



# Optimizing Your Bottom Line...

## *Migrated Thinking Required*

GASCO Administrators Meeting

May 4, 2013



**JohnAkscin**Consulting  
Committed to Exceeding Your Expectations



# Objectives

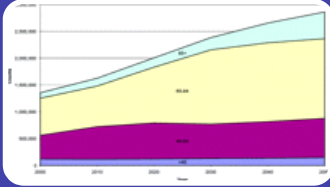
- Define Landscape
- Discuss Models
- Engage Solutions
- Actionable Wisdom





# The Good News...

## *Demand for Cancer Care is Increasing*



It is estimated that 2,220,692 new cases of cancer will occur in the US in the year 2030 – a 55 percent increase over 2008 numbers.<sup>1</sup>



In the past two decades, the overall death rate from cancer decreased by 22.9% in men and 15.3% in women.<sup>2</sup>



Improvements in cancer screening and advances in treatment have resulted in larger numbers of cancer patients and cancer survivors.



The demand for oncologist services will outstrip the available supply of oncologists by 2020 and the nation will face a shortage of 2,550 to 4,080 oncologists by 2020.<sup>3</sup>

Sources: <sup>1</sup>American Institute for Cancer Research Press Release, February 1, 2012...<sup>2</sup>American Cancer Society (ACS; Siegel R et al. *CA Cancer J Clin* 2012;62:10-29) <sup>3</sup>ASCO Study of Workforce for Community Oncologists (excluded surgeons and radiation oncologist) in 2007.

# Top 10 Physician Practice Trends

Payment Reform

Patient Engagement

Alternative Care Models

Practice Efficiency

Physician Employment

Patient Economics

Conflicts of Interest

Pain Management

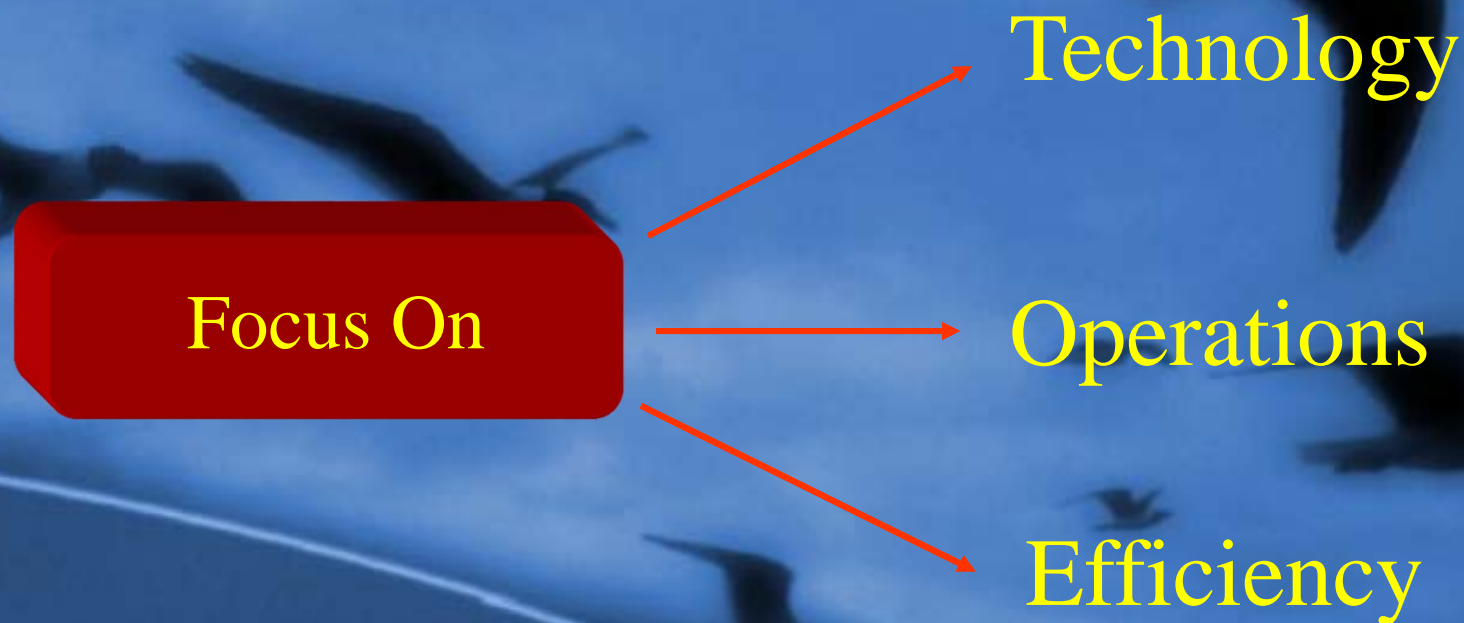
Work-Life Balance

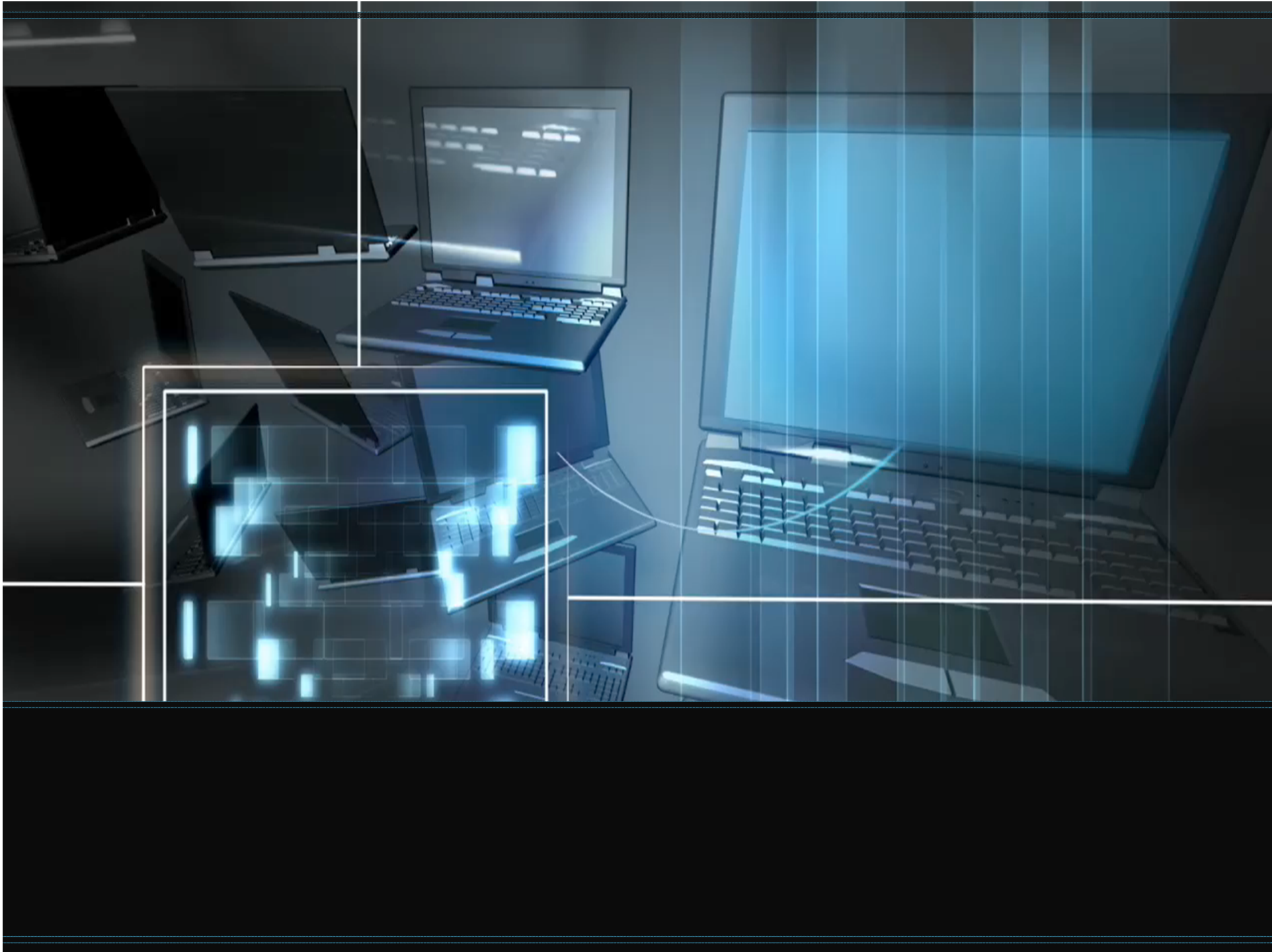
All Things HIT

## Akscin's 5.5 Brutally Honest Queries ...

- 1. How many new patients/FTE Oncologist per year?**
- 2. What is your Ave Days in A/R (DSO)?**
- 3. What is your % MC w/o supplemental insurance?**
- 4. What is your ratio of FTE NPPs to FTE Onc's?**
- 5. Do you have any Managed Care contracts? If Yes go to 5.1**
  - 5.1: Do you know where they are?**
  - 5.2: When did you last review them?**
  - 5.3: Do you know the renewal dates?**
  - 5.4: Do you know the time limit for changes?**
  - 5.5: Have you ever missed this deadline?**

# Migrated Thinking©







# Focus on Technology

Technology

Are your Technology Solutions the best for today's environment?

Training

How well are your people trained?

Automate

Automate, Automate, Automate

Reports

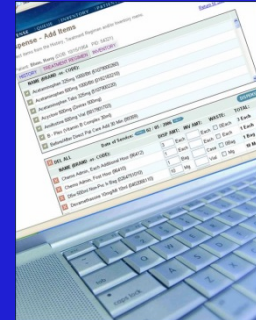
How well do you use the reports function?

Analyze

Who analyzes the reports?

ACTION

How do you take action on the information?



# Focus on Operations



Midlevel  
Providers 1:1  
2:1 

Total FTE Staff

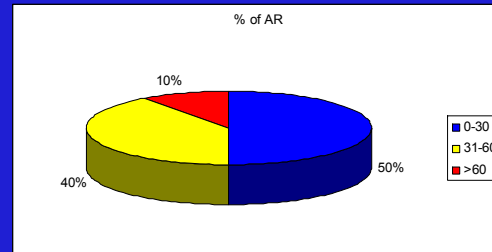
FTE  
CTxRN/FTE  
HemOnc = 1.8

Flex?  
Cross Training?  
Support?

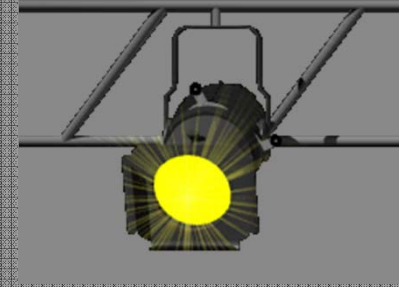
Segregate  
services  
Infusions  
Injections  
Triage  
RN Phone  
New

Benchmarks  
DSO-AR  
How low can you  
go? 28 days  
MC w/o  
Supplement 13%  
RN's/FTE Dr.  
CTx Pt/RN/Day

Yourself  
Negotiation skills  
Technology skills  
Referee skills



# Focus on What Matters...



# 1 Pricing & Value  
*Variance .25%-.5%*



#2 Charge Capture & Inventory  
*Variance 3% - 6%*



#4 MCO Contracting  
*Variance 5% - 10%*



#3 RCM  
*Variance 4% - 8%*

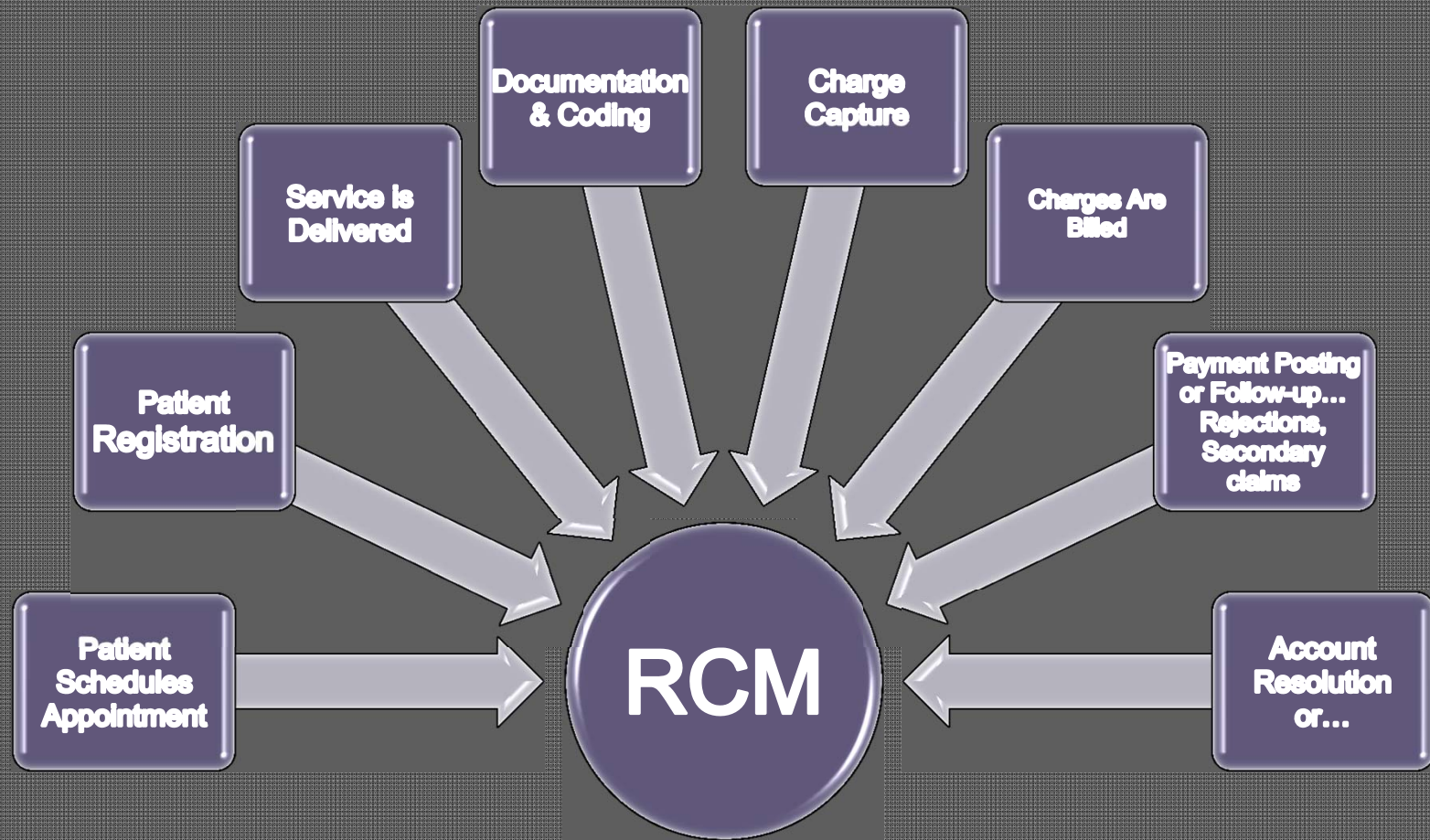


Chart Audits

A/R Management Reporting

Staff Training

# RCM Self Audit

- Process for returned claims and statements?
- How are zero contractual adjustments posted?
  - Transfers to the patient?
- How are denied claims posted and tracked?
  - Transfers to the patient?
- Process for underpayments?
  - Get the patient involved?
- How are rejections tracked and resolved?
  - Transferred to the patient?
- Process for credit balances?
  - Refunds timely?
- Review of bad debt, write-offs, etc?
- Small balance billing? Write-off?

# Key Practice Indicators



# KPI's, Key Practice Indicators Chart of Averages

| KPI   | Result '09/'10     |
|---|--------------------|
| Ave # of new patients per FTE Hem-Onc                   | 378 - 349          |
| Ave Days in A/R (DSO) CY                                | 36.5 - 32.3        |
| Ave FTE NPPs per FTE Hem-Onc                            | 0.60 - 0.57        |
| Ave # of established patient OVs per FTE Hem-Onc        | 3490 - 3728        |
| Total FTE Staff per FTE Hem-Onc                         | 8.4 - 8.1          |
| FTE CTx RN per FTE Hem-Onc                              | 1.8 - 1.9          |
| Total PE per FTE Hem-Onc per yr (in millions) <no Dr's> | \$3.125 - \$3.175  |
| *CODPF per FTE Hem-Onc per year (in millions)           | \$2.337 - \$2.575  |
| *Total Rev per FTE Hem-Onc per year (in millions)       | ~\$4.650 - \$4.525 |
| Drug Rev per FTE Hem-Onc per year as %                  | 68% - 63%          |
| Drug Admin Rev per FTE Hem-Onc per year as %            | 12% - 13%          |
| E&M Rev per FTE Hem-Onc per year as %                   | 12% - 12%          |

Data Extracted from 2010 and 2011 Oncology Metrics Annual Benchmarks Survey

# KPI's, Key Practice Indicators Chart of Averages

| KPI  | Result '09/'10 |
|--|----------------|
| Ave Payor Mix by Billed Charges            |                |
| Medicare (Traditional FFS and MC HMO)      | 47% - NA       |
| Medicaid                                   | 3% - NA        |
| Managed Care (Pure HMO and Discounted FFS) | 36% - NA       |
| Indemnity                                  | 14% - NA       |
| Ave Revenue Mix                            |                |
| Drugs                                      | 69% - 65%      |
| RTx  | 6% - 8%        |
| Infusion                                   | 8% - 8%        |
| E & M                                      | 8% - 8%        |
| Imaging                                    | 4% - 5%        |
| All Other (Lab, In-Office Rx, Non-Medical) | ~ 5% - 6%      |

Data Extracted from 2010 and 2011 Oncology Metrics Annual Benchmarks Survey



# Your Report Card...

| KPI  | Better Performers | Your Practice |
|--|-------------------|---------------|
| % of A/R > 90 days   | 16.69%            | %             |
| Days gross FFS charges in A/R aka DSO Days Sales Outstanding | 29.40             |               |
| Adjusted FFS collection %                                    | 100.00%           | %             |
| Patient accounting support staff/FTE physician*              | .87               |               |
| Total revenue per FTE Hem Onc                                | \$4,525,000       | \$            |
| % of claims submitted electronically                         | 95%               | %             |
| % of claims denied on first submission                       | 4%                | %             |

\*Includes coding, charge entry, cashiering.

# Ten things every oncology group should be doing...

YOUR CHECKLIST FOR SUCCESS

10

# Develop Practice Dashboard



1

- Decide on data to be measured
- Develop tool
- Monthly reporting
- Explain variances

Days in AR

|   |                 |                             |                                 |                                  |                           |
|---|-----------------|-----------------------------|---------------------------------|----------------------------------|---------------------------|
| <b>Days in AR</b>                       | <b>24</b>       | <b>Gross Collection</b>     | <b>49.4%</b>                    | <b>Net Collection %</b>          | <b>98.5%</b>              |
| Ending AR Balance:                      | \$3,452,173.97  | Total 12 Month Collections: | \$22,183,183.53                 | Total 12 Month Adjustments:      | \$22,073,901.57           |
| Total 12 Month Charges                  | \$44,911,828.77 |                             |                                 |                                  |                           |
| <b>Total Full Time Equivalents</b>      | <b>216</b>      | <b>Monthly Payor Mix</b>    |                                 |                                  |                           |
| <b>Physicians</b>                       | 21.5            | <b>Payor</b>                | <b>Percentage of Total Chgs</b> | <b>Percentage of Total Pmnts</b> | <b>Payments / Charges</b> |
| NP_PA                                   | 14.0            | Blue Cross Blue Card        | 37.7%                           | 36.5%                            | 45.4%                     |
| Admin                                   | 7.0             | Medicare                    | 32.3%                           | 24.8%                            | 36.0%                     |
| Staff                                   | 149.0           | United Healthcare           | 7.1%                            | 6.4%                             | 42.8%                     |
| PT                                      | 18.0            | Cigna                       | 6.9%                            | 7.4%                             | 50.3%                     |
| Fulcrum                                 | 6.5             | Medicaid                    | 6.4%                            | 4.8%                             | 35.1%                     |
|   |                 | Aetna                       | 4.0%                            | 4.3%                             | 50.9%                     |
|   |                 | Other                       | 2.3%                            | 2.7%                             | 55.7%                     |
|   |                 | Medcost                     | 1.6%                            | 1.0%                             | 30.0%                     |
|   |                 | Private Pay                 | 0.9%                            | 11.5%                            | 580.0%                    |
|   |                 | Wellpath Coventry           | 0.9%                            | 0.6%                             | 32.6%                     |
| <b>Tickets Billed</b>                   | <b>8519</b>     | <b>YTD Payroll</b>          |                                 | <b>Overhead Percentage</b>       |                           |
| Monthly Billed                          | \$4,282,695.10  | Total Payroll               | \$4,654,761.19                  | Overhead                         | 73.6%                     |
| Monthly Collected                       | \$1,948,393.72  | Employee Payroll            | \$2,630,504.79                  |                                  |                           |
| Monthly Adjusted                        | \$2,184,170.92  | Physician Payroll           | \$2,024,256.40                  |                                  |                           |
| <b>Comparative Physician YTD Income</b> |                 | <b>Total Patients Seen</b>  |                                 |                                  |                           |
| Current YTD Physician Pay               | \$2,024,256.40  | Office New                  | 1290                            |                                  |                           |
| Previous YTD Physician Pay              | \$1,875,469.33  | Office Established          | 3853                            |                                  |                           |
|   |                 | Hospital New                | 308                             |                                  |                           |
|   |                 | Hospital Established        | 619                             |                                  |                           |

| JUNE 2010 | JUNE 2009 | VAR   | YTD 2010 | YTD 2009 | VAR |
|-----------|-----------|-------|----------|----------|-----|
| 33.5      | 35.0      | (1.5) | 36.5     | 34.0     | 2.5 |

# Market Evaluation



2

- What is your market coverage?
- Where do your patients come from?
- Where are your competitors?
- Where should you move next?



# Budgets



3

- Monthly
- YTD
- Year over year
- By location
- By service

## G&A Expense Budget

Your Company, Inc.

For Period Ending April 30, 2010

|                                | This Month       |                  |                 | Year to Date       |                    |                    |
|--------------------------------|------------------|------------------|-----------------|--------------------|--------------------|--------------------|
|                                | Budget           | Actual           | Variance        | Budget             | Actual             | Variance           |
| <b>FIXED</b>                   |                  |                  |                 |                    |                    |                    |
| Exec salaries                  | \$3,200          | \$1,900          | (\$1,300)       | \$31,100           | \$46,600           | \$15,500           |
| Office salaries                | 1,300            | 8,700            | 7,400           | 36,400             | 45,100             | 8,700              |
| Employee benefits              | 22,900           | 19,800           | (3,100)         | 222,660            | 259,000            | 36,340             |
| Payroll taxes                  | 14,200           | 7,500            | (6,700)         | 28,900             | 41,800             | 12,900             |
| Travel and entertainment       | 4,100            | 5,100            | 1,000           | 15,100             | 20,000             | 4,900              |
| Directors' fees and expenses   | 38,400           | 36,100           | (2,300)         | 187,300            | 167,800            | (19,500)           |
| Insurance                      | 18,600           | 10,000           | (8,600)         | 64,100             | 58,200             | (5,900)            |
| Rent                           | 47,500           | 49,700           | 2,200           | 377,500            | 333,300            | (44,200)           |
| Depreciation                   | 46,600           | 30,200           | (16,400)        | 334,000            | 201,400            | (132,600)          |
| Taxes                          | 40,400           | 59,900           | 19,500          | 415,900            | 404,600            | (11,300)           |
| Legal                          | 28,200           | 31,200           | 3,000           | 214,800            | 193,900            | (20,900)           |
| Audit                          | 10,600           | 11,800           | 1,200           | 87,200             | 104,100            | 16,900             |
| Telephone                      | 15,500           | 10,300           | (5,200)         | 15,200             | 21,400             | 6,200              |
| Utilities                      | 31,000           | 39,300           | 8,300           | 68,000             | 97,400             | 29,400             |
| Contributions                  | 36,500           | 43,700           | 7,200           | 87,900             | 92,100             | 4,200              |
| Postage                        | 27,300           | 30,500           | 3,200           | 130,400            | 161,900            | 31,500             |
| Dues                           | 21,300           | 30,800           | 9,500           | 142,100            | 180,700            | 38,600             |
| Miscellaneous                  | 14,800           | 20,300           | 5,500           | 91,000             | 97,800             | 6,800              |
| <b>VARIABLE</b>                |                  |                  |                 |                    |                    |                    |
| Office salaries                | 23,000           | 32,400           | 9,400           | 53,000             | 29,500             | (23,500)           |
| Employee benefits              | 29,800           | 27,800           | (2,000)         | 292,600            | 170,200            | (122,400)          |
| Payroll taxes                  | 4,700            | 3,300            | (1,400)         | 14,400             | 17,100             | 2,700              |
| Travel and entertainment       | 36,100           | 53,400           | 17,300          | 111,400            | 108,900            | (2,500)            |
| Telephone and telegraph        | 4,600            | 6,300            | 1,700           | 47,500             | 44,300             | (3,200)            |
| Stationary and office supplies | 6,600            | 8,100            | 1,500           | 15,100             | 13,400             | (1,700)            |
| Bad debts                      | 11,600           | 10,700           | (900)           | 57,700             | 80,700             | 23,000             |
| Postage                        | 18,700           | 20,400           | 1,700           | 131,400            | 70,900             | (60,500)           |
| Contributions                  | 47,900           | 47,500           | (400)           | 316,800            | 212,300            | (104,500)          |
| Miscellaneous                  | 42,100           | 34,900           | (7,200)         | 232,700            | 331,900            | 99,200             |
| <b>TOTAL</b>                   | <b>\$647,500</b> | <b>\$691,600</b> | <b>\$44,100</b> | <b>\$3,822,160</b> | <b>\$3,606,300</b> | <b>(\$215,860)</b> |

# Five-Year Financial Projection



4

- Expenses and revenues
- Tool for “what if” scenarios
- Tool for “make/buy” decisions
- Must tie to budget

|                                      | CURRENT     | 2010               | 2011               | 2012               | 2013               | 2014               |
|--------------------------------------|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue                              | \$5,407,000 | \$5,395,210        | \$5,383,420        | \$5,371,630        | \$5,359,840        | \$5,348,050        |
| Non-MD Cost                          | \$4,007,000 | \$4,127,210        | \$4,247,420        | \$4,367,630        | \$4,487,840        | \$4,608,050        |
| Total Available for MD Compensation  | \$1,400,000 | \$1,268,000        | \$1,136,000        | \$1,004,000        | \$872,000          | \$740,000          |
| Average Compensation Per MD          | \$200,000   | \$181,143          | \$162,286          | \$143,429          | \$124,571          | \$105,714          |
| Total Change from Previous 12 months |             | <b>(\$132,000)</b> | <b>(\$132,000)</b> | <b>(\$132,000)</b> | <b>(\$132,000)</b> | <b>(\$132,000)</b> |

# Strategic Plan

A car dashboard is visible in the top right corner, featuring a tachometer with a needle pointing to approximately 1.5 (labeled '1/min x1000') and a speedometer with a needle pointing to approximately 10 (labeled 'L/100km'). The background of the slide is a dark red color with a faint, larger-scale version of the dashboard gauges.

5

- Five-year plan for strategic direction
- Growth
- Location expansion
- Facility
- Service expansion
- Mergers
- New services
- Joint ventures
- New technology
- Procedures
- Partnerships
- ROI analysis

# Providing Cost-Effective Care



6

- Established clinical guidelines
- Standardized CTx orders
- Tools for regimen comparisons
- Tools for compliance
- Plans for EOL and Supportive Care



# Marketing



7

- Develop a plan
- Understand the various customers
- Budget
- Execute

|          |   |
|----------|---|
| Customer | <ul style="list-style-type: none"><li>• Referral physicians</li></ul>   |
| Message  | <ul style="list-style-type: none"><li>• Quality</li><li>• Services</li><li>• What can we do to get better</li></ul> |
| Delivery | <ul style="list-style-type: none"><li>• Drop-by visits</li><li>• Survey</li><li>• Follow up on problems</li></ul>   |

# Fee Schedule Verification



8

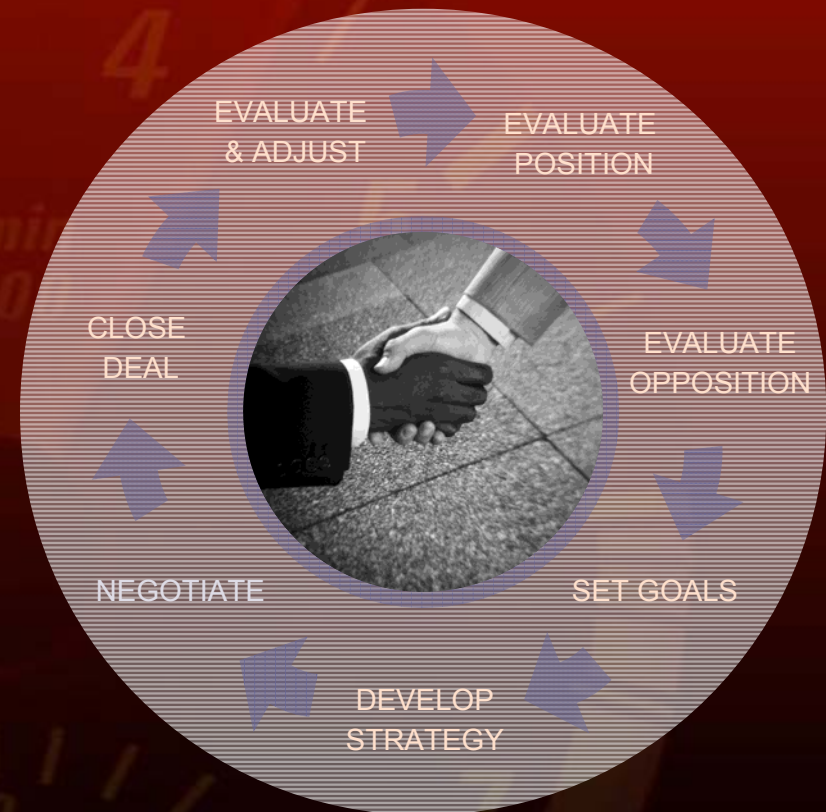
- Verify all payer schedules prospectively
- Process for following up on discrepancies
- Process for automatic fee schedule increases
- Process for identifying “silent PPOs”

# Negotiate Managed Care Contracts



9

- If you never negotiate you never get increases
- Don't take “no” for an answer
- Negotiation is all about leverage
- Follow the negotiation process



# Thinning the Herd



10

- Understand your payer contracts and the rates by payer
- Understand the concept of fixed capacity
- Negotiate or terminate your lowest payer
- Increase your average payment per service

EXAMPLE – BEFORE

| Payer    | Number of Procedures | % of Total | Revenue per procedure | Total Revenue |
|----------|----------------------|------------|-----------------------|---------------|
| Medicare | 1,000                | 40.4%      | \$350                 | \$350,000     |
| Medicaid | 450                  | 18.2%      | \$325                 | \$146,250     |
| BCBS     | 300                  | 12.1%      | \$500                 | \$150,000     |
| UHC      | 200                  | 8.1%       | \$375                 | \$75,000      |
| CIGNA    | 200                  | 8.1%       | \$650                 | \$130,000     |
| Aetna    | 150                  | 6.1%       | \$600                 | \$90,000      |
| Humana   | 100                  | 4.0%       | \$550                 | \$55,000      |
| Coventry | 75                   | 3.0%       | \$750                 | \$56,250      |
| Total    | 2,475                |            | \$425                 | \$1,052,500   |

EXAMPLE – AFTER

| Payer    | Number of Procedures | % of Total | Revenue per procedure | Total Revenue |
|----------|----------------------|------------|-----------------------|---------------|
| Medicare | 1,087                | 43.9%      | \$350                 | \$380,450     |
| Medicaid | 489                  | 19.8%      | \$325                 | \$158,925     |
| BCBS     | 327                  | 13.2%      | \$500                 | \$163,500     |
| UHC      | 0                    | 0.0%       | \$375                 | \$0           |
| CIGNA    | 220                  | 8.9%       | \$650                 | \$143,000     |
| Aetna    | 163                  | 6.6%       | \$600                 | \$97,800      |
| Humana   | 108                  | 4.4%       | \$550                 | \$59,400      |
| Coventry | 81                   | 3.3%       | \$750                 | \$60,750      |
| Total    | 2,475                |            | \$430                 | \$1,063,825   |

# Akscin's Pearls of Wisdom



- Collaborate

- Engage

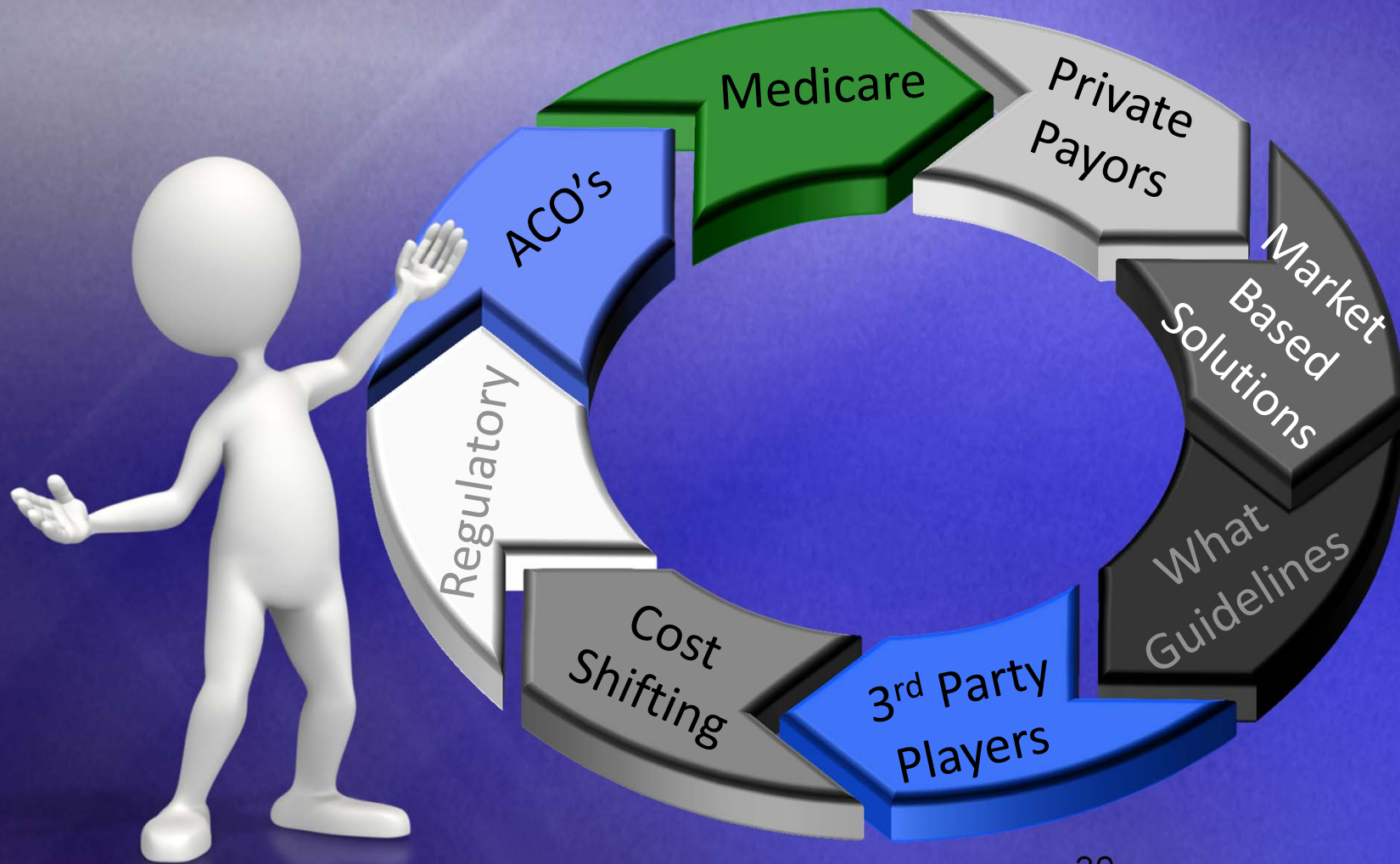
- Focus

- Develop

- Measure

- Celebrate

# Your Circle of Success...



# Manage The Business

Process  
Improvement

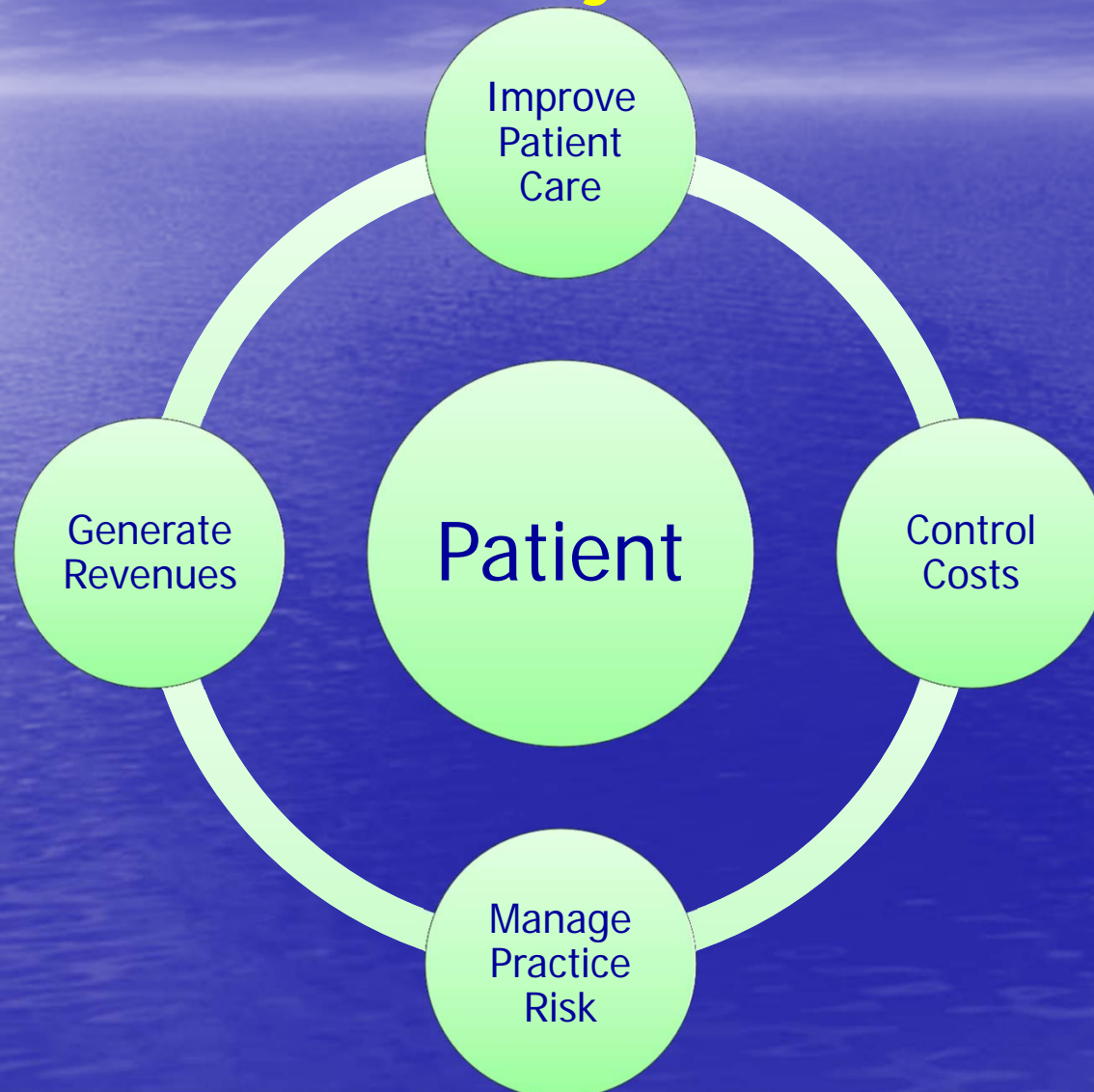
Think Out of the  
Box

Look at “Best  
Practices”

Consolidate Where  
It Makes Sense

Are The Right People  
in the Right Job?

# Solutions Must Be Directly Linked to Your Objectives





# Akscin's Pearls of Wisdom

*If you don't have a seat at the table,  
you may end up on the menu...*

Thank you for the opportunity to provide this information.

And...Thank you for caring of cancer patients and their care-givers.

**JohnAkscin**Consulting

Committed to Exceeding Your Expectations

**John Akscin**

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