** | **$61,000** |
| Personnel Capacity (minutes) | 91,086 | 89,086 | 89,086 | 89,086 | 89,086 | 89,086 |
| **Personnel Capacity Cost Rate** | **$6.00** | **$1.35** | **$1.12** | **$0.72** | **$0.57** | **$0.68** |





https://hbr.org/webinar/2015/11/value-based-health-care-reconciling-mission-and-margin?spMailingID=13308129&spUserID=MTM3NTM0MTQ1MjgS1&spJobID=681677297&spReportId=NjgxNjc3Mjk3S0

# PA/NP Myths

- They cannot (or should not) see new patients.
- A Physician must be present  in the office or clinic when a they see patients.
- A Physician must see every patient.
- A physician co-signature on a note means the claim may be submitted under the physician.
- Reimbursement for services provided by PAs/NPs “leaves 15% on the table”.
- Commercial payers won’t pay.
- Patients won’t be happy: What about the “brand”?

# What do Consumers want from Health Care?

## Consumers prioritize convenience over continuity and credentials.

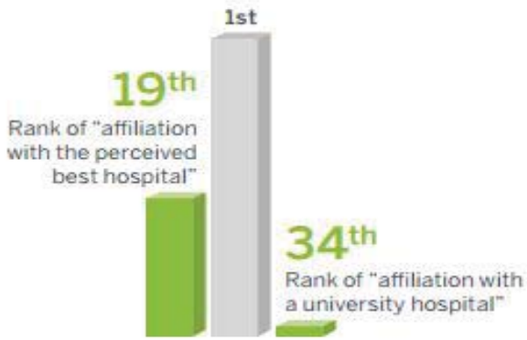
Respondents ranked four access and convenience attributes higher than being treated by the same provider each time they visit the clinic, and six access and convenience attributes higher than being treated by a physician.

**Rank of Clinic Attributes**


## Don't rely on your brand.

Respondents ranked attributes related to reputation unexpectedly low. The highest ranking reputation attribute, affiliation with the best hospital in the area, ranked 19th, and affiliation with a university hospital ranked 34th.

**Rank of Reputation Related Attributes**



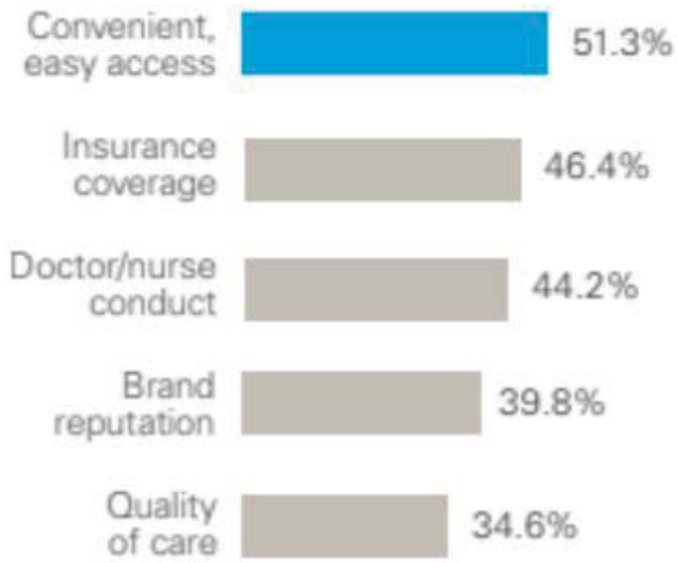

The Advisory Board Company

www.advisory.com/mplc/pcsurvey

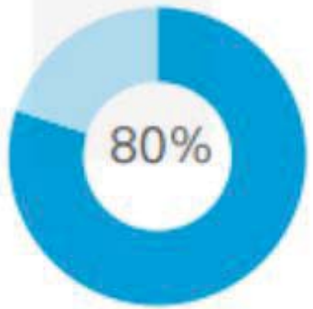
REPORT

# 2019 Healthcare Consumer Trends Report

## Most important healthcare factors influencing decision-making




## The importance of earning loyalty




**80% of patients** reported that they'd switch providers for "convenience factors" alone.

# What is the Return on Investment?

## LEADERSHIP/FINANCE TEAM

"Where are the wRVUs?"

"Accounts receivable and collections are negligible…"

"They don't cover their salary…"

"They cost $XXXXXXXX".

## PEOPLE IN THE KNOW

Claims reports do not tell the full story.

Contribution to the Global package must be considered.

Production and downstream revenue is often hidden under the physician.

Tangible "intangibles":

Patient Access, Quality measures,

LOS, OR efficiencies.

# Medicare Professional Billing under the physician

## Incident-to/ Office Settings

- Physician must personally perform the initial visit.
- Applies only to FOLLOW-UP VISITS for the same problem: treatment plan established by the physician must be followed.
- NEVER applies in a FACILITY/provider-based setting.
- A physician is required to be on site.

## Shared Visit in Hospital Settings

- Physician must have face-to-face visit with patient (co-signature is insufficient).
- Must occur on same calendar day as visit performed by PA/NP.
- There are specific physician documentation requirements.

## Academic Medical Center Billing

- Teaching attending billing rules and attestation statements do not apply.
- PAs/NPs are not residents.
- First assistant rules.

**100 % Reimbursement drives practice…**

# Using physician assistants at academic teaching hospitals

Travis L. Randolph, PA-C, ATC; E. Barry McDonough, MD; Eric D. Olson, PhD

# A Case Study

ELIMINATING SHARED VISITS

## AAPA 2016 Scientific Poster

# Pilot Study: Utilization of Physician Assistants at Academic Teaching Hospitals

**Travis L. Randolph, PA-C, ATC**

**E. Barry McDonough, MD**

**Eric D. Olson, PhD**

WVU Medicine

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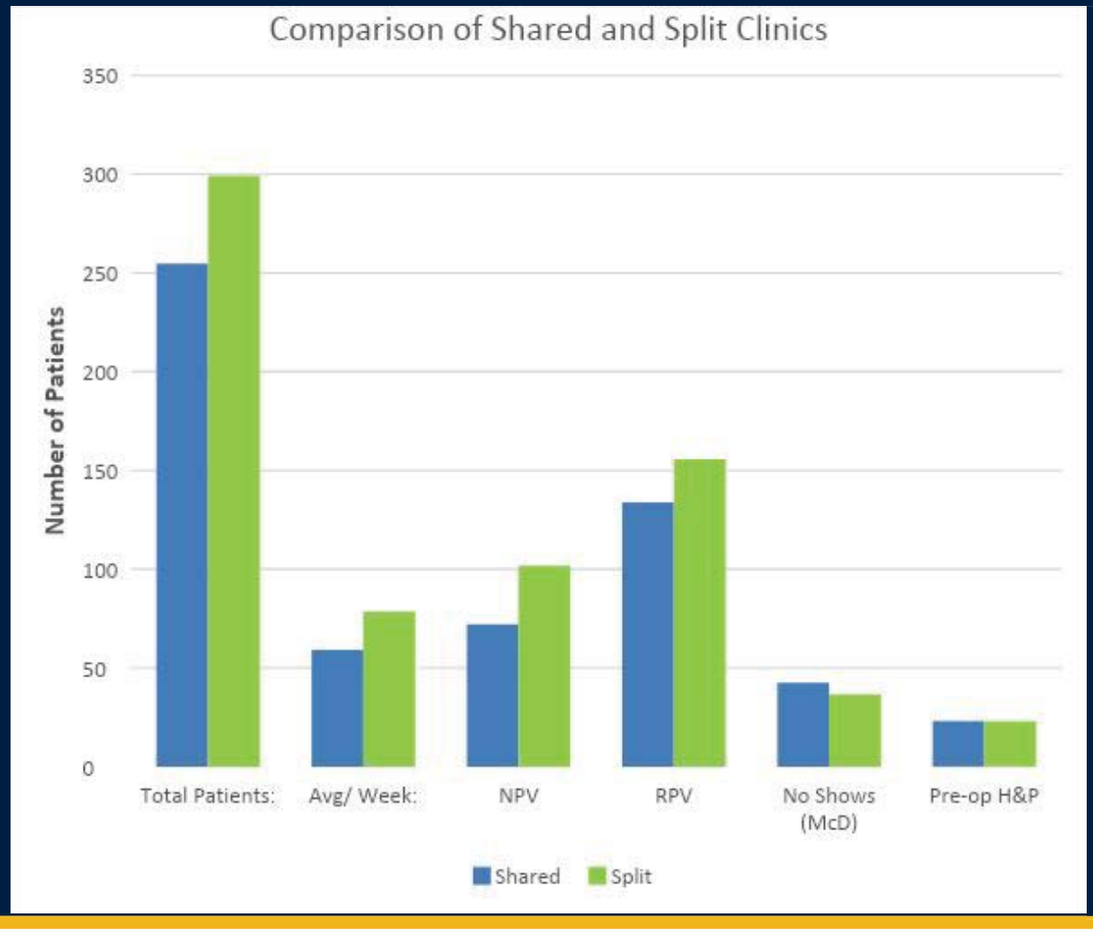
# Introduction of Pilot Study

- A 6 month pilot study was conducted in Orthopaedics to compare the difference between using PAs in shared clinics vs split clinics at academic teaching institutions
- Shared Clinic Model: PA functions similar to a resident and each patient is staffed with Supervising Physician; PAs in this model function very similar to a scribe and billing is captured by the physician; very common in academic institutions
- Split Clinic Model: PA functions autonomously in clinic as a healthcare provider while Supervising Physician is in clinic or in the operating room; more common in private practice setting

# 6 Month Results of Pilot Study




- Results averaged per month
- 17% ↑ in total patient volume
- 41% ↑ in New Patients
- 16 % ↑ in Return Patients
- 14 % ↓ in patient No Shows for Supervising Physician's clinic
- Clinic wait time for patients ↓ from 3 weeks to less than 1 week within 3 months
- 95% percent of patients rated the PA as a good or excellent clinician in survey

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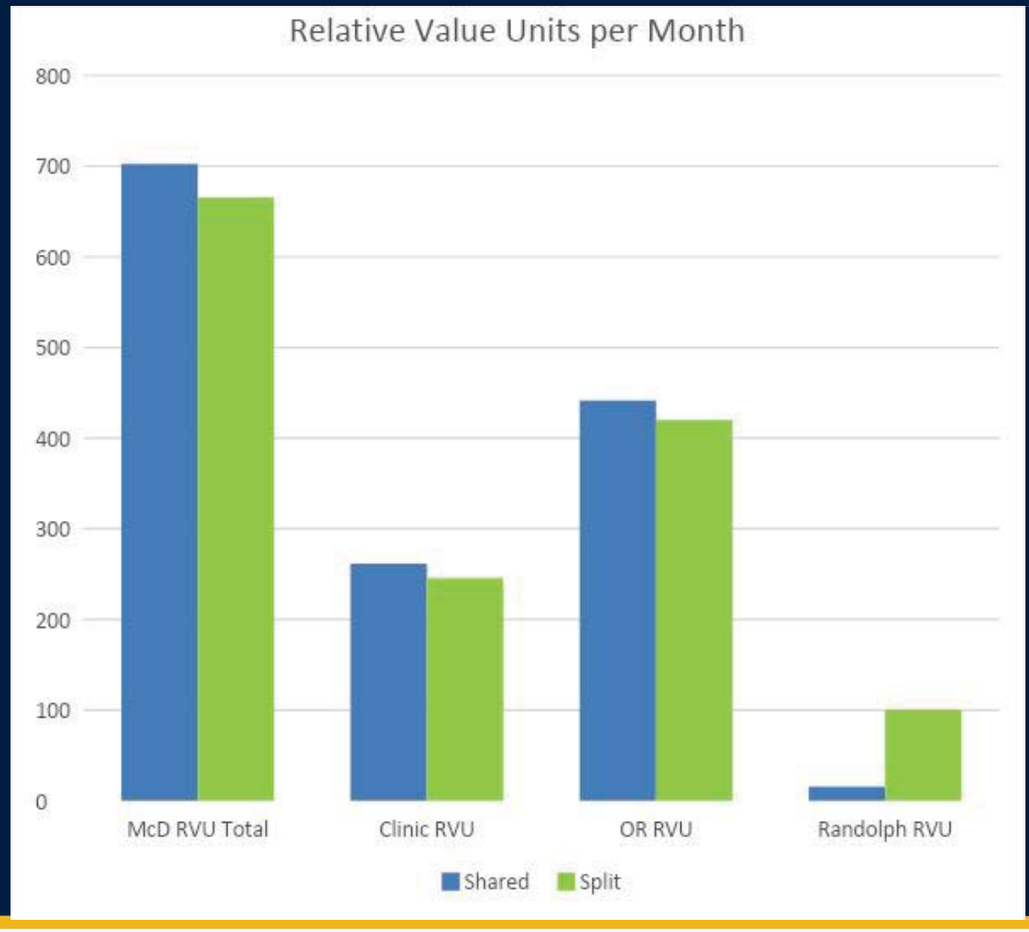
# 6 Month Results of Pilot Study




- PA's total patient volume ↑ by over 700%, payments ↑ over 600% while RVUs ↑ by more than 500%
- Supervising Physician experienced a 5% ↓ in total payments and RVUs during this 6 month study
- YTD numbers in 2016 show a 20 % ↑ in RVUs/ Charges and a 16 % ↑ in net payments for the Supervising Physician when compared to 2015

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# Conclusion of Pilot Study

- Utilizing a split clinic model allows PAs to function at the highest scope of their practice and provide quality patient care at academic teaching institutions
- This study illustrates that utilizing PAs appropriately can significantly increase patient access to care and generate increased revenue for the department
- It was determined that additional nursing support was needed to reduce administrative duties (forms, patient calls, etc.) for PAs in order to increase clinic availability
- Resident physicians reported an improved educational experience while utilizing the split clinic model

"Although the supervising physician averaged the same number of operative cases each month during both models, his overall patient volume decreased by about 20% in transition to the split-clinic model.

However, the supervising physician's operating projections were

**33% higher**

in January 2016 compared with previous surgical procedures during the shared-clinic model; this would result in higher RVUs and payment totals under the split clinic model."

Journal of the American Academy of Physician Assistants; October 2016- Volume 29 -Issue 10
http://journals.lww.com/jaapa/Citation/2016/10000/Using_physician_assistants_at_academic_teaching.47.aspx

**Travis L. Randolph** practices orthopedics at West Virginia University in Morgantown, W.Va.
**Barry McDonough** is an associate professor in the Department of Orthopaedics at West Virginia University School of Medicine.
**Eric D. Olson** is an assistant professor at West Virginia University.
DOI: 10.1097/01.JAA.0000490116.12185.59 

WVUMedicine

# FAQ

**What about the 15% left on the table!?**

# Contribution Margin

15%=$15

## General Orthopaedics-Inpatient

| | Physician | PA Ortho (Surgical) |
|---|---|---|
| Annual Median Compensation | $623,227* ($300/hr) | $126,675* ($60/hr) |
| Single HCPCS Code | 100% for $103 † | 85% for $88 |
| Margin | -$197 | $28 |

| Code | Description |
|---|---|
| 99221 | Initial hospital care |

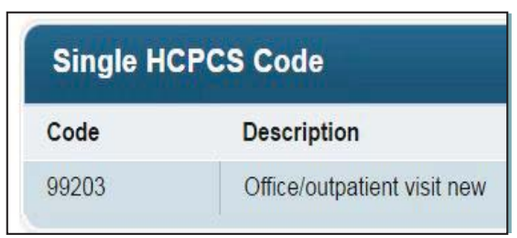
*©2019 MGMA. Data extracted from MGMA 2019 DataDive™

†CMS 2019 Physician Fee Schedule: National Payment Amount

# Contribution Margin

15%=$16

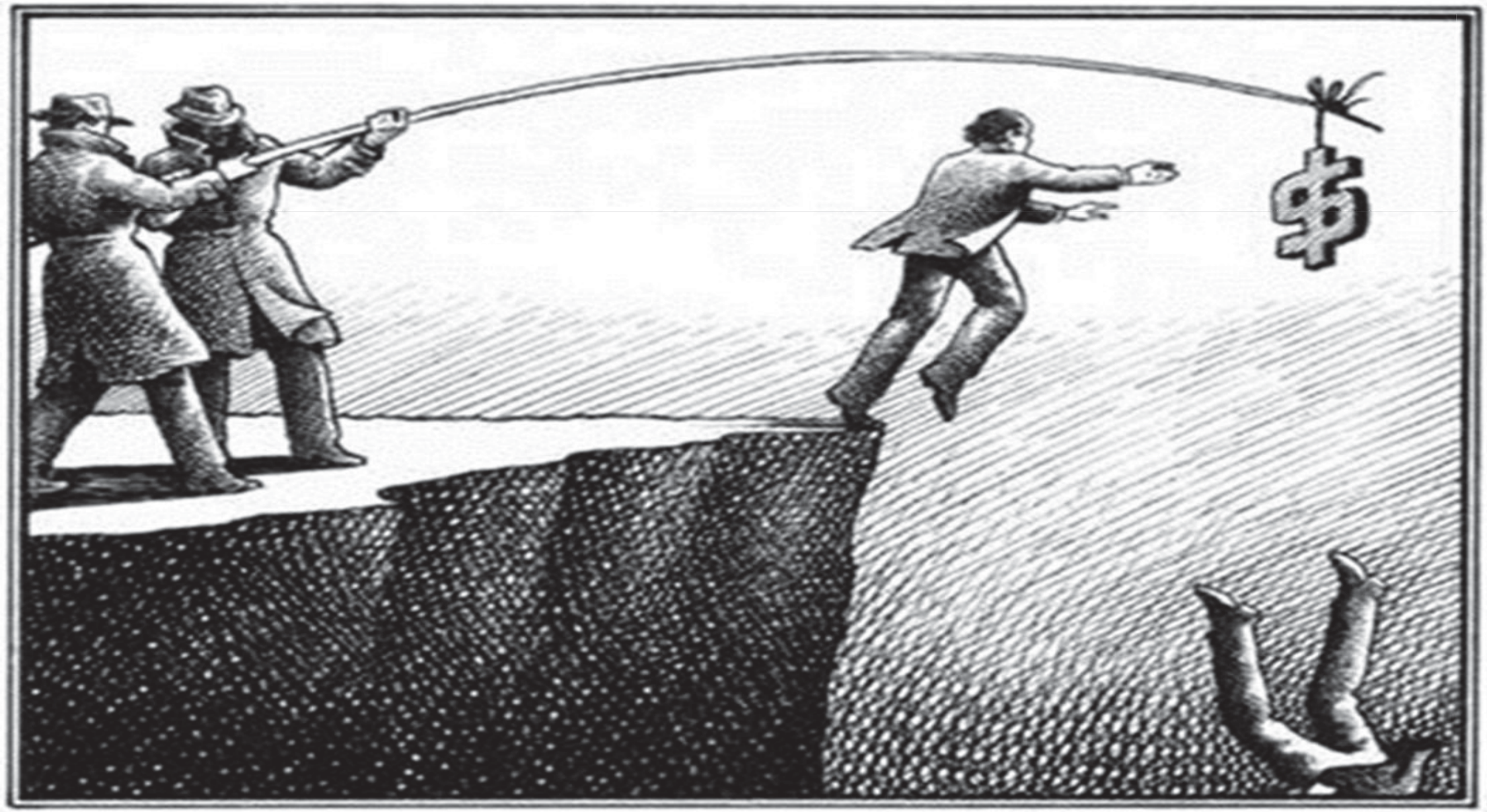
## General Orthopaedics: Office/POS 11

| | Physician | PA Ortho (Nonsurg) |
|---|---|---|
| Annual Median Compensation | $623,227* ($300/hr) | $120,168* ($58/hr) |
|  | 100% for $110† | 85% for $94† |
| Margin | -$190 | $36 |



*©2019 MGMA. Data extracted from MGMA DataDive™

†CMS 20179Physician Fee Schedule: National Payment Amount



# New Patients

"25% of New Patient visits

have downstream ancillary revenue attached."


Mike McCaslin, Principal, Somerset CPAs and Advisors.

# Return on Investment

THE GLOBAL SURGICAL PACKAGE

# Global Surgical Package-Medicare

- Each procedure has a defined number of days of follow-up included in the global payment.

- The components of the package include the following services which generally are assigned the following weights:

| |
|---|
| **INTRAOPERATIVE WORK=69%** |
| **POSTOPERATIVE WORK=21%** |
| **PRE-OP WORK=10%** |

# Physician Fee Schedule Search

## Search Results [1 Record(s)]

**Selected Criteria:**

| | | | |
|---|---|---|---|
| **Year:** | 2016 | **HCPCS:** | 27130 |
| **Type of Info.:** | All | **Modifier:** | All Modifiers |
| **HCPCS Criteria:** | Single HCPCS Code | | |
| **MAC Option:** | National Payment Amount | | |

### Single HCPCS Code

| Code | Description |
|---|---|
| 27130 | Total hip arthroplasty |

| GLOBAL | PRE OP | INTRA OP | POST OP |
|---|---|---|---|
| 090 | 0.10 | 0.69 | 0.21 |

# Global Work=indirect value

- While not separately payable, track “Global” visits:
  - CPT ® 99024: “Postoperative follow-up visit included in global service.”
  - Create a “dummy code” for the pre-op H+P if they are being provided as a separate encounter from the decision for surgery visit
- The global visits performed by the PA would otherwise have to be performed by the physician, tying up revenue generating physician slots.
- For example, if the PA provided 300 post-op global visits, 300 appointments were then made available for the physician to see revenue generating visits.

# For Consideration

ACMPE Paper-

"Physician Assistants in an Orthopaedic Practice : Changing from a Collections Based Compensation to RVU Based System"

Mike A. Timmerman, October 2007, American College of Medical Practice Executives

1. Assigned a random RVU of 1 to post-op global visits,
2. Used the appropriate E+M code RVU for the pre-op H+P to account for the work performed.

RVUs added up quickly, demonstrating the PA's contribution to the practice.

# Global Work Contribution Calculation

- **31%** of the global payment is for work outside the OR.

- If the PA/NP is doing the pre-op H&P, post-op rounds, and post-op office visits, then

**a percentage**

of the global payment could, theoretically, be applied to the PA.

- Additionally, a percentage of the Work RVU attributed to the procedure *could* be applied to the PA for first assist.

# Global Work Contribution Calculation

Example:

**27130 Total Hip** (payable at $1,401*)

Pre-op work (10%): **$ 140.10**

Post-op work (21%): **$ 294.21**

Total: **$ 434.31 (surgeon plus PA)**

Intra-op work (69%): $ 966.69 (surgeon)

*Final figure impacted by geographic index

Source: CMS 2016 Physician Fee Schedule

# Global Work Contribution

- If PA does **80%** of the pre-op and post-op work,

**$347.45**

***could* be "credited/allocated" to PA/NP.**

- **An additional separate payment of**

**$190.54**

can be officially credited to PA for the first assist (13.6% of surgeon's fee).

- **Billing records would show $1401 being attributed to the surgeon.**

# PA Global Value/Contribution

| | |
|---|---|
| First assist payment of | $190.54 |
| plus | |
| E&M share of global payment | $347.45 |

**Total = $537.99 per THR**

# Global Package Value/ Contribution

**If your practice performed**

**300 total hip replacements last year, global package revenue attributed to the PA**

**might be…**

# $161,397

**Note: Does not include the revenue opportunities created for the surgeon (by reducing the post-op global visits in the surgeon's clinic schedule.)**

# Recommended Resources

BY TRICIA MARRIOTT, PA-C, MPAS, DFAAA **PAYMENT MATTERS**

Measuring Productivity

Calculating Your Contribution

AAPA website Member Login required

https://www.aapa.org/no-access/download-id/5457/

MERRITT HAWKINS

an AMN Healthcare company

**RVU BASED PHYSICIAN COMPENSATION AND PRODUCTIVITY**

Ten Recommendations for Determining Physician Compensation/Productivity Through Relative Value Units

https://capsnet.org/wp-content/uploads/2013/04/Merritt-Hawkins-RVU-Compensation-White-Paper.pdf