Incorporation of Physician Extenders Into a Clinical Endocrinology Practice

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Déjà Vu' ?

"One of the ways in which most, if not all, of our medical schools have failed to do their duty has been in graduating students into professional life without having given them the slightest idea of the economics of medicine."

JAMA Feb 24, 1906 !

Obligations to Serve Versus Economic Reality

Sure, everyone would like to make more money!

However, physicians are in a unique ethical situation, since our desire to provide our professional services to any patient that needs them may have significant adverse financial consequences for our practice

The high value placed on health care by our society contrasts sharply with the unique inability of health care professionals to determine the value of our services

This conflict is causing progressively more physicians to make the socially undesirable, professionally painful, but financially necessary decision to limit or deny their services to indigent patients and to those insured by Medicaid and other "low payors"

Economic Success – A Moral Imperative ?

Our current healthcare system doesn't guarantee that endocrinologists will be compensated appropriately!

Therefore, we need to employ sound business principles in the operation of our practice in order to generate a personal income sufficient to allow us to comfortably accept into our practice <u>any patient that is in need of our services</u>

"It's easy to act professionally when you're not worrying about money ! "

Strategies for Economic Success

Bigger is Better! Negotiating from a position of power is EASY !

Why do you think multiple industries are progressively consolidating?

Hire Professionals & Keep Them Happy !

Cheap inexperienced help with frequent turnover is a very bad investment !

Capture Downstream Service Revenue !

You're responsible for ordering the tests and acting on the results, so why not profit from your work?

Leverage Your Expertise !

Learn from your medical school classmates who chose anesthesiology, since many are already comfortably retired !

Overall Premise: Leverage Your Expertise!

The productivity of most physicians is still determined by their personal piecework.

The owner of a business can only achieve maximum profitability through delegation.

We can TRAIN non-physician clinicians to provide excellent ongoing management of endocrine problems under our direct supervision, thereby

LEVERAGING OUR EXPERTISE !

Physician Extenders Overview of Presentation

1 – Practice objectives facilitated by addition of practice extenders

2 – Critical requirements for success

3 – Practical issues that must be addressed

4 – Importance of Mentoring

5 – Sample Economic Modeling

Practice Objectives Facilitated by Physician Extenders

Provision of

more services to

more patients

more efficiently !

Decreased waiting time for new patient consultations pleases patients as well as your referral sources

Prompt scheduling of visits for established patients reduces their apprehension and your no-show rate!

Practice Objectives Facilitated by Physician Extenders

Change in Physician Case Mix

Allows transition of stable patients to extender for ongoing care rather than transferring care back to PCP, while keeping loyal patients (and their revenue stream) within the practice

Frees up time on endocrinologist's schedule to see more new consults with less delay

NP/PA practice can be concentrated on specific areas (diabetes, lipids, HBP, thyroid, bone, etc), increasing their focused expertise and allowing physician to see more pts of personal interest

Practice Objectives Facilitated by Physician Extenders

Phone & Hospital Call Coverage

so critical for quality of life in smaller practices

Enhancement of Physician Income

Details to follow

Critical Requirements for Success

1- Current or anticipated demand for services is adequate to justify addition of care providers

2 – Sufficient space and infrastructure is available to comfortably accommodate the addition of provider and patients {office, exam rooms, reception area, support staff, record storage (if no EMR), etc}

3 – Extenders are available, bright and highly motivated, capable and willing to be trained to become extensions of the physician's practice philosophy and to provide subspecialty-level quality of care to patients under the endocrinologist's supervision

4 – Hospital patient coverage by extenders (if desired) is allowed by your institution

Critical Requirements for Success

Extenders, particularly those with clinical experience, are in high demand, with intense competition for their services

Recruiting, training and retaining competent extenders with subspecialty expertise requires a commitment of YOUR time and money

EXTENDERS ARE YOUR PROFESSIONAL COLLEAGUES !

- Provide a good work environment, adequate support services, excellent initial and ongoing training, competitive salary/benefits plus incentive bonus to reward greater productivity ("share the wealth")

However, you need to **Protect Your Investment !**

- Include a 90-day notice provision in employment agreement in order to cash out accrued benefits (eg, paid time off, bonus)

Additional Thoughts On Extender Recruitment/Retention

Offer to give lectures to students in NP or PA programs in your region on Endocrine topics

Even better, allow PA/NP students to precept in your practice, preferably with your own happy PA/NP!!

Promote CME – invite your extenders to local programs, share your journals and magazines, encourage attendance at AACE meetings, etc

Practical Issues That Must Be Addressed

State Regulatory Requirements (PA/NP)

Highly variable, and your responsibility ! !

Continuous physical presence of supervising physician is rarely required, but virtually all states require immediate physician availability by some means (phone, radio, etc) and formal designation of an alternate supervisory physician if the primary MD/DO is unavailable.

For specific info, check with your state medical licensing board, The Nurse Practitioner journal, the American Assoc of Physician Assistants, and the American Society of Endocrine Physician Assistants (ASEPA)

Practical Issues That Must Be Addressed

State Regulatory Requirements (PA/NP)

- Prescribing authority – Virtually all states allow non-scheduled drugs; many allow schedule III-V, and some allow schedule II
- Specific Formularies - required to be agreed upon between Physician and AHP in some states
- Physician chart review generally required, but many states do not specify details of volume or frequency. Some do require chart review within specific time interval from service date

Practical Issues That Must Be Addressed

State Regulatory Requirements (PA/NP)

- Periodic meeting and performance review is usually required, particularly if PA/NP is off-site
- Geographic restriction as to distance allowed off-site frequently exists
- Periodic personal evaluation by physician of patients primarily managed by NP/PA is rarely required
- Scope of Practice is typically limited to that of the supervising physician

Practical Issues That Must Be Addressed

Definition of Specific Supervisory Roles

There should be an explicit delineation of supervisory responsibility within the practice, so the extender can clearly identify to whom patient management questions should be addressed

Questions are ENCOURAGED!

Extenders MUST feel totally comfortable to ask for advice at any time, without fear of ridicule or embarrassment.

Remember:

It's YOUR Reputation at Risk if they mess up!

Practical Issues That Must Be Addressed

"Incident To" Guidelines

(Medicare carrier regulation 2050.1)

- The initial and subsequent services furnished as part of the course of treatment need to reflect the physicians' active participation in the management of the patient.
- Direct supervision requirements must be met if NP/PA services are billed under the physician's provider identification number.
- Direct supervision guidelines require that the physician must be within the office suite when the service is performed , and immediately available to render assistance if necessary.

Practical Issues That Must Be Addressed

Patients and referring clinicians must be familiarized and made comfortable with the incorporation of extender colleagues into your practice.

List extender names and degrees proudly on your office marquee, stationary, etc

For New patients - introduce this paradigm immediately in your general practice welcome brochure

For Established patients being transferred – introduce your extenders personally and explain their essential role in your practice

Clearly Prioritize Your Objectives !

This decision will govern the design of your logistical arrangements and training program!

Potentially competing objectives include:

1 – Maximizing practice net income
2 – Obtaining hospital and/or call coverage
3 – Changing physician case mix

Actions that facilitate optimal achievement of one objective may force compromise on another, so physicians need to think through this before hiring (and achieve consensus if in a group !)

TRAINING IS CRITICAL !

Patients and referring clinicians rightly expect that the care patients receive through your office will be sub-specialty level quality, regardless of who is primarily seeing the patient.

NP/PA's are not Endocrinologists !

They receive limited formal training as generalists, so you have to rigorously supplement their general clinical background before they can be expected to function competently at a specialist level with minimal supervision.

YOUR reputation is on the line here!

TRAINING IS CRITICAL !

- Training competent extenders requires an investment of YOUR time and money
- Be sure they understand how your practice operates and your expectations
- BUT BE OPEN-MINDED and encourage them as they learn to share their ideas with you about how the practice might be further improved
- TRAIN THEM FIRST– don't "throw them to the wolves" just to get the revenue stream going

TRAINING IS CRITICAL !

First Week: No charge generation !

- Give background review articles/guidelines
- Shadow endocrinologist/NP/PA while seeing pts
- Conduct individual educational sessions with Endo

Spend time with RN/RD CDE's learning :

- CHO counting/ratio development techniques
- Principles and practice of MDI and intensive Rx
- Insulin pump/CGM features and programming details
- Features of various meters & injection devices

Practical Issues That Must Be Addressed

Extender and Physician Schedules Must be Integrated For New Consults and/or Initial Patient Transfer Visits

This is critical to maintain maximum efficiency and patient satisfaction:

- Both parties must be cognizant of time, so they don't throw the other way behind;
- Both schedule templates must be integrated, so that the endocrinologist's schedule is blocked when the extender is ready to present the case;
- Consider booking new/Tx patients early am/pm to minimize potential for schedule mismatches

Option 1: Extender does Primary Eval. Of New DM Pts

2nd Week:

- Schedule one new patient am & pm
- Block 1.5 hours on extender schedule
  - 60 min - History & Physical
  - 15 min – review with endo and see pt
    - (have to coordinate time block on ENDO schedule also!)
  - 15 min – discussion with pt & complete documentation
- Remaining time spent shadowing other NP/PA's (or endo or CDE, as they feel most needed), as they begin to discover what they don't know

Option 1: Extender does Primary Eval. Of New DM Pts

3rd – 6th week (for DM-focused pts) :

- schedule 3-4 new patients daily as before, with remaining time allotted for 30 minute follow-up visits
  - (Don't Overwhelm Them!).

6th - 12th week:

- schedule 2 – 3 new patients daily, with remaining time allotted for 30 minute follow-up visits

12th week on: 2-3 new patients/day, rest 15-30" OV

Be Penny-Foolish, Pound-Wise !

Option 2: Extender sees only Established Patients Tx from Endo

Depending on complexity of case, extender's level of experience, and legibility/organization of YOUR records, allow 30-45 minutes for extender's initial patient evaluation & relationship building and 15 minutes for discussion of findings and recommendations with Endo in the presence of the patient (to reassure them re-extender's command of their situation).

Can bill 99215, using time as basis of charge.

Subsequent F/U visits with extender only.

Option 2: Extender sees only Established Patients Tx from Endo

Since established patients should generally not need to be seen back for at least several months, first 3-6 months will be spent predominantly seeing patients new to the extender

Extender schedule will need to be coordinated well in advance with Endo's schedule to ensure appropriate patient selection and allow adequate time for supervision of transfer.

Over time, their returns will start to predominate, requiring progressively less of Endo's time during working hours.

Possible Concerns

1 – "<u>My Referring Physicians won't accept it</u>"

Change is always stressful and resistance to it is natural. I can only respectfully observe that many excellent consultative endocrine practices across the country have been doing this for years, with only minimal and transient resistance from their referring physicians. In fact, many practices find that their referral sources become much HAPPIER overall, since their patients can now be seen much more expeditiously !

Possible Concerns

2 – "<u>My Patients won't accept it</u>"

As much as we would like to think that we are the only individuals that can meet our patients needs, the reality is that this transition to care directed by an extender <u>under our personal supervision</u> is remarkably uneventful.

Patients trust our extenders because they trust us !

Possible Concerns

3 – "I'm training my own competition"

While it is true that some states allow independent practice and billing by NP's (but not PA's), the reality is that such action would be very unlikely to materially impact an endocrinologist's practice:

1 – they would have to set up, run, and pay for their practice with 85% of gross physician E & M payments

2 – they are precluded from operating an on-site lab or doing most procedures to generate additional revenue

3 – they would be unaffiliated with an endocrine specialist yet dependent on referrals (who would YOU want to see!)

4 – Most endocrinologists are busier than they want to be, and would just hire another extender to take their place!

Summary: Benefits of Adding Extenders

1 – Provision of

more services to

more patients

more efficiently !

2 – Hospital and Call Coverage

3 – Change in Physician Case Mix

4 – Enhancement of Practice Revenue

Disclaimer:

The following economic modeling purports to vaguely resemble a real world single-specialty endocrinology group practice.

Every practice situation is different !

Addition of Extenders: Economic Analysis

Representative Extender Direct Costs (year)

Salary	$75 – 100K
Productivity Bonus	$15 – 30K
Other Direct Costs/Benefits	$10 – 15K

(health/life/disability insurance, retirement plan contribution, medical liability insurance, CME, medical licenses, etc)

Economic Analysis

Representative Extender-Associated Costs (year)

NP/PA's LPN/MA Salary/Benefits	$40 - 45,000
% Other Employees Salaries/Benefits	$30 - 35,000
Space (office, exam room, %common spaces)	$7 - 10,000
Transcription (N/A on EMR)	$6 - 8,000
% General Office Supplies/Expenses (phone, computers, postage, etc)	$8 - 10,000
Lab Reagents (+/-)	$12 - 25,000

Representative Extender-Associated Costs (year)

Don't forget to include in your economic analysis:

Value of Physician Supervision Time

Economic Analysis

Representative Extender - Associated Costs (year)

Value of Physician Supervision Time* : ~$70,000

*work-day time required to staff new/transfer patients)

assume average of 5 hours/week 1st year

X 48 weeks (4 weeks vacation & CME)

= 240 hr/yr X $300/hr in lost MD receipts

Total Extender-Associated Costs/Yr :

~ $260-325K (without lab)

~ $275-350 (with lab)

Economic Analysis

NP/PA - Associated Revenue Projections

Numerous variables to consider:

- Is your demand for clinical services sufficient to keep them busy?
- Have you crafted a productivity bonus structure that will motivate them to ensure that their schedule is full?
- Can you provide the necessary space and support to allow them to achieve maximum productivity?
- Do your contractual allowances, case mix and collection percentage allow you to cover their costs and still make a profit?

If Not, Don't Do It !!

Option 1: New Pts + OV's Extender Revenue (year)*

NP/PA Is Seeing New DM Consults and OV's

Level 5 Office New Patient (2014 MC Allowance ~ $200) $ 150K
assume ave. 3/day = 720 level 5 @ $210 each

Level 4 (30'') OV (2014 MC Allowance ~ $100) $ 175K
assume ave 7/day = 1680 @ $ 105 each

In-House Labs (inc. lab-only visits) $ 120K
(chemistries, A1c, lipids, TFT's, ClCr, Uma, etc)
(~2400 encounters @ $50 each)

TOTAL (inc. lab) ~ $450K
(w/o Lab ~ $325K

*Assumptions: 240 working days/yr
average allowance for all payors is 110% of Medicare
net collection rate is 95% of allowed charges
billing is done for on-site supervision using physician billing number at 100% allowance (revenue drops ~15% off the top if charges are billed using NP/PA provider number, while expenses are unchanged!)

Option 2: Tx Pts & OV's only Extender Revenue (yr)*

NO NEW CONSULTS – OV's & Tx Pts only

Level 5 OV Tx Pts (1 hr) (2014 MC allowance ~ $135) $100K
assume ave. 3/day = 720 level 5 @ $140 each

Level 4 (30'') OV (2014 MC allowance ~ $100) $250K
assume ave. 10/day = 2400 @ $ 105 each

In-House Labs (inc. lab-only visits) $150K
(chemistries, A1c, lipids, TFT's, ClCr, Uma, etc)
(3000+ encounters @ $50 each)

Total (inc. lab): $500K
(w/o lab $ 350K)

*Assumptions: 240 working days/yr
average allowances at 110% of Medicare
net collection rate is > 95% of allowed charges
billing is done for on-site supervision using physician billing number at 100% allowance (revenue drops ~15% off the top if charges are billed using NP/PA provider number, while expenses are unchanged!)

Option 1 Economic Analysis at 110% Medicare

Extender Is Seeing New Patients and OV's

Total NP/PA Revenue (+ Lab)	$325 – 450,000
Total NP/PA - Asso Costs (+ Lab)	$275-325 - 350,000
(Loss)/Profit per Extender/Yr	$ 0-50 - 100,000

Capturing downstream lab revenue makes a huge difference !

Option 2 Economic Analysis at 110% Medicare

NO NEW Patients – OV's & Transfer Pts only

Total NP/PA Revenue (+ Lab)	$350 - 500,000
Total NP/PA - Assoc Costs	$260-325 – 350,000
Yearly Profit per NP/PA	$25 - $150,000*

Where do I Sign Up !

*Direct physician income may be somewhat lower, assuming you do fewer MD OV's and more new pt consults, which typically generate less charges/hr

Additional Thoughts to Improve Efficiency

Seeing 15min OV for well-controlled type 2 DM/Tx/Osteoporosis pts is more economically advantageous, since 2014 MC allowance for 99213 is $68 (so ~$275/hr rather than $200/hr for two level 4 visits, as well as additional opportunity for downstream ancillary service revenue.

Can template much of the info needed for DM (and other) visits, which can be captured/entered into EHR by nurse and/or patient to further reduce face-to-face time required per visit.

To Add or Not To Add?

Remember:

It's nice to show a profit, but there are <u>many</u> other positive considerations associated with adding physician extenders to your practice that should be factored into your analysis !

Benefits of Adding Extenders

1 – Provision of <u>More services</u> to
<u>More patients</u>
<u>More efficiently</u> !

2 – Hospital and Call Coverage

3 – Change in Physician Case Mix

4 – Enhancement of Practice Revenue

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Good for our Practice

Good for Patients !!

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Non-NP/PA Physician Extenders (RN CDE, etc)

Can be trained to review records and generate background historical data for new consult or OV, which can then be reviewed and evaluation completed by Endo

Can draft F/U communications to patients and referring clinicians and prepare visit documentation (facilitated by use of disease-specific templates) for review and signature by endocrinologist

Can teach patient skills (use of meters/pumps; injection of insulin, glucagon, exenatide, teriparatide, GH, testost, etc)

<u>Physician must personally see each patient</u>*

but allows many more billable physician services to be completed in a specific time period

***Nutritional counseling has separate codes that can be billed independently**