

Case Example

Outpatient Evaluation & Management Services

UNC Hospitals

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:

UNC Hospitals is a part of UNC Health Care System, a not-for-profit integrated health care system owned by the State of North Carolina and based in Chapel Hill. It exists to further the teaching mission of the University of North Carolina and to provide state-of-the-art patient care. UNC Hospitals is a public, academic medical center operated by and for the people of North Carolina. Its campus includes North Carolina Memorial Hospital, North Carolina Children’s Hospital, North Carolina Neurosciences Hospital, North Carolina Cancer Hospital and North Carolina Women’s Hospital. Each year UNC Hospitals cares for residents from all 100 counties in North Carolina and several surrounding states. About one third of UNC Hospitals’ patients come from the Triangle region of North Carolina.

The organization has 57 provider-based practices, many of which provide a unique service that very few providers in the state can offer, including rheumatology, geriatric specialties, cancer care, pulmonary medicine and high-risk obstetrics. Combined, approximately 25 percent of UNC Hospitals’ patients are Medicare, 25 percent are Medicaid, and 5 to 10 percent are uninsured.

UNC Hospitals believes that the greatest benefit of the relationship between the hospital and outpatient services is the opportunity to coordinate care, limit hospitalizations, improve quality and improve care transitions. The hospital employs “nurse navigators,” or “helpers” who coordinate patient care. The approach enables physicians to focus on appropriate patient care, research and providing guidance, while other caregivers – including nutritionists, respiratory therapists, care managers, social workers, and nurse practitioners - provide specialized services. These complementary caregivers are crucial in moving beyond a basic, segmented outpatient care model to a model where patients’ cases are intensely managed to ensure they have access to the community services they need. Many of the patients cared for by UNC Hospitals have complex conditions, with multiple comorbidities that can significantly benefit from integrated, coordinated care.

One example of a multidisciplinary practice that relies heavily on nurse navigators is the organization’s oncology program. Although the practice receives no reimbursement for the service, nurse navigators are assigned to patients to assist them in efficiently navigating their complex care. Nurse navigators ensure that patient and family questions are answered, that patients understand their treatment options, mental health

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services are coordinated and support groups are available and well-communicated.

Other provider-based clinics that offer unique, coordinated care include a geriatric specialty practice, pulmonary medicine and rheumatology. The geriatric practice enables access to geriatricians that have been difficult to recruit in the past, and includes additional services that complement senior care such as social work support and case management. Pulmonary medicine includes a strong research program in cystic fibrosis, and a clinical program that is strengthened as a result of the clinic's affiliation with the hospital because of the clinic's ability to dedicate physicians to patient care with assistance from advanced practice nurses and respiratory therapists. UNC Hospitals' rheumatology practice includes world-class experts in inflammatory diseases and vasculitis, many of whom treat patients with systemic, chronic challenges. Their ability to provide care within the hospital system enables patients with overlapping comorbidities to get the right intensity of services more quickly to ensure that they receive prompt, accurate, coordinated care.

A critical community service offered by UNC Hospitals is its burn center, which serves not only the immediate community, but outlying areas as well. The clinic is highly integrated with the hospital and requires an extensive infrastructure. In addition to providing world-renowned burn services, the clinic offers the value-added service of a rehabilitation counselor to help patients with the physical healing process as well as the transition back to their home lives and work. The hospital does not receive reimbursement for the services provided by these essential rehabilitation counselors. Although the burn clinic does not receive provider-based reimbursement, the reimbursement received from other hospital-based clinics helps support this essential service.

Some of UNC Hospitals' outpatient clinics have hospital outpatient department (HOPD) status and some do not, but regardless of whether they are eligible to receive provider-based reimbursement or not, all clinics abide by the same standards for regulations, compliance, accreditation and quality reporting. In addition to those expenses, the two greatest costs for the organization's support of outpatient care are subsidies to compensate for below-cost Medicare reimbursement, and patient navigation services that improve patients' quality of life. Typical outpatient Medicare reimbursement does not cover the costs associated with treatment for patients who have complex needs and multiple comorbidities. Despite not receiving reimbursement adequate to cover expenses, UNC Hospitals recognizes that comprehensive care management is necessary for patients to get the care they need. This includes services that help patients navigate the care system, improve care transitions and help prevent hospitalizations and readmissions. Typical services offered at UNC Hospitals that fall into this category but bring in no additional reimbursement include respiratory therapists, nutritionists and care managers.

Despite being a teaching hospital, UNC Hospitals' risk-adjusted Medicare cost per beneficiary – as calculated by CMS - is lower than the national average. The organization believes part of its ability to provide more efficient care is because of the integrated programs that are supported by provider-based clinic reimbursement. The resulting patient navigation and clinical integration not only provides higher quality care for patients, it also reduces duplication of services and unnecessary care, and it moves patients more expeditiously to the right intensity of services.

THE IMPACT:

Over the last several decades outpatient medical care has experienced declining reimbursement, and provider-based clinics have given integrated systems some protection that has allowed the continuation of services that may not otherwise have been possible. If payments to evaluation and management (E&M) services are cut, UNC Hospitals' ability to continue providing outpatient services that include patient navigation and coordinated, integrated care would be significantly limited. While the organization continually looks for creative ways to continue to offer new and existing services that fulfill unmet community needs, they may no longer have the resources necessary to support provider-based clinics to the extent they have in the past.

