Bundled Pay for Care Coordination Proposed

BY ALICIA AULT
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WASHINGTON — The U.S. health care delivery system should be overhauled to organize medical practice around "integrated care cycles" that are coordinated by a central physician and to reward physicians for providing value, Michael E. Porter said at a media briefing presented by the Journal of the American Medical Association.

The proposals are a shortened version of a book written by Mr. Porter, the Bishop William Lawrence University Professor at Harvard Business School, and his coauthor, Elizabeth Olmsted Teisberg of the University of Virginia's Darden Graduate School of Business.

According to Mr. Porter and Ms. Teisberg, a value-based system has three principles: providing value for patients, organizing delivery of care around conditions and care cycles, and measuring results, preferably risk-adjusted outcomes that are measured over the full cycle of care, not just an individual care episode (JAMA 2007;297:1103-11).

"Physicians focused on value for patients will no longer see themselves as self-contained, isolated actors," the authors wrote. "Instead, they will build stronger professional connections with complementary specialists who contribute to patient care across the care cycles for their patients."

The authors pointed out that they do not advocate a single-payer system. They say instead that competition is healthy but the current system supports the wrong kind of competition.

It rewards physicians and health plans for taking patients away from one another or for shifting costs onto a competitor, rather than for providing value for the patient in the form of improved clinical outcomes, said the authors.

Physicians are in the best position to change the delivery of health care, the researchers said.

"Physicians have to get out of the bunker," Mr. Porter said at the briefing.

He said they could lead by becoming part of a care team and agreeing to accept a piece of a payment that would be bundled for the episode of care, not for an individual service. And they can take the lead in defining outcomes measurements, Mr. Porter said.

In the article, the authors said that pay-for-performance models are also going down the wrong track, because they are aimed only at getting physicians to comply with processes of care. That will not provide value to the patient and, with more and more such measures, will likely lead to micromanagement of medical practice, they said.

A study published the same week in March in the New England Journal of Medicine found that pay-for-performance proposals under Medicare aren't likely to work well under the current system, because patients' care is not being coordinated by a single provider.

In fact, beneficiaries are seeing multiple physicians—typically seven physicians in four practices in a given year—which "impedes the ability of any one assigned provider to influence the overall quality of care for a given patient," wrote the investigators, who were with the Center for Studying Health System Change and the Memorial Sloan-Kettering Cancer Center's Health Outcomes Research Group (N. Engl. J. Med. 2007;356:1130-9).

Mr. Porter and Ms. Teisberg envision a future where most physicians are allied in partnerships or working for large group practices or staff-model managed care organizations, so that the care can be delivered more efficiently.

Their model is similar to the medical home concept that's being promoted by the American College of Physicians and the American Academy of Family Physicians. Under the concept, physicians would provide a bundled payment to a physician to coordinate care and there would be a pay-for-performance element based on patient outcomes.

Medicare will pay for a 3-year, eight-state demonstration of the medical home, and ACP and AAFP are working with IBM on testing such a program with its employees in Austin, Tex. ■

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EXPERT COMMENTARY

Is a Billing Service Right for You?

BY JOSEPH S. EASTERN, M.D.

Are billing services a good idea, and are they worth the cost?

As with most things, it depends. To answer the question for your particular situation, you and your office manager should do a detailed analysis of how your billing is being handled now.

In reviews of this type that I've observed or participated in, it is common to find examples of missed charges, as well as failures to add modifiers and unbundle services (where that is legal and proper).

The most common errors made by in-house billing employees include the following: missing filing deadlines, writing off services that should be appealed, appealing issues that are not winnable, not responding to carrier requests for information, not working accounts receivable, and not sending out timely statements.

Engaging a good billing service will correct these problems.

Embezzlement is another serious concern. A reputable billing service will create ample paper trails so that you know where all your money is going.

In addition, there are changes coming to the billing process that your staff needs to be aware of. Since the beginning of the year, there has been a new CMS-1500 form to fill out. Beginning in May, you'll need to have your National Practitioner Identification (NPI) number in use. Carriers are mandating in ever-increasing numbers that claims be filed electronically. The same goes for electronic fund transfer and automatic remittance—meaning no more checks or paper explanation of benefit forms.

And, of course, electronic health records are adding their own wrinkles. If your office equipment is inadequate to meet these new demands, a billing service could be your best option.

So, should you outsource your billing or not? Inga Ellzey, the noted practice management consultant (and owner of several billing services), suggests you ask the following questions:

► How much are in-house billing and collections costing you?

► Is your staff writing off services unnecessarily?

► Are they following up on unpaid claims?

► Do you honestly know what percentage of your gross charges you are collecting?

► What is your accounts receivable after 90 days?

► Are you facing expensive computer upgrades?

► Are you losing key employees and having problems finding good replacements?

► Are you adding associates, nurse practitioners, or physician assistants, and do you need the space now being occupied by your billing department?

These are excellent questions, in particular the first. When calculating what billing is costing you now, be sure to factor in postage (the biggest expense); printing of statements; envelopes and return envelopes; computer time, ink, and paper; and, of course, staff time (printing, stuffing, stamping, etc.).

The greatest cost to a practice from in-house billing, however, is revenue lost by underqualified employees performing this vital function in a suboptimal manner. So it is worth remembering that even if, on paper, in-house costs are the same as those of a billing service (or even a bit lower), outsourcing may still be preferable due to decreased staffing headaches and increased quality of billing.

If you are considering a billing service, Ms. Ellzey suggests looking for a company with organizational stability, sufficient staffing, knowledge and experience within your specialty, reasonable fees, acceptable contract length and penalties, efficient methods of communication with your office, and state-of-the-art technologic capabilities.

She also suggests you consider the following questions before making the final decision:

► Are you willing and ready to give up control of the day-to-day billing process?

► Can you accept that a billing service has its own ways of doing things, which may be different from yours?

► Is your entire staff willing to change the way billing is handled? (A stubborn holdout could be an embezzler.)

► Does outsourcing of billing make economic sense for your practice?

If the answer to all of these questions is an emphatic yes, outsourcing may be the way to go.

Then again, now that I have perhaps convinced you of the merits of billing services, there is another alternative you might consider—one that I've mentioned before.

Consider doing what a growing number of businesses—including every hotel, motel, and country inn on the planet (and my office)—already do: Ask each patient for a credit card, take an imprint, and bill balances to it as they accrue.

It takes time to implement such a system, but once in full swing, your billing needs could decrease by as much as 80%, as they have in my office. ■

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