RHC/CAH Provider Productivity

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Session Agenda

- Provider Staffing Requirements in the RHC Setting
- Productivity Metrics
- Financial Impact of RHC Provider Productivity
- CAH Productivity Examples
- Summary/Questions
Provider Staffing Requirements in the RHC Setting

Medicare Regulations

**30.1 - RHC Staffing Requirements**

*(Rev. 239, Issued: 01-09-18, Effective: 1-22-18, Implementation: 1-22-18)*

In addition to the location requirements, an RHC must:

- Employ an NP or PA; and

- Have an NP, PA, or CNM working at the clinic at least 50 percent of the time the clinic is operating as an RHC.

The employment may be full or part time, and is evidenced by a W-2 form from the RHC. If another entity such as a hospital has 100 percent ownership of the RHC, the W-2 form can be from that entity as long as all the non-physician practitioners employed in the RHC receive their W-2 from this owner.

Source: CMS Publication 100-02, Chapter 13
30.1 - RHC Staffing Requirements
(Rev. 239, Issued: 01-09-18, Effective: 1-22-18, Implementation: 1-22-18)

As of July 1, 2014, RHCs may contract with non-physician practitioners (PAs, NPs, CNM, CPs or CSWs) if at least one NP or PA is employed by the RHC (subject to the waiver provision for existing RHCs set forth at section 1861(aa)(7) of the Act).
30.1 - RHC Staffing Requirements
(Rev. 239, Issued: 01-09-18, Effective: 1-22-18, Implementation: 1-22-18)

An NP, PA, or CNM must be available to furnish patient care at least 50 percent of the time that the RHC is open to provide patient care. This requirement can be fulfilled through any combination of NPs, PAs, or CNMs as long as the total is at least 50 percent of the time the RHC is open to provide patient care. Only the time that an NP, PA, or CNM spends in the RHC, or the time spent directly furnishing patient care in another location as an RHC practitioner, is counted towards the 50 percent time.

Source: CMS Publication 100-02, Chapter 13
Productivity Metrics

Provider Productivity:

- Physician work Relative Value Units per provider FTE.
- Separate by physicians and non-physician practitioners.
- Benchmark data available from Medical Group Management Association (MGMA) and various other sources.

Productivity Metrics

Provider Productivity:

- Patient Visits per provider FTE.
- Separate by physicians and non-physician practitioners.
- RHC-specific data available on Medicare cost report.
If provider encounters per FTE are lower than State, Regional, and/or National averages:

- Are FTEs accurate?
- Are encounters accurate?
- Are there barriers to achieving higher productivity?
- Are providers rewarded for higher productivity?

Non-physician practitioner productivity comparisons may reveal differences from physician productivity.
Financial Impact of RHC Provider Productivity

Sample Illustration

Productivity Impact Illustration

Key Data and Assumptions for Analysis

- Baseline data (RHC Medicare Cost report)
- Not currently meeting productivity standards
- Assumed overall costs not impacted by additional encounters
- Assumed to increase productivity by 2 patients per day (420 per year)
# Productivity Impact Illustration

<table>
<thead>
<tr>
<th>PRODUCTIVITY IMPACT ILLUSTRATION</th>
<th>Current</th>
<th>Improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Allowable Cost</td>
<td>$2,559,000</td>
<td>$2,559,000</td>
</tr>
<tr>
<td>Actual Encounters</td>
<td>13,000</td>
<td>13,420</td>
</tr>
<tr>
<td>Medicare Productivity Minimum (Adjusted) Encounters</td>
<td>13,328</td>
<td>13,328</td>
</tr>
<tr>
<td>Total Allowable Cost per Actual Encounter</td>
<td>$197</td>
<td>$191</td>
</tr>
<tr>
<td>Total Allowable Cost per Adjusted Encounter</td>
<td>$192</td>
<td>$192</td>
</tr>
<tr>
<td>Medicare Encounters (25%)</td>
<td>3,250</td>
<td>3,355</td>
</tr>
<tr>
<td>Medicaid Encounters (20%)</td>
<td>2,600</td>
<td>2,684</td>
</tr>
<tr>
<td>All Other Encounters (55%)</td>
<td>7,150</td>
<td>7,381</td>
</tr>
<tr>
<td>Total Actual Encounters</td>
<td>13,000</td>
<td>13,420</td>
</tr>
</tbody>
</table>

Medicare Reimbursement (Encounters x Allowable Cost per Encounter) $624,000 $639,750
Medicaid Reimbursement (@Medicare AIR) 499,200 511,800
All Other Reimbursement (@$150 per encounter) 1,072,500 1,107,150

Total Reimbursement $2,195,700 $2,258,700

Reimbursement Increase for 420 additional patients (2 per day) $63,000

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## CAH Provider Productivity

*Productivity Metrics for Hospital-Based Providers*
Hospital-based provider productivity examples:

- Emergency Department
- Hospitalists
- Anesthesia

Emergency Department:

- Physician median wRVUs vary greatly from < 6,000 wRVUs in non-metro areas to > 7,000 wRVUs in metro areas.
- 3.5 to 4.5 wRVUs per clinical hour worked is not unreasonable.
- Physician Assistant (primary/urgent care) median approximately 3,600 wRVUs.
Hospitalists:

- Hospitalist (family medicine) median of approximately 4,500 wRVUs annually; slightly lower for internal medicine hospitalists.

- 2.0 to 3.0 wRVUs per clinical hour worked is not unreasonable.

- Limited data on nurse practitioner hospitalists suggesting substantially lower productivity (median of 1,700 wRVUs).

Anesthesia - CRNA:

- Anesthesia productivity metrics include American Society of Anesthesiologist (ASA) Relative Value Guide.

- ASA units consist of base units, time units (15-minute increments) and may also include modifiers for patient severity.

- Anesthesiologist (MD) median is approximately 12,000 ASA units annually; professional charges of about $1.5M.

- CRNA median is approximately 5,300 ASA units annually; professional charges of about $500,000.
Critical Access Hospital financial/productivity examples:

- Salaries per Discharge: $4,286
- FTEs per Occupied Bed: 4.94 FTEs
- Staff Hours per Discharge: 145.3 hours
- Hospital Length of Stay: 4.9 days

(2017 median data for All Critical Access Hospitals, as reported by Optum.)
Summary

- RHCs have stringent practitioner staffing requirements
- Various metrics can be used to measure provider productivity
- CAHs often employ/contract practitioners in areas such as ED, inpatient/hospitalist, and anesthesia
- Productivity changes can substantially impact financial performance

More Questions?
Today’s Presenters

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Thank you!