

PM System Conversion Complete

Everyone at Midlakes and at our client offices has some idea how much work this has been, but after 15 months, every Midlakes billing client is now using the Exporior Practice Management System. We have converted, or started up, 34 separate practices on the system since October of 2004 and trained over 150 users. It was a test of everyone's patience and understanding - we truly appreciate everyone's cooperation - and we're only now beginning to get some idea of the rewards.

Midlakes researched alternative Practice Management (PM) Systems during 2003 and 2004 before settling on Exporior as the system that would best satisfy the diverse needs of Midlakes clients - our 31 clients represent 63 providers practicing 16 different specialties in 28 different locations in central and western NY. The system also had to meet the needs of our in-house billing staff of over 30 people, of course.

The technology of the Internet environment, and the need for flexibility regarding additional features, led Midlakes to the transition to Exporior. (Please see the separate article regarding available features.) This

flexibility includes the ability to integrate or interface with other vendors' software systems, which we feel is a must in today's environment.

Currently, we are interfacing or developing interfaces for Midlakes clients for:

- HealthcareOne wireless dictation and online transcription system
- MD Logic electronic medical records system
- Dragon Naturally Speaking 8 voice recognition system
- Doculex paperless filing system

We are only beginning to take advantage of bringing Midlakes clients the "best of breed" approach to IS/IT solutions afforded by the Exporior system. "Best of Breed" is the ability for clients to choose EMR or other systems of their choice and then developing interfaces with Exporior to take advantage of efficiencies provided by the combined systems.

It is with great enthusiasm that we look forward to Midlakes' ability to foster our client's practice efficiencies through technology.

Operations

"Retraining" on the Exporior system is proving helpful now that users have some experience with it. A refresher training session reintroduces some of the things taught in initial training but may have been forgotten for lack of use, introduces new tricks, or reminds users of approaches that simply make more sense now that they've had experience with the system. It's also a great opportunity to ask questions specific to your environment.

General contacts for in-house user support are:

Appointment Scheduling

Mary Jo Albert..... (315) 462-9482 ext. 1011

Registration

Julie Landuyt..... (315) 462-0176

User accts (passwords, etc.)

Tom Wood..... (315) 462-9482

Merna Dangle..... (315) 462-9482

If you are interested in retraining, please call us at (315) 462-9482 to schedule a session.

A new Medicare demonstration project is under way in New York, California and Florida in which recovery audit contractors are reviewing old Medicare claims to discover overpayments and demand their repayment from providers. The RACs, which will review claims over the next three years, will be paid on the basis of a percentage of the overpayments they recover. If they recover a fraction of what Medicare estimates it overpays each year, the impact upon providers will be large and the program will likely be extended nationwide.

Physicians, providers, and suppliers should note that this initiative is designed to determine whether the use of Recovery Audit Contracts (RACs) will be a cost-effective means of ensuring that you receive correct payments and to ensure that taxpayer funds are used for their intended purpose. As the states with the largest Medicare expenditure amounts,

The Centers for Medicare & Medicaid Services (CMS) Recovery Audit Contract (RAC) Initiative

California, Florida, and New York have been selected for pilot RACs that began during the first part of 2005 and will last for three years.

Providers will be permitted to appeal RAC determinations. Recovery through an RAC audit does not preclude further investigation by OIG or other enforcement authorities of potential fraud and false claims. CMS indicates that identified underpayments will be processed by the MAC for payment to the providers.

The purpose of the RAC project is to recover the large amounts of overpayments annually estimated for the Medicare program. From 1996 through 2002, the Office of Inspector General published annual Medicare fee-for-service error rates. These showed net projected overpayments (overpayments minus underpayments) of \$23.2 billion in 1996 with a general trend down to \$13.3 billion in 2002 and back upwards to nearly \$20 billion in 2004.

Audit contractors will focus on non-E/M services - i.e. hospital claims & outpatient procedures that do not qualify as Evaluation & Management, including procedures provided physicians such as:

Ear lavage

Joint injections

Laceration repair

Lesion destruction & excisions

E/M services could be identified and audited upon closer examination of procedure codes. Example: A charge for a high level E & M code for pre-op H & P just days before the procedure would be disqualified.

This is a significant change in the auditing processes. In the past the auditing process was separate for the hospital and physician components. Now the auditors will have access to both the Part A (hospital) and Part B (physician) data. A great deal of "data mining" will be done for the auditors to determine the areas of greatest return. Remember, the RAC's (Recovery Audit Contractors) are compensated based upon the amount of overpayments they recover.

So, why do you have so many adjustments?

According to Webster, adjustment is defined as:

1. The act of adjusting or the state of being adjusted.
2. A means of adjusting.
3. Settlement of a debt or claim.
4. A modification, fluctuation, or correction.

These definitions all describe adjustment in a very simplified way, but when using the term as it relates to the way insurance carriers make payments or non-payments on claims, it is not so clear-cut.

3RD Party Insurance or contractual adjustments are two of the specific terms used when talking about 'the act of adjusting', 'a means of adjusting', 'settlement of a claim' or 'a modification of a claim'. Within the 3rd party contractual adjustments are multiple underlying reasons for the adjustments. Some are easier to explain than others.

One form of adjustment is the difference between the amount billed and the amount the insurance carrier will pay - their "allowable". Each carrier's allowables are different and, in fact, allowables *differ between plans for the same carrier!* For example, within the RIPA products (Blue Choice), there are **19 different products** with conversion factors ranging from \$37.58 to \$44.00 per RVU, which are used to calculate allowables for each code, resulting in six different schedules of allowances - just for Blue Choice products! Midlakes bills at the highest of the Blue Choice allowables, rather

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Outsourcing

The national trend toward outsourcing continues in several areas, including Human Resources, via Professional Employment Organizations (PEO), and Medical Billing, both of which are key services provided by Midlakes. "Outsourcing" does not mean sending business "offshore" as it may imply in many industries today. *All Midlakes services are supported domestically.*

Basic benefits of outsourcing include:

- **Cost-effective solutions** - in addition to relieving the burden of administering your own billing department, employees, and computer systems, outsourced billing often results in **increased revenue** and can actually cost **less** than in-house operations. PEO's reduce the risk of labor-related compliance issues and can cost less if penalties are avoided.
- **Variable capacity and cost** - buy and pay for only what you need: avoid committing to fixed costs that don't go down when volume drops, or, if volume goes up, additional capacity is available on demand.

- **Experienced professionals** - well-trained individuals apply their expertise to everyday operations in your practice. At Midlakes, you receive the additional benefit of senior management staff with comprehensive experience in healthcare administration, including hospital and practice operations, financial management, technology, compliance, personnel and overall practice management
- **Current technology** without the physical and financial burdens of hardware and software acquisition and support.

New & Improved

Exporior PM system features available:

Now: Appointment reminder letters
Look-up of global visit days
On-demand report printing in client offices
Reports to analyze and manage no-shows, etc.
Script tracking

(Very) soon: Web access to doctor schedules
Electronic Medical Records (EMR)

Exporior offers a range of computerized medical record solutions at a range of costs, including the Contec Vision system, as well as interfaces for EMR systems provided by other vendors, including:

- A4 Health Systems
- Allscripts
- GE Medicalogic
- Talknotes
- AICsoft
- Noteworthy
- Pearl

adjustments...

than Usual & Customary, in order to **minimize** contractual adjustments and value Accounts Receivable at something more accurately reflecting what is actually collectible. Contractual adjustments will still be generated for the lower-reimbursing Blue Choice plans, however.

There are 3 major categories within the RCIPA products (Preferred Care) with conversion factors ranging from \$24.00 to \$ 49.10, and these vary **by specialty**. Again, multiple fee schedules just for Preferred Care products result in contractual adjustments when billed at the highest Preferred Care allowable, as Midlakes does.

In addition to RIPA & RCIPA schedules of allowances, Midlakes also bills at allowable for Medicare, Medicaid, Blue Shield, and NYS Workers Compensation.

If that isn't confusing enough, there are multiple procedure rules, endoscopic procedure rules, bundling, SOS rules and NP/PA rules, all of which generate adjustments because they result in reimbursements

of less than 100% of the carriers' allowable for a given code under certain circumstances. Further, the rates at which payments are reduced in these situations differ between payors.

Other forms of adjustments include those on patient accounts that are not considered 3rd party or contractual adjustments (self-pay). These include professional courtesy and small balance adjustments.

The next time you are wondering why your adjustments are the way they are, and you ask the question, be prepared to spend some time on the subject - don't expect an easy or simple answer because there isn't one!

Tech Notes

Reminders to all users:

Never share your password.

This is a universal rule. In the Midlakes system, transactions are logged and your password is YOU regardless of who is using it. Don't forget that you signed a confidentiality agreement in order to be able to use our system and your password is part of this, as well as the means by which security, privacy and confidentiality regulations are enforced.

Clients are responsible for Anti-virus (AV) protection on the PC's in their offices - if you access the Internet or use email, AV is essential.

Log Out when you are not using a computer program. This is another universal rule that applies to any program, Experior, Word, etc. When you leave your desk for a break, lunch or, obviously at the end of the day, don't leave yourself logged in. Security is one reason for this, but you can also expose files to damage from power surges. A recent electrical storm caused power surges and outages that resulted in file damage in some client offices. Some people even log out during particularly violent electrical storms. There is no reason to expose systems unnecessarily if you're not at your desk.

More on power surges...

Midlakes highly recommends surge protectors, and back-up power supplies, if possible, for all PC's. These can prove to be very cheap insurance against loss of productivity from computer equipment damage.

Credentials: NPI PROGRAM

The Centers for Medicare & Medicaid Services (CMS) have announced the National Provider Identifier (NPI) program for a new provider number for standard electronic health care transactions. The establishment of a single provider identifier implements a requirement of HIPAA and is a step forward in the standardization of electronic health care transactions. It replaces the different provider numbers currently used for each health plan.

Basically, all HIPAA-covered entities must convert to the new number. Most plans must utilize the new numbers by May 23, 2007, and smaller plans by May 23, 2008.

Midlakes is submitting the necessary applications for the NPI numbers for its billing clients as part of our ongoing renewal service for third party credentials.

Billing for services provided to members of your immediate family

Medicare regulations and participating provider agreements include provisions prohibiting a provider from billing for services provided to the immediate family members of a provider.

If we become aware that an encounter form is submitted for such a service, we will return it to the provider indicating that the service may not be submitted to the carrier. If the payment for such a service comes to our attention we will initiate a payback to the carrier and inform the provider.

Compliance is a serious matter and we at Midlakes will do all we can to protect our providers and our corporation from non-compliant activities.

New Clients

Midlakes welcomes the following new clients:

- Priestman Chiropractic
- Diduro Chiropractic
- Lowry Chiropractic & Wellness
- Geneva General Hospital General Surgery

Directors and Officers

The shareholders of Midlakes Management Corporation elected the following to 2-year terms as Directors at the Annual Meeting of Shareholders in January:

Daniel Biery
Louis Camarella
Randall Farnsworth

The following officers were elected to one-year terms:

President	Daniel Biery, DO
Vice President	J. Richard Tyner, MD
Treasurer	Merna Dangle
Secretary	Tom Wood