The Economics of PAD for Physicians and Payers: Hospital vs. Office-based Lab

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Disclosures

• **Stockholder:** American Vascular Access and its Subsidiaries

American Vascular is a privately held company that specializes in developing, managing, billing and coding of outpatient vascular centers.

• **Medical/Scientific Boards:**
  Associate Member: OEIS Outpatient Endovascular Interventional Society
  ASDIN American Society of Diagnostic and Interventional Nephrology
Economics of PAD

“It is estimated that there are 20 million patients in the United States with PAD.”

-Dr. Craig Walker, CIS Cardiovascular Institute of the South

“PAD represents an annual economic burden of up to $389 billion dollars in the United States per year. 57% of cardiovascular hospitalizations are for PAD.”

-Mary Yost, MBA, The Sage Group, 2015
Vascular Specialists Offer PAD Treatment Recommendations to Medicare Evidence Development Coverage Advisory Committee

The American College of Radiology (ACR) provided peripheral arterial disease treatment recommendations to the Medicare Evidence Developed Coverage Advisory Committee on April 10. During this meeting, ACR discussed the importance of continued research on how to provide the best care for U.S. seniors with lower extremity PAD.

ACR specifically proposed the following notes/comments to the panel:

- A systematic collection of reliable data regarding management of patients with PAD will enhance the understanding of outcomes and help define appropriate care for the future.

In conclusion, the panel recognized that there is a worldwide pandemic of PAD especially with the aging of the population and the increasing incidence of risk factors like diabetes and obesity.
Economics of PAD

• As the baby boomers age and are affected by rising incidences of diabetes, arteriosclerotic disease, and hypertension; the impact to our health care system is staggering. This is a PANDEMIC!

• The shift in focus to early detection, early intervention, limb salvaging and amputation prevention requires all specialties to work together.

• Early detection starts with Primary Care, Podiatrists, Cardiology, Interventional Cardiology, Vascular and General Surgeons, Interventional Radiologists, Wound Care Centers and Specialists, Nephrologists, and Endocrinologists.

• Patient Education … get the message to the people. From the Receptionist to the Interventional MD. Socks off, Feet up… programs in all offices, clinics, OBLs, Wound Care centers, ASCs and Hospitals. Use the Media available to you. TV ads, radio spotlights, Local magazine ads, health fairs, free screenings, ABI testing in all offices.
Leg Pain Slowing You Down?

We treat Peripheral Vascular Disease

Symptoms include:
- Painful cramping in your hip, thigh or calf muscles after certain activities, such as walking or climbing stairs
- Leg numbness or weakness
- Sores on your toes, feet or legs that won’t heal
- A change in the color of your legs
- Hair loss on your feet and legs
- Shiny skin on your legs
- Erectile dysfunction in men

Call today to schedule an evaluation with one of our network providers.

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4919 Woodruff Rd., Ste. 17 · Columbus, GA 31904 · (706) 321-8999
ColumbusVascular.com
Economics of PAD

PAD patients average between 65-69 years of age.
This is a huge financial impact on Medicare, Medicare Advantage, and several other private and commercial payers.

The case location also has a significant financial impact.
CMS-recognized places of service:

- POS 11: Office Based Lab (OBL) also known as Outpatient Interventional Suite (OIS) or Extension of Practice (EOP) or Vascular Center
- POS 21: Inpatient Hospital-based
- POS 22: Outpatient Hospital
- POS 24: Ambulatory Surgery Center
Economics of PAD: OBL vs. Hospital Reimbursement

For this presentation, we are comparing National Medicare Rates

• Average PAD case in the hospital
  • $15,000-20,000 hospital reimbursement
  • $5,000 supply cost
  • $1,000 professional fee (MD payment) plus anesthesia
  • $26,000 Total plus

• Average PAD case in Office-Based Lab (OBL)
  • $10,000-$14,000 total (global) OBL reimbursement
  • Supply costs are included
  • MD reimbursement amount is included in the global fee

(same patient type, same doctor, same procedure, same supplies)
# Economics of PAD

<table>
<thead>
<tr>
<th>Place of Service</th>
<th>Total Costs to Insurance</th>
<th>MD Payment</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office-based lab (OBL)</td>
<td>$10,000-$14,000</td>
<td>$10,000- $14,000</td>
<td>Global fee (supplies included)</td>
</tr>
<tr>
<td>Hospital</td>
<td>$26,000</td>
<td>$1,000</td>
<td>Plus anesthesia and possible overnight admission</td>
</tr>
</tbody>
</table>

**OBL Reimbursement Amounts**
- Office Overhead (75%)
- Physician (25%)

**Hospital Reimbursement Amounts**
- Hospital (95%)
- Physician (5%)
## Reimbursement Comparison

<table>
<thead>
<tr>
<th>Procedure</th>
<th>CPT Code</th>
<th>Physician In Office</th>
<th>Physician In Facility</th>
<th>Hospital Inpatient</th>
</tr>
</thead>
<tbody>
<tr>
<td>PTA</td>
<td>37220</td>
<td>$5,891</td>
<td>$572</td>
<td>MS-DRG 252 $16,817</td>
</tr>
<tr>
<td>PTA + Stent</td>
<td>37221</td>
<td>$11,675</td>
<td>$738</td>
<td>MS-DRG 253 $13,758</td>
</tr>
<tr>
<td>Each Addl Vess With PTA</td>
<td>37222</td>
<td>$8,900</td>
<td>$715</td>
<td>MS-DRG 254 $9,303</td>
</tr>
<tr>
<td>PTA+Stent+Atherectomy</td>
<td>37232</td>
<td>$14,204</td>
<td>$777</td>
<td>MS-DRG 299 $7,725</td>
</tr>
<tr>
<td>(use with 37228-37231)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each Addl Vessel with PTA</td>
<td>37233</td>
<td>$1,307</td>
<td>$207</td>
<td>MS-DRG 300 $5,461</td>
</tr>
<tr>
<td>(use with 37229-37231)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each Addl Vessel with Atherectomy</td>
<td>37233</td>
<td>$1,562</td>
<td>$338</td>
<td>MS-DRG 301 $3,742</td>
</tr>
<tr>
<td>(use with 37230-37231)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each Addl Vessel with Stent</td>
<td>37234</td>
<td>$4,277</td>
<td>$285</td>
<td></td>
</tr>
<tr>
<td>(use with 37320-37231)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each Addl Vessel with Stent &amp; Atherectomy</td>
<td>37235</td>
<td>$4,310</td>
<td>$395</td>
<td></td>
</tr>
<tr>
<td>(use with 37231)</td>
<td></td>
<td></td>
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</tbody>
</table>

The hospital gets the rates in the Hospital column + cost of supplies + anesthesia fee + Physician fee + any additional amounts if the patient gets admitted.
Economics of PAD: OBL Utilization for PAD Patients

• There are currently **only** 500 OBLs in the country.

• Each OBL treats 1,000 patients per year - representing a savings of $1-1.5 million/year/center.

• Collectively, OBLs serve 500,000 patients and save **$750 million** annually..

Imagine the savings if the remaining 19.5 million patients with PAD were treated in OBLs!
Economics of PAD

• In 2014, CMS proposed cuts to the PAD codes being done in an OBL because they saw the frequency change in CPT codes from POS hospital 21 to POS 11. Upon further analysis and review they realized the shift had saved them roughly $750 million to 1 billion.

• The efforts of OEIS, VASA and SIR, as well as several other specialty organizations and industry resulted not only in the reversal of the cuts, but also in the inclusion of additional procedures (including IVUS) for coverage and reimbursement in the OBL.

• In 2016, we actually saw slight increases in various PAD codes in the OBL setting and IVUS is now reimbursed by CMS in the OBL.
Economics of PAD

• Other payers follow CMS’ lead. The private, commercial and secondary insurers are becoming aware of the cost shifting and savings, along with reduced hospitalizations, reduced infections and trackable high quality outcomes of OBLs.

• As an OBL provider, we have negotiated contracts with over 150 carriers in 7 states for 10 centers with rates ranging from Medicare PAR to significant percentages above Medicare-allowable rates.

• ACO and APM models are also realizing the potential of contracting and allowing the OBLs to become preferred providers. Not only will the referred patients be seen in the OBL, but the payers can direct other patients as well. This takes diligence and education to the providers, their staff, and communication with the Medical Director of the carrier.
Physician Reimbursement in OBL vs. Hospital

This is based on 1,000 cases per year

Expenses:
- Hospital (Professional Fee): $1,000,000
- Office-Based (Global Fee): $7,500,000

MD Reimbursement:
- Hospital (Professional Fee): $2,500,000
- Office-Based (Global Fee): $2,500,000
Office-Based Lab Components

Each component requires expert consultation and knowledge.
Office-Based Lab Components: RCM

How you get paid

Revenue Cycle Management

- Accounts Receivable follow-up
- Medical Eligibility Verification
- Traditional & Latest Coding
- Demographics / Entry
- Quality Review
- Electronic Claims Submission / Rejections Resolutions
- Payment Posting
- Denial Analysis & Resolutions
- Patient Appointments
Economics of PAD: OBL Models

- 100% MD-owned single specialty
- 100% MD-owned multiple specialties
- Joint Venture/minority and majority ownership single or multi-specialty
- Management and MSO models

Each state will have its own governance by its Board of Medicine and CPOM Corporate Practice of Medicine Doctrine
Economics of PAD: Future of PAD

• Early detection and intervention will continue to shift to the OBL as evidenced by the references across multiple specialties

• American College of Radiology

• Society of Interventional Radiology

“A vascular surgery practice can benefit from office-based procedures. Procedures can be done safely. It results in an increase in the number of percutaneous procedures and revenue with a significant savings to the health care system. Surgeons can control their schedule. Every vascular surgeon should consider doing these procedures in office.” (Jain, 2008)
Outpatient CLI Revascularization in the United States

The benefit of office interventional suites to the complex and at-risk CLI patient.

By Jeffrey Carr, MD; William H. Julien, MD; Arthur C. Lee, MD; Jeffrey Wang, MD; and Lynne Mercadante, RN

Fortunately, the treatment of CLI with revascularization is becoming more widespread, and the interest in comprehensive team-based limb preservation programs is growing. This parallels the marked growth of office interventional suites (OISs) throughout the country. These OISs (also known as office-based labs) can often provide treatment for CLI in a more time- and cost-efficient manner while maintaining safety outcomes on par with patients treated in the hospital setting. Endovascular revascularization in OISs can help bring safe, effective, and appropriate therapies to a complex and at-risk CLI patient while improving access to care.
Economics of PAD: Summary

• The financial and resource impact of PAD to our economy and Health Care System as a Pandemic will continue.

• The Place of service will continue to shift to lower cost options as it will be directed by Medicare and Carriers and Patient Preference

• Physicians will continue to have an opportunity to own or partner in OBLs and ASCs

• All Specialties will work together in Treating Limbs and Saving Lives
Together We Can Save One Leg at a Time

Rockettes with the US Navy
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Vascular Specialists Offer PAD Treatment Recommendations to Medicare Evidence Development Coverage Advisory Committee, Cardiovascular Coalition, Newsletter, May 2016

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