



With the release of the FY 2016 cost report from Centers for Medicare and Medicaid Services, hospitals have access to a trove of financial data. CMS' report is stuffed with information, but it's a lot to parse — so we broke it down to spotlight three key findings that reveal the potential for hospitals to capture additional revenue...then help you chart a course to increase profits.

US COST REPORT FINDINGS:

1. Industry-wide discrepancies:

- Across all hospitals' cost reporting, **32%** of the hospitals did not turn any contracted administrative work (meaning dollars paid to independent physicians for administrative work.)
- 1/2 the physicians in the country are independent.

Insight

It's likely every hospital actually pays independent physicians for some admin work, but many hospitals are not reporting this.



2. Hospital-level discrepancies:

- Of the 2,295 hospitals who reported contracted physician work, only **79%** reported over **\$1,000,000**.
- A **\$1,000,000** spend equates to **2.4 FTEs**.
- Based on our experience with our clients, we estimate the average hospital expenditure on physician administrative work is approximately **\$5,000,000**.

Insight

Many hospitals are underreporting contracted physician work.

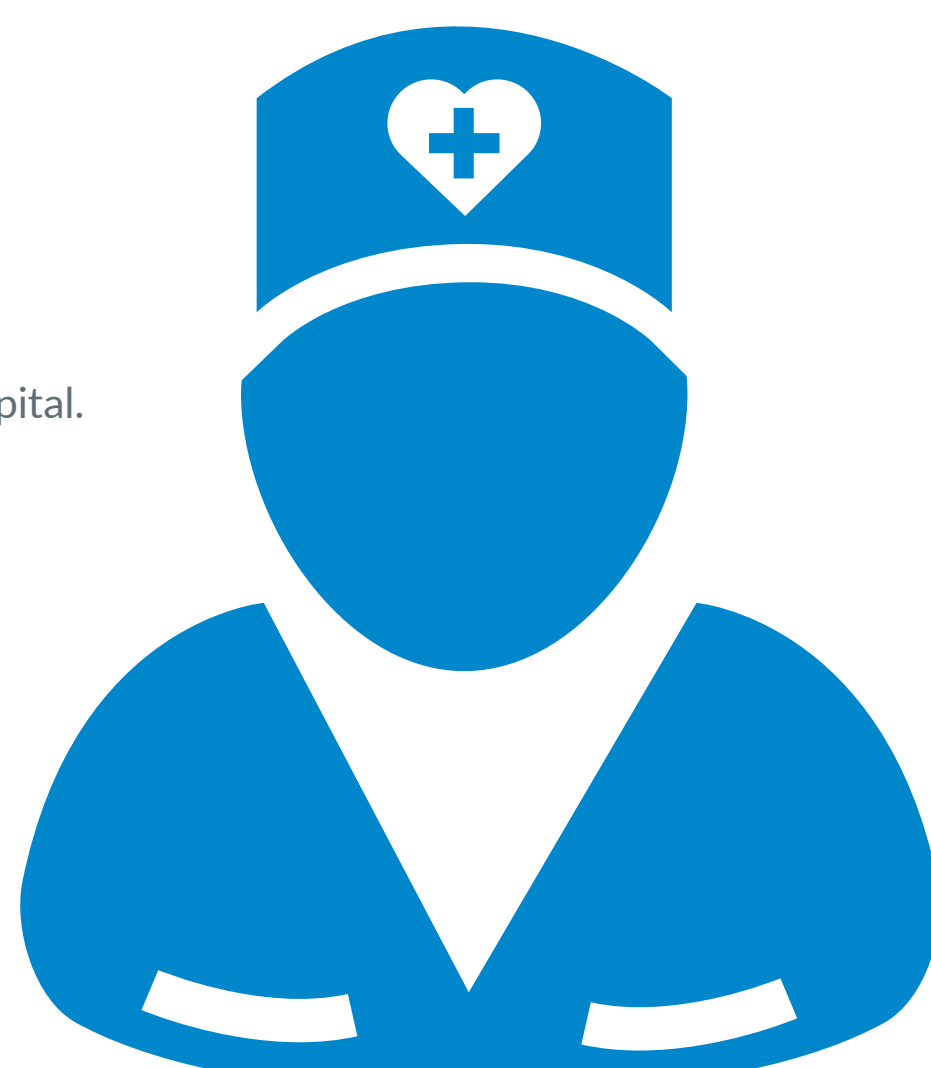


3. Physicians' effect on AWI & hospital Medicare reimbursement

- Across the US, the wage index moves 1.59% on average each year per hospital.
- A physician is paid an average of **\$200** an hour versus about **\$30-40** an hour for other employees.
- If your hospital's area wage index increased by 1.59%, it could mean **\$60.50** per discharge or **\$280,377** with **4,634** average discharges — and the revenue impact for systems may be exponentially greater.

Insight

If hospitals are not up-to-date on the current wage index, they may be losing large amounts of revenue from reimbursements.



HOW TO FIX IT?

Automation of your physician time & payment workflow will help you recoup more of what your organization is due for Medicare. Especially for large hospitals and systems, the work of time submission, approval, payment, documentation and reporting for physician contracts is too cumbersome to accomplish manually. Here are some of the focus area that can drive revenue with better documentation and reporting:

IME/GME

Teaching hospitals have an additional adjustment to Medicare reimbursement.

Hospitals that take on the training and education hassle qualify for more in reimbursement money at the end of the day.

Organizations may receive CMS reimbursement for medical program costs through a standard per-resident amount or net cost-based reporting methodology. The latter requires strong cost accounting (i.e. can we report accurate info for physician payment AND time?) and documentation, but it can be more profitable.

Wage Index

The area your hospital is located and the costs of labor with impacts the reimbursement — every hospital is assigned an area wage index no matter the size or location. Certain areas such as big cities will have a different cost of labor than a hospital that's located in a small town. It's in the best interest of the organization for all hospitals in its CMS reporting area to diligently report all physician work.

FINAL THOUGHTS:

CMS' publicly usable data suggests a revenue leakage from physician administrative agreements.

Reporting full costs for these agreements is difficult for hospitals due to their contract-based payment and outdated processes in place for work submission, payment calculation and documentation requirements. Hospitals that report full physician service costs are able to realize more of the revenue they deserve.

With our DocTime Log solution to physician service documentation, hospitals can capture more of the revenue they're entitled to through closed loop reporting. If you need help capturing more of that, we'd love to show you how it works. [Try our ROI Calculator](#) for an estimate on what you could be saving, or set up some time to see it in action.

[Schedule a Demo Today](#)

Footnotes and Sources:

- Cost report files, 2014-2017
- IME adjustment on reimbursement
- CMS' Medicare Provider Reimbursement Manual
- CMS' Medicare Provider Reimbursement Manual
- CMS Wage Index Files