

Case Example

Outpatient Evaluation & Management Services

Geisinger Health System

THE ISSUE:

Congress is considering a Medicare Payment Advisory Commission (MedPAC) recommendation that would cap “total” payment for non-emergency department evaluation and management (E/M) services in hospital outpatient departments (HOPDs) at the rate paid to physicians for providing the services in their private offices. For example, for a visit coded as 99201, the physician would receive the standard amount for the service

in the hospital setting (\$25.87). The hospital would receive the difference between the physician payment in the office (\$42.55) and the physician payment in the hospital, or $\$42.55 - \$25.87 = \$16.68$.

This would reduce the hospital payment between 67 percent and 80 percent for 10 of the most common outpatient hospital services. This proposal is estimated to reduce Medicare spending by \$1 billion per year and \$7 billion over 10 years.

THE HOSPITAL STORY:

Geisinger Health System is an integrated health services organization widely recognized for its innovative use of electronic health records, and the development and implementation of innovative care models including ProvenHealth Navigator, an advanced medical home model. The system serves more than 2.6 million residents throughout 44 counties in central and northeastern Pennsylvania. The majority of the areas served are rural, and some are designated as Health Professional Shortage Areas and/or Medically Underserved Areas. In addition to six hospital campuses, the health system includes 43 community practice sites. Geisinger is the primary Medicare provider for patients with behavioral health disorders, with 11 outpatient psychiatry sites and multiple relationships to provide psychiatric care via community-based public and private agencies. Access to psychiatric care has been maximized through creative approaches at the clinics, including physician rotations to a variety of community practice sites, as well as the use of telemedicine, maximization of mid-level providers and the use of a highly integrative approach uniting medical specialties and psychiatric providers.

Outpatient psychiatric care is essential to ensuring that behavioral health patients receive the correct care, which minimizes both unnecessary primary care and emergency room visits. However, outpatient psychiatric care is consistently under-reimbursed. As a result, the majority of the private practice psychiatrists in the region have ceased to accept Medicare patients, causing Geisinger’s Medicare as a percentage of total patients to increase from 19 percent in 2008 to 27 percent in 2012.

The provider-based (hospital outpatient) reimbursement received by Geisinger for outpatient psychiatric care has not only allowed the system to continue offering this critical service, but it has enabled the health system to plan and deliver care that best meets patient needs. Two essential services that would not be possible without alternate funding sources such as provider-based reimbursement include telemedicine and the use of auxiliary professionals. Telemedicine enables widespread access to critical psychiatric care in a rural setting. The use of auxiliary professionals, such as licensed practical nurses (LPNs) and registered nurses (RNs), creates a patient care team that allows physicians to use their skills in the most critical ways while other professionals assist with taking patient vital signs, patient follow-up and other services.

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Geisinger also receives referrals for psychiatric patients with significant co-morbidities. The breadth and depth of the resources available in one location enables psychiatrists to collaborate with other medical specialists to provide coordinated, comprehensive care to patients that need it the most, including chemotherapy patients, patients with chronic pain, multiple sclerosis, and HIV/AIDS. In addition to patients with co-morbidities, Geisinger also cares for extremely vulnerable psychiatrically disabled individuals, such as those with schizophrenia and bi-polar disorder.

In order to qualify as provider-based clinics, the clinics must abide by Centers for Medicare & Medicaid Services (CMS) regulations and accreditation requirements. Geisinger believes that this additional compliance improves the quality of care patients receive. In addition, the provider-based reimbursement enables the clinics to participate in creative and innovative care models that work toward designing care in better ways.

Because of the clinics' relationship with Geisinger, the care is team-based, patient follow-up is ensured, an adequate number of physicians are recruited and retained to meet the needs of the sickest and most vulnerable patients, and the care provided is well-coordinated, integrated, quality care that meets or exceeds regulations and accreditation standards. Additional costs associated with this model of care include the cost of auxiliary professionals such as LPNs and RNs, which are not reimbursable; telemedicine equipment; life safety codes and other Conditions of Participation; compliance with provider-based rules; meeting Joint Commission requirements; physician credentialing and peer review; EMTALA compliance; and quality management/reporting. Although difficult to measure, the overall costs associated with the opportunities to improve care and the required regulations are substantial and justify additional reimbursement.

THE IMPACT:

The only reason psychiatric services currently exist at the level they do in central and northeastern Pennsylvania is because of the support and subsidies provided by Geisinger Health System. In FY 2012, psychiatric services lost \$1.3 million. If the proposed provider-based reimbursement cuts move forward, Geisinger's psychiatric outpatient clinics would lose an additional \$620,000 and the health system may no longer be able to subsidize the employment of auxiliary professionals at the clinics. In addition, the system would likely be forced to offer less outpatient care. The absence of such care in an already underserved region will likely lead patients to seek what could be routine care at emergency departments. Inpatient psychiatric utilization is also likely to rise. Further, innovative approaches to the provision of care may be jeopardized, including support to medical specialties, such as oncology, palliative medicine, bariatric services, etc. Finally, the impact on patients and families must also be considered.

