

Part B Insider (Multispecialty) Coding Alert

REIMBURSEMENT TIPS: Why Do Big-Ticket Procedures Lose Money?

Profitable on paper, but not in reality: know the signs of a money-loser

If only counting up profits were as simple as subtracting expenses from your reimbursement.

In the real world, though, a procedure that looks as if it ought to make money for your practice could be a money-loser. For example, if it always takes forever to get paid for a particular procedure, the long wait and exhausting paper chase can tip the scale from profit to loss.

This is especially likely to be a problem with experimental or very new procedures, says consultant **Phyllis Yingling** with Apple A Day in Hilton Head, S.C. In general, Medicare takes 15 to 45 days to pay for whatever it'll pay for. But sometimes the carriers will put a particular service on review.

And some procedures simply take more effort to receive reimbursement. Yingling cites the example of Viadur, an implant that releases leuprolide acetate into prostate patients for a year. After one year, the physician must replace the Viadur implant, but the carriers often won't cover the re-implant if the physician files an electronic claim. "You have to submit them on hard copy with documentation or they're going to get denied," Yingling complains.

It's not that the procedure isn't reimbursable. "It's the mechanics of being filed and looked at," Yingling says. She's noticed similar problems with orthopedic procedures.

So if you're doing a particular procedure often and considering adding another physician to cope with the high volume, it's wise to spend some time figuring out whether that procedure actually generates a profit. One practice was all set to hire an extra doctor for an in-demand procedure until Redlands, Calif., accountant **Jerry Bartram** helped it use the resource-based relative value system to examine its profits by each procedure. The practice discovered that the high-volume procedure was actually losing money, Bartram says.

This can especially be an issue with managed-care plans, which may steer all patients requiring an expensive procedure to a particular practice, then drag their heels on payment. But even with Medicare, you should make sure you understand the ins and outs of the reimbursement picture before adding a new procedure, experts say.