



**Dispelling the
PA Reimbursement Myth:
What About the 15%
Left on the Table?!**

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Disclosure:

I have no actual or potential conflict of interest in relation to this program/presentation.

Contribution Margin

**PAs are paid
approximately
1/2 to 1/5
the salary
of their physician
counterpart***

*This is a broad generalization, but supported by MGMA data.

**The
profit/contribution
margin is
higher**

**when the PA provides the
service, even at the 85%
reimbursement rate**

Contribution Margin

General Orthopaedics-Inpatient

Physician

PA

Annual Median Compensation

\$576,677* (\$277/hr)

\$111,605* (\$54/hr)

Single HCPCS Code

Code	Description
99221	Initial hospital care

100% for \$102 †

85% for \$87

Margin

-\$175

\$33

*©2016 MGMA. Data extracted from MGMA 2016 DataDive™ †CMS 2017 Physician Fee Schedule: National Payment Amount

15%=\$15

Contribution Margin General Orthopaedics-Office

Physician

PA

**Annual Median
Compensation**

\$576,677* (\$277/hr)

\$111,605* (\$54/hr)

Single HCPCS Code

Code	Description
99203	Office/outpatient visit new

100% for \$109 †

85% for \$93 †

Margin

-\$168

\$39

*©2016 MGMA. Data extracted from MGMA DataDive™

†CMS 2017 Physician Fee Schedule: National Payment Amount

15%=\$16

New Patients

“25% of New Patient visits have downstream ancillary revenue attached.”



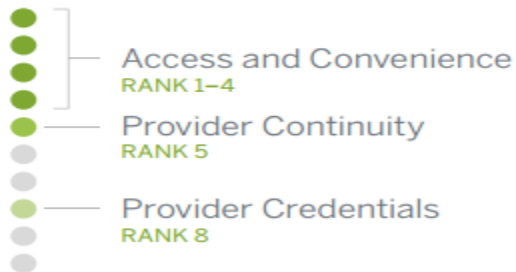
Mike McCaslin, Principal, Somerset CPAs and Advisors.

What do Consumers want from Health Care?

Consumers prioritize convenience over continuity and credentials.

Respondents ranked four access and convenience attributes higher than being treated by the same provider each time they visit the clinic, and six access and convenience attributes higher than being treated by a physician.

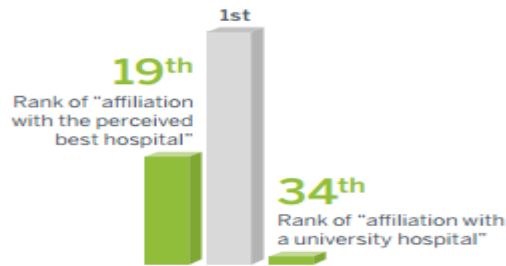
Rank of Clinic Attributes

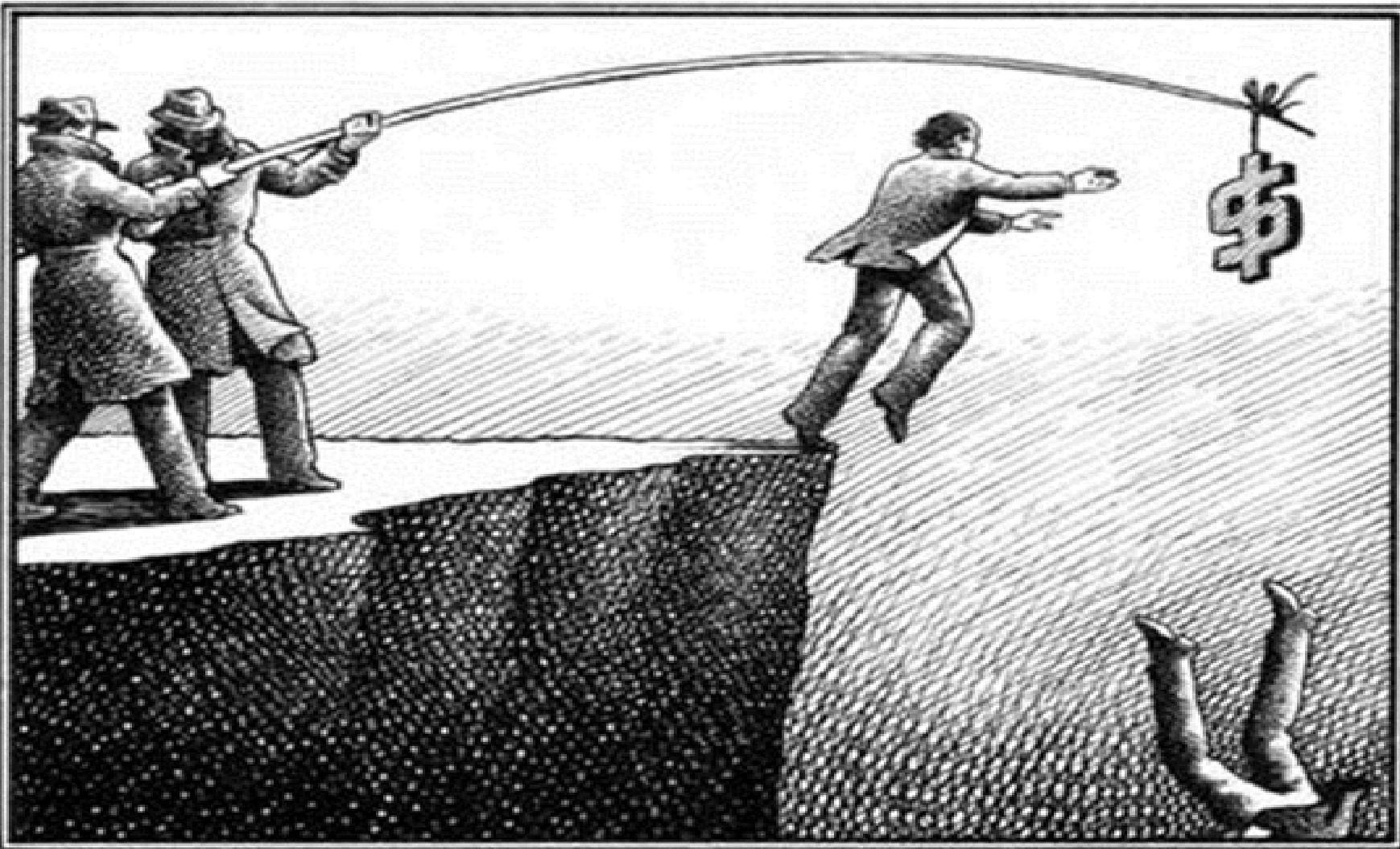


Don't rely on your brand.

Respondents ranked attributes related to reputation unexpectedly low. The highest ranking reputation attribute, affiliation with the best hospital in the area, ranked 19th, and affiliation with a university hospital ranked 34th.

Rank of Reputation Related Attributes





Using physician assistants at academic teaching hospitals

Travis L. Randolph, PA-C, ATC; E. Barry McDonough, MD; Eric D. Olson, PhD

“Although the supervising physician averaged the same number of operative cases each month during both models, his overall patient volume decreased by about 20% in transition to the split-clinic model.

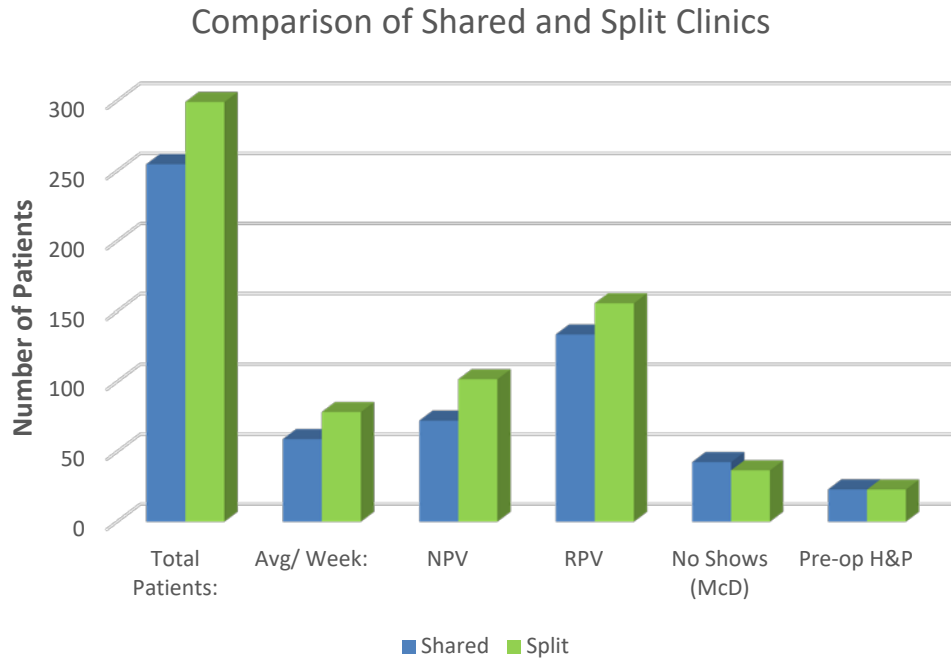
However, the supervising physician’s operating projections were






33% higher

in January 2016 compared with previous surgical procedures during the shared-clinic model; this would result in higher RVUs and payment totals under the split clinic model.”

Journal of the American Academy of Physician Assistants; October 2016- Volume 29 -Issue 10
http://journals.lww.com/jaapa/Citation/2016/10000/Using_physician_assistants_at_academic_teaching.47.aspx

6 Month Results of Pilot Study



- Results averaged per month:
- 17%  in total patient volume
- 41%  in New Patients
- 16 %  in Return Patients
- 14 %  in patient No Shows for Supervising Physician's clinic
- Clinic wait time for patients  from 3 weeks to less than 1 week within 3 months
- 95% percent of patients rated the PA as a good or excellent clinician in survey



GLOBAL SURGICAL CONTRIBUTION & VALUE



Physician Fee Schedule Search

Search Results [1 Record(s)]

Selected Criteria:

Year: 2016
Type of Info.: All
HCPCS Criteria: Single HCPCS Code
MAC Option: National Payment Amount
HCPCS: 27130
Modifier: All Modifiers

Single HCPCS Code

Code	Description
27130	Total hip arthroplasty

GLOBAL	PRE OP	INTRA OP	POST OP
090	0.10	0.69	0.21

Source: CMS 2016 Physician Fee Schedule

PA Contribution

Surgery and Global Package Work

- While not separately payable, insist on tracking “Global” visits by using the global visit code on the super-bill or in the EMR.
- 99024: “Postoperative follow-up visit included in global service.” CPT® 2015 ©AMA
- The global visits performed by the PA would otherwise have to be performed by the physician.
- If the PA provided 300 post-op global visits, for example, theoretically 300 slots were then made available for the physician to see revenue generating visits.

Global Work Contribution Calculation

- **31%** of the global payment is for work outside the OR.
- If the PA is doing the pre-op H&P, post-op rounds, and post-op office visits, then **a percentage** of the global payment could, theoretically, be applied to the PA.
- Additionally, a percentage of the Work RVU attributed to the procedure *could* be applied for first assist.

Global Work Contribution

Example:

27130 Total Hip (payable at \$1,401*)

Pre-op work (10%):	\$ 140.10
Post-op work (21%):	<u>\$ 294.21</u>
Total:	\$ 434.31 (Surgeon +PA)

Intra-op work (69%): \$ 966.69 (surgeon)

*Final figure impacted by geographic index
Source: CMS 2016 Physician Fee Schedule

Global Work Contribution

- If PA does **60%** of the pre-op and post-op work, (which was calculated to be \$434.31), then **\$260.59** *could* be “credited/allocated” to PA.
- An additional separate payment of **\$190.54** can be officially credited for the first assist (13.6% of surgeon’s fee).
- Remember: Billing data would show \$1401 being attributed to the surgeon.

PA Global Value/Contribution

Global “value” *might* be:

First assist payment of **\$190.54**

plus

E&M share of global payment **\$260.59**

Total = \$451.13 per THR

PA Global Package Value/Contribution

**If your practice performed
300 total hip replacements last year,
hidden revenue attributed to the PA
might be...**

\$135,339

And don't forget

- **Revenue opportunities for the surgeon** to provide high value services are created by PAs, contributing to overall accounts receivable.
- Add in the PA office collections (new and established patients not in the global package) and **downstream revenue generated by ancillaries** ordered for those patients which also contribute to the overall accounts receivable (but are often NOT tagged to the PA as having generated them...

MGMA

78% of better-performing practices employ NPPs.

Source: MGMA Performance and Practices of Successful Medical Groups: 2016 Report Based on 2015 Data