Part B Insider (Multispecialty) Coding Alert

Part B Coding Coach: Pediatric Coding: How Do Your Results Compare To Other Pediatricians?

Use benchmarking tactics to determine your financial potential.

Most pediatricians know that benchmarking can help you compare your practice against other pediatric offices to determine whether you're coding above or below normal levels—but many don't know how to get started—until now.

Chip Hart, director of PCC's Pediatric Solutions Consulting Group, shared scores of benchmarking tips specific to pediatric practices during his May Audioeducator.com webinar, "Pediatric Financial Benchmarks." You can use his advice, which we've summarized below, to get started with a benchmarking program at your practice.

You Benchmark Clinically—Now Do It Financially

Benchmarking creates a standard against which you can compare other data, Hart says. "When you take labs or look at blood levels, those are benchmarks that you compare against something else for clinical reasons," he explains. "We all know that a pulse of 200 is probably not healthy, a blood pressure of 90 over 30 is probably not healthy." The same goes for your practice's financial well-being—once you know whether or not your finances are healthy, you can keep an eye on them to see whether they go up or down.

And while it's important to know what the rest of the country is doing in terms of billing data, you should always remember that the most important benchmark resource is yourself, Hart explained. For instance, if you change your billing or coding process, you have no way of knowing whether the new program is more efficient if you don't benchmark your current information against your old data. "You use the benchmarking data to measure your performance and compare it to others, but more importantly, to yourself."

In addition, you should use benchmarks not just as a measure of past performance, but also to set goals for your practice, such as in terms of your revenue or claims success.

Know Where to Find Data

If you want to compare your benchmarks to information about other practices, you have to look around. "There are remarkably few resources for pediatric benchmarks," said Hart, who shares benchmarks on his blog frequently. "Benchmarks can be very localized—the benchmark that you have in your practice is likely going to differ substantially from a practice on the other side of town." That's because you could be seeing different types of patients, you could be a pediatric specialist, or any other variety of reasons.

Good benchmarks have the following features, Hart says:

- **They should be easy to understand.** Some of the governmental benchmarks, for instance, are very difficult to understand and break down.
- **They should be simple to calculate.** You shouldn't need a special report from your vendor or complex calculations.
- **The best benchmarks are a single number.** Many benchmarks are confusing or distracting, forcing you to determine what the benchmark is supposed to describe. Instead, a single number can help you make sense of the

information.

Hart shared data from his PCC clients' practice management systems, which include half a billion dollars of charges annually and millions of CPT® codes. "It's pretty robust," he said. "As you can imagine, however, if we're gathering data from 40 states and hundreds of pediatricians, the range of behaviors that we see from our clients is substantial. I have clients who are 80 percent Medicaid in rural Texas and I have clients in Manhattan who have never seen a Medicaid patient." The clients on which Hart's data is based are all independent pediatric practices with up to 50 pediatricians.

Keep in mind that if your numbers don't immediately match up to the data, don't feel bad because these practices have consultants advising them, which means that they are likely billing at the peak of efficiency.

Most Pediatricians See These A/R Days

The most common and potentially distracting benchmark of all is A/R days, which measure the time it takes to collect outstanding balances. "It allows practices of different sizes or different volumes to compare results," Hart said. By calculating days in A/R, you can compare a solo practice to a 20-doctor practice by dividing your total accounts receivables by the average daily charges. "So if you take $300,000 of A/R and your practice charges out about $10,000 a day, you have an average of 30 A/R days," he says.

Use at least three months of data, Hart says, because the data could be impacted if, for instance, a doctor goes on vacation or has a sick day. Once you find your days in A/R, you can compare it to national averages.

Here's the benchmark: "The biggest chunk of pediatricians nationally have between 15 and 31 days in A/R," Hart says. There are practices, however, who have A/R days over 45 and others that are below 18 days. "What I tell practices all the time is, if you are between 20 and 30 days of A/R, then A/R is not your problem."

Write offs make big impact: You don't want to use your days in A/R as a benchmark if you're writing off a lot of charges, Hart warns. "I call days in A/R a 'distracting benchmark' because I know practices who have given bonuses to their billing staff or office manager for lowing the A/R, and I can lower your A/R in an instant because I can write it all off. A high A/R may or not be bad□what's important is, do you ever collect it?"

Drill Down Further to Late A/Rs

In addition to determining your days in A/R, you should further determine your A/R between 60 and 90 days. "If I had to pick an A/R figure that I check as a practice manager or practice owner on a weekly basis, it would be what percentage of A/R is over 60 days or very specifically, between 60 and 90 days," Hart said.

At 90 days, most practices lose a timely filing opportunity, because claims over 90 days don't get paid if they haven't been filed already. "And if you want to have some oversight of your practice, one of the quickest and dirtiest ways to see that someone is not performing properly is to see a bubble come through," Hart advises. This means you have a very standard A/R distribution and then a sudden shift appears where claims went to the 60 to 90-day range because maybe your biller went on vacation or doesn't want to talk to the insurers, or there are other issues preventing that claim from being paid.

Here's the benchmark: "About 15 percent of our clients have an A/R that is in 60 days of A/R or greater representing about 15 percent of their total," Hart said. "If you look at your A/R and see how much is over 60 days, look at that number from about six months or a year ago and look at it every 15 to 30 days, and you'll very quickly get an idea of when you need to pay attention to your A/R jumping up."

Nationally, the majority of Hart's clients' A/Rs (52 percent) are under 30 days, 15 percent are between 31 and 60 days, six percent are from 61 to 90 days, and four percent are between 91 and 120 days. Some 23 percent of his practices

have A/R that exists for more than 120 days, representing practices that don't write off balances.

Know Your Revenue Per Visit

"If I had to pick one single benchmark for all the consulting work I do, it would be revenue per visit, because I can base a tremendous amount of analysis on this," Hart said. To calculate this, divide your total revenue by your total visits for a given time frame (one year is best), he said. So if you collected $3 million over the course of a year and performed 30,000 total visits, your revenue is $100 per visit. Include PQRS bonuses or any other revenue you collected in the total.

Here's the benchmark: Nationally, the average pediatric practice among PCC clients generates $135 a visit, Hart said. The top ten percent generate at least $171 per visit, and the bottom 10 percent generate $98 per visit. If you subtract immunizations (because immunization coverage is substantially different around the country), the average pediatrician as of March 2016 averaged $109 per visit, the top ten percent averaged $135, and the lowest ten percent averaged $83 per visit.

Check Your Medicaid Volume

Not enough practices measure Medicaid volume, but it's important to keep an eye on this if you take Medicaid, Hart said.

Here's the benchmark: On average, PCC's clients see 30 percent of their visits as Medicaid patients, and that number is growing substantially. If you have 15 percent of your practice mix as Medicaid, it's really important that you check that number every two to four weeks, because you don't want it going from 15 to 25 percent Medicaid and subsequently lose a large quantity of non-Medicaid patients, he said.

Determine Your E/M Distribution

Your E/M distribution is also important to calculate. Because pediatricians don't personally perform 99211 visits, you'll calculate your E/M distribution based on billings for codes 99212 to 99215, Hart said.

To boil this down to a single benchmark, Hart adds together all of the 99214s and 99215s and divides those by the total number of 99212 to 99215 codes. He excludes E/M codes with modifier 25 appended because the coding direction could be different on those services.

So if you have 3,000 claims that are billed as either 99214 or 99215 codes and you've reported 20,000 total E/M visits, you'll divide 3,000 by 20,000, leaving you with a 15 percent rate of the higher-level codes.

Here's the benchmark: Nationally, on average, pediatricians do about 30 percent 99214s and 99215s, Hart says. There are some practices, however, that bill 59 percent of their claims as high-level codes, with others reporting only nine percent as 99214 or 99215.

Stay in the Loop

For more benchmarking data, you can find information on Hart's blog at www.chipsblog.com.

Although every practice is different, Hart recommends that practices create a "menu" of benchmark data that they plan to review daily, weekly, monthly, annually, etc. Then you can compare that information to previous time periods. During these checks, you'll want to look at your revenue per visit and sick to well ratio, comparing them to a comparable time period last year. Keep in mind, however, that pediatrics can be seasonal, particularly when specific viruses go around and visits increase, so don't panic if the numbers are different□simply investigate why.

Resource: To listen to Hart's one-hour benchmarking advice, visit

www.audioeducator.com/pediatrics/pediatric-financial-05-18-2016.html.