

How Medicare Could Become Your Most Profitable Payor-Mix Segment



That may seem like a pretty presumptuous title. Perhaps we could have used an even more audacious title – like, “Truly Impact Medicare Population Health and Do It Profitably” or “How to Print Medicare Money!” Please don’t hang up, give us a chance! What if we could suggest a method to:

- + Increase per enrolled Medicare recipient profit by \$350 to \$480 per year
- + Assist you in Closing Care Gaps at a faster rate than you ever thought possible
- + Impact High Priority benchmarked outcomes –
 - Reduction in hospital readmissions
 - Reduction in avoidable emergency room visits
 - Reduction in prescription drug costs
 - Increase in annual E&M visits
 - Lock-up attributed beneficiaries...
- + Be truly prepared to embrace Alternative Payment Models

This may sound like a tall order. However, the fundamental key to accomplishing the above is a very well executed Chronic Care Management program. The problem is that very few organizations internally execute or have been able to find a partner that can deliver solid solutions.

The first problem organizations have is reaching and maintaining the critical mass required to operate the program, turn a significant profit, and have a real impact on population health.

What is Chronic Care Management?

Chronic Care Management (CCM) is a program developed by Medicare in 2015 as an attempt to impact population health. If a Medicare recipient has two or more chronic conditions and has seen a physician in the last 12 months, they qualify. According to Medicare, 82% of the Medicare population qualifies. Our experience is that the percentage is closer to ninety percent.

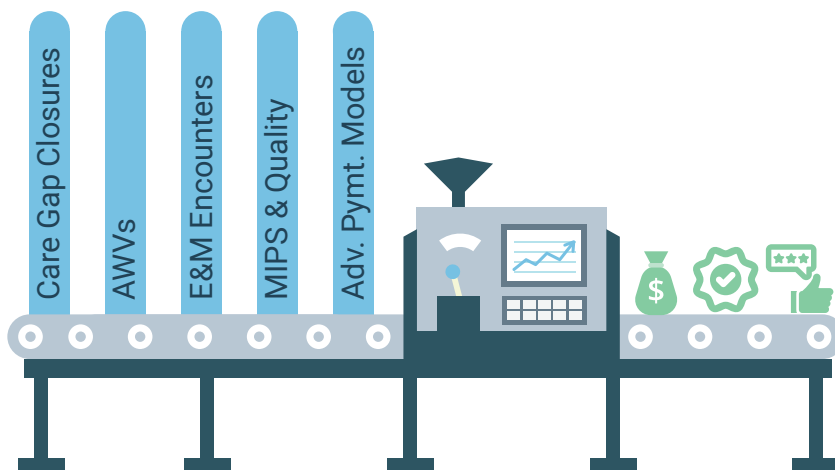
There are several basic requirements associated with the ability to bill CCM. First, a call must be made each month to the patient and 20 minutes of work must be done with and on behalf of the patient. In addition, the service provider must have a 24 hour, 7 days a week, 365 days a year incoming patient call line.

Sounds easy doesn't it? Not so fast. Consider the fact that Medicare recipients only answer the phone 19% of the time a CCM provider calls. That is five calls to talk to one patient. Not something that in-house providers want to deal with.

In addition, many of the calls deal with social issues instead of traditional clinical needs. Providers are generally at a loss for what to do when a patient says that they don't have money for food, let alone medicine. Providers do not typically have the time or the resources to secure rides for their patients to come to the office or find assistance to pay utility bills

The Power of Chronic Care Management Reimbursements

CMS increased reimbursements by 40% to 50% at the beginning of 2022. That is because the program works. The average cost per patient has increased every year under the value-based care model.



Benchmark Hospital Readmission
Reductions – **50%**

CCM doesn't just increase profits, CCM improves patient outcomes and quality scores.

However, that doesn't mean that it is easy to make a profit. Up-front cost can be very high and reaching critical mass is elusive to most organizations.

Proactive primary care visits increase opportunities to provide true health management

Keys to Chronic Care Management Profitability



The **first key** to a profitable CCM program is reaching critical mass. How will you enroll enough patients in the program to reach significant profitability? Many organizations rely on the doctor and providers to enroll patients into CCM. That is the last thing that an organization should do. Not only don't they truly understand the program well enough, but they can't begin to deal with co-pay and other financial considerations. You need trained sales people who understand CCM and know how to sell.

Critical mass will vary from organization to organization, but if you can't reach at least a 30% profit margin, find a vendor that can. A good enrollment target is 50%.

In addition, you must consider patient turnover. No program is static. You must measure it monthly.

There are about 11,500 new Medicare enrollees every day. At the same time 8,500 either die or become ineligible for CCM daily. According to CMS 5% of currently enrolled CCM participants will drop off each month. So, if the program is not growing, it will naturally lose half of its participants within a year. A solid program grows by 10% a year.

Tip: If you are considering a vendor to enroll and operate your CCM program, it is imperative to ask what their **documented** enrollment rates and patient churn rates have been over the last three years. In addition, ask how they achieve those numbers.



Key number two is the activities that drive profitable revenue through CCM. There are a number of medical services that improve patient care and outcomes while bringing profitable services to your facility. A good CCM program can be the catalyst.

Care Gap Closures should be a primary focus of any CCM program. Consider how many mammograms, colonoscopies, pneumococcal pneumonia vaccinations, PSA Screenings, and other care gaps are not being closed right now with your patients. Think of the impact closing care gaps could have on your patients. Not to mention the potential revenue that could be billed.

A good CCM program will drive patients back to the practice. E&M visits should increase an average of 8% with a successful CCM program. These are the visits you want in your clinics. They are proactive rather than reactive and positively impact population health.



Key number three is to maximize Medicare reimbursements through plurality of care. Plurality of care is one of the methods Medicare uses to assign Attributed Beneficiaries.

Attributed Beneficiaries will increase dramatically when you bill 12 CCM encounters a year on behalf of their physician and receive additional preventive services such as an AWW. This is a proactive method to securing needed revenue.



Key number four is that **patient satisfaction scores** will soar when patient needs are met and they receive the attention that is being credited to the provider. In addition, some CCM vendors assist the physicians to increase their own patient satisfaction scores.

Financial Results

Consider the realistic impact of CCM on a 2000 Medicare eligible group of patients:

Benchmark	FFS	RHC/FQHC/CAH
Total Eligible Patients	2,000	2,000
82% Qualify	1,640	1,640
50% Enrolled	820	820
Average Monthly Profit	\$27	\$41
Direct CCM Annual Profit	\$265,680	\$403,440



Although the FFS revenue generated by CCM is remarkable, the financial impact throughout the organization will be felt by increased care gap closure, increased annual wellness visits, more office visits and additional shared savings by adding more attributed beneficiaries.

In a recent discussion with a Critical Access Hospital CEO, we suggested that based on his Medicare population, he should develop a \$450,000 profit from a Chronic Care Management program. He immediately shared that our numbers didn't include the other financial benefits. He estimated \$1,750,000 of care gap closure revenue and \$700,000 in AWV reimbursements. As he put it, "now we are talking about real money." Interestingly, he still had not gotten additional E&M visits, added attributed beneficiary revenue.

Population Health Management

For decades we have been giving lip service Population Health Management. We put on health fairs, get into the community to do flu shots and provide other tests and services. But, have we really provided measurably improved health to any segment of the population to date?

A well run Chronic Care Management program can provide measurable results against those who are not enrolled in the program. The aforementioned reductions in hospital readmissions, emergency room visits and reductions on prescription drug costs are real world results compared to Medicare recipients who are not enrolled in CCM.

The big picture is that **CCM is laying the groundwork and is fast becoming the backbone of profitable alternative payment models**. The results to date and Medicare's willingness to dramatically increase reimbursements demonstrate how vital this initiative can be to the future of positively impacting patient health.