



# New Practice Models in Pediatrics

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# Agenda

- The Market
- Options
- Build Your Brand
- New Service Offerings
- Super Groups
- Urgent Care
- Direct Care



# Today's Market

- Economy: revenues are down
- Regulations: more complex and harder to manage
- Costs: higher than ever
- Fewer Opportunities: decrease in ability to provide ancillary services
- Advent of new payment models and greater competition
- Payment rates:
  - In-network plans keep cutting payments
  - Out-of-network payments are pegged to Medicare rates



# Issues Prompting Consolidation

Many practices are facing –

- Declining revenues and patient base
- Little leverage with Payers
- Coding and compliance challenges (audits looming)
- Growing concerns for viability or independence
- Introduction of new models - ACO, PCSP, value-based payments etc.
- Growing competition from non-physician practice entities (like retail-based clinics and freestanding ERs, Payers now purchasing providers too)



# What To Do?

- ❑ 'Sell' Practice & Retire?
- ❑ Merge/Sell Practice & Work for Someone Else?
- ❑ Contract Away Administration?
  - Management Service Organization (MSO)
  - Physician Practice management Company
- ❑ Join / Joint Venture with a Hospital?
- ❑ Merge with / start a Super Group?

OR . . .



# Or Build Your Brand!

- ❑ Expand services!
- ❑ Target New Markets!

Payers and Patients are Looking For –

- A recognized 'brand'
- Key components of your practice that are unique and valuable
- Innovation and 21<sup>st</sup> century technology utilization
- Ability to build relationships
- Access and accessibility
- Value, value, value . . .



# Building Your Brand: Mission

- Get clear on your mission (update it if you haven't thought about this for a while)
- What is the personality of the practice?
- Does it fit with where you are now? And where you want to go?
- What opportunities exist that you could evolve / aspire toward?



# Building Your Brand: Resources

- What do you do well?
- What could be expanded upon? (e.g., do you have an RN who is also a great asthma educator?)
- What services do your patients request that you may have the resources to accommodate? (e.g., an MA who is also a CLC, or a colleague who wants to share a nutritionist)





# Building Your Brand: Network

- What opportunities lie with others? (e.g., creating a super group, working with an ACO to develop clinical integration)
- What opportunities do your patients tell you you have?
- What specialists may be available to you? (e.g., lactation consultants, mental health / case workers, nutritionists, etc.)



# New Service Offerings



# Creating Diversity Within Your Practice

## Implement 'Clinics'

- Meet Your Patients' Needs
  - Asthma clinics
  - Nutrition clinics
  - Travel clinics
  - Adolescent clinics



# Creating Diversity Within Your Practice

## New Lines of Business

- Lactation / Breastfeeding Center
- Mental Health
- Urgent Care
- Nutrition



# 'Super Group' and Large Scale Models & Contracts



# Types of Structures

There are several types of 'super-groups', defined as practices coming together but each retaining some autonomy.

- Super-Groups:
  - Physician-Owned with Centralized Services
  - Physician-Members, Management Company Run
- Hybrid / Joint-Venture Models:
  - Practice and Hospitals
  - Practices and Payers
- ACO models:
  - Independent
  - Hospital Owned



# Hybrid / Joint-Venture Models & ACOs

Typically these exist between:

1. Hospital and sub-specialists
2. Payers and primary care 'brands'

The original ACO concept is already morphing into several options:

- Hospital Owned Models (original concept)
- IPA/PHO Driven Models
- Multi-Specialty Care Super Group Models



# Super / Clinically Integrated Groups

The most popular type of super-groups are those that are physician-owned. Management may vary:

1. Umbrella corporation with one tax id and owned centralized services (e.g., Lifeline in NJ)
2. Umbrella corporation with one tax id and hybrid / outsourced centralized services (e.g., PriMed in CT)





# Challenges with Consolidation

Issues for physicians to consider in any merger, acquisition or sales activity:

- Potential loss of autonomy
- Limitation on income potential
- Hospital / larger entity objectives may not always align with physician objectives
- Lack of transparency in everyday dealings & strategies
- Competing goals
- Compliance challenges
- Cultural fit



# Benefits with Consolidation

- More stability in growth and income through ‘brand recognition’
- Reduced insurance administrative burden / ability to afford professional management and services
- Improved Payer leverage
- Reduced risk
- Access to larger patient base
- Improved infrastructure (HIT, staff training, etc.)
- Access to clinical programs / value-based options



# Creating A New Super Group

## Considerations

- Compensation
  - Change in compensation?
- Group Practice
  - Rights & Obligations
  - Control?
- Centralized Management
  - Benefits
  - Costs
- Legal, Accounting and Management issues



# Legal Hurdles\*

## Anti-trust laws

- Limit mergers that reduce competition and limited exemption for health care professional coalitions
- Must be clinically integrated to reduce concerns about the use of super-groups to 'price fix'
- Must do an analysis of increased market power vs. benefits of integration
- Self-referral law "group practice" requirements
  - centralized billing & management
  - single taxpayer ID
  - general sharing of overhead
- Pension plan rules require coordination of plans
- Taxability of transaction
  - structure may have significant tax ramifications



\* Not intended as legal advice!

# Key Considerations\*

## Financial Considerations

- Division model or fully merged?
  - Allocating Costs and Revenues (by FTE? By practice? By member? By size? Etc)
- One time buy in or 'membership' fee?
- Set up vs steady-state costs
- Repayment of founder investment
- Banking and borrowing

## Operational Considerations

- Effective book-keeping
- Centralized management and billing staff
- Consistent policies and procedures
- HR needs



\* Not intended as legal or accounting advice!

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# Key Considerations\*

## Technical Considerations

- All need to be on same platform / EMR for effective integration
  - Conversions
  - On-going Support
- Support of IT / Phone / PC infrastructure

## Payer Contract Considerations

- Negotiating without strong-arming
- Adding additional members / providers
- Managing to 'metrics' such as P4P, ratings, tiering



\* Not intended as legal or accounting advice!

# Key Considerations\*

## Governance

- Elected Board?
  - Frequency of elections
  - Determining representation
- Cross-organizational communication
- Committees

## Third Party Agreements

- Leasing equipment
- Real Estate
- Ancillary services



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# Next Steps

- ❑ Don't be afraid to start small. It is easier to get a handful of like-minded practices together than it is to corral 10 practices with different ideas. Build it and they will come . . .
- ❑ Hire a legal firm that has put together MANY super groups and that has been doing this for a while
- ❑ Hire an accounting firm that is familiar with super-group / divisional models and who can help to build the structure
- ❑ Utilize / hire a project manager, executive or consultant who is experienced / seasoned in bringing practices together
- ❑ If utilizing an existing physician-member to be CEO, make sure they have enough time to perform the job effectively. At least 2.5 days per week. . .





# Urgent Care



# Why Consider Adding a UC to your practice?

There are a number of benefits to your practice:

1. Potential for better payment for extended hours
  - Fewer plans pay for 99050/99051 and recognize the 'extra hours' work you do. Payment in addition to E&Ms is available to UCs.
2. Fewer patients ending up in other UCs
  - Stop the UC drain on your practice!
3. Great value to your community
  - Ability to contract directly with self-funded employers
  - Different message to patients and other practices' patients!



# Considerations

Evaluate the opportunity:

- You may need to set up a separate company
- You may need separate (ancillary) contracts
- Do you need to hire more providers?
- Will you be required to have a separate entrance and waiting area, and a minimum number of UC hours?

While there are no laws about this, individual Payers will each have their own criteria . . .



# What's the Downside?

## **Rules, rules, rules!**

- Complex federal and state rules and regulations present significant issues for providers
- Hazards include
  - Self-referral / Stark laws
  - “Mini-Stark” laws by state
  - Corporate practice of medicine
  - Other rules and regulations



# Licensing & Certification

Most states do not have any criteria specific to urgent care centers, just follow the rules that are in place for opening any regular medical office.

- But a few states do have specific regulations - Arizona, New Hampshire, Delaware and Maryland
  - Arizona is the only state that specifically requires the licensure of urgent care centers.
  - Florida licenses healthcare clinics, and urgent care centers may fall under the definition of healthcare clinics in that state.



# Licensing & Certification

Certification is not a requirement for opening in any state.

- However, some payers are beginning to require it or to accept it in lieu of their own credentialing process
- Certification / accreditation can help centers differentiate themselves but can be expensive and may require onsite xray capability

## Who Certifies?

- The UCAOA (Certification)
- The Joint Commission (Accreditation)



# Contracting With Payers

## Contracting

- Some Payers will want to contract you under 'ancillary' agreements, in which case you will need a separate TIN from your practice
- Some will allow for payment of these services under your existing contracts
- Credentialing
- If you are required to sign an 'ancillary agreement', credentialing for your urgent care will be required



# Contracting With Payers

## Using Existing Contracts

- Register a second type 2 NPI number and bill using your existing TIN and new NPI. Not all Payers will be able to process claims this way, however.

## New Contracts

- Ancillary contracts pay differently to physician agreements. Usually there is a global fee for UC care and only one code for the service recognized.





# Contracting With Payers

## Ensuring Adequate Payment

- Whether using an existing contract or new one, you must get reasonably compensated for the UC.
- Negotiate a rate based on expected services, e.g. what types of illnesses will you see at the UC? It is riskier to treat broken bones and lacerations in terms of setting your costs.



# Coding

- UC specific codes include S9083 for global fees, irrespective of the treatment provided, and S9088, an “add on code”
- Some payers will want you to use the S-codes, others will negotiate a rate for 99050/99051 as your primary care practice will no longer bill these codes (all after hours and weekend should run through the UC)
- If a Payer does not pay the 99050/1 by policy and does not recognize the S-codes, negotiate increased rates across your E&Ms (if using existing contract)



# Coding

- New vs. Existing Patients
  - If all of the providers in your center are the same specialty, and you've treated the patient in the last 3 years, that patient is an established patient for you
- Use Place of Service code 20
- Always use a UC specific NPI 2 number



# Direct Care



# Concierge vs. Direct Care

## Hybrid (Concierge) vs. Direct Care

- Concierge often means accepting insurance and charging an annual fee
- Direct Care means services sold directly to consumers / patients



# Concierge

## Annual Fees

- Be careful that you aren't charging for 'access!'
  - Unethical to do so, could be illegal
- Define services that fall under that annual fee (limit them to very specific essential but non-covered services)
- Payers may take exception and cause problems



# Direct Care

## No insurance contracts at all

- No contracts means no limiting agreements and no reach from insurers
- Be sure to provide HCFA forms so that patients can apply to insurance companies for reimbursement
- Be transparent in your pricing
- Have patients sign Patient Agreement
- Make sure to keep credit card on file and use it!
  - And make sure to have a BAA in place with the credit card company



# Q & A

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