



# Practice Management Strategies and Best Practices

Katie Jo Raebel, CPA, Partner  
October 2, 2019

**WIPFLI**  
CPAs and Consultants  
HEALTH CARE PRACTICE



# Today's Agenda

## Rural Health Clinic Strategies and Best Practices

RHC Cost-Per-Visit

RHC Billing & Payments

RHC Compliance

# Rural Health Clinic Overview

## What is a RHC?

RHC certification is a designation from the Centers for Medicare & Medicaid Services (CMS) to clinics providing primary care in certain rural, underserved areas, which provides an alternative, cost-based reimbursement system for treating Medicare and Medicaid beneficiaries.

# Rural Health Clinic Cost-Per-Visit



# Rural Health Clinic Cost-Per-Visit

$$\frac{\textit{Allowable RHC Costs}}{\textit{Rural Health Clinic Visits}} =$$

**RHC Cost Per Visit (Rate)**

(Not to exceed the maximum reimbursement limits.)

2019 CPV = \$84.70 for independent RHCs (updated yearly by the Medicare Economic Index)



# Rural Health Clinic Cost-Per-Visit

## All RHCs are subject to productivity standards:

- 4,200 for Physician
- 2,100 for Non-physician practitioners
- FTE adjusted

### Note

-This is only a mechanism to calculate the RHC's cost-per-visit. It is not used for RHC compliance purposes

-Oregon Medicaid DOES NOT use productivity standards in its calculation of the PPS RHC Rate.

# Rural Health Clinic Cost-Per-Visit

## Example 1 – Visits Equal Productivity Standards

Positions		Number of FTE Personnel	Total Visits	Productivity Standard (1)	Minimum Visits (col. 1 x col. 3)	Greater of col. 2 or col. 4
		1	2	3	4	5
1	Physicians	4.20	16,221	4,200	17,640	
2	Physician Assistants	1.50	4,773	2,100	3,150	
3	Nurse Practitioners			2,100	-	
4	Subtotal (sum of lines 1-3)	5.70	20,994		20,790	20,994
5	Visiting Nurse					
6	Clinical Psychologist					
7	Clinical Social Worker					
8	Total FTEs and Visits (sum of lines 4-7)	5.70	20,994			20,994

# Rural Health Clinic Cost-Per-Visit

Example 2 – Productivity Standards Are Greater Than Visits

		Number of FTE Personnel	Total Visits	Productivity Standard (1)	Minimum Visits (col. 1 x col. 3)	Greater of col. 2 or col. 4
Positions		1	2	3	4	5
1	Physicians	6.87	16,221	4,200	28,854	
2	Physician Assistants	2.16	4,773	2,100	4,536	
3	Nurse Practitioners			2,100	-	
4	Subtotal (sum of lines 1-3)	9.03	20,994		33,390	33,390
5	Visiting Nurse					
6	Clinical Psychologist					
7	Clinical Social Worker					
8	Total FTEs and Visits (sum of lines 4-7)	9.03	20,994			33,390



# Rural Health Clinic Cost-Per-Visit

## Effect on Cost-Per-Visit

	Greater of Actual Visits or Productivity Standard Visits	Allowable Costs for Cost-Per-Visit Calculation	RHC Cost-Per-Visit
		\$ 5,798,460	
Example 1	33,390		\$ 173.66
Example 2	20,994		276.20

- Independent RHC – no effect; cost-per-visit limit
- Provider-based RHC to a hospital with less than 50 beds, \$102.54 per visit difference
- Could affect Medicaid rate yearly or indefinitely

# Rural Health Clinic Cost-Per-Visit

## Medicare CPV – Strategy & Best Practice

- Review Medicare cost report (Worksheet B – freestanding RHC; Worksheet M-2 – provider-based RHC)
  - Does a productivity standard issue exist?
    - Are FTEs correct?
    - Are visits correct?
    - Would combining rural health clinics onto one line optimize reimbursement?
    - Would a request for an exemption from the Medicare productivity standards be supported?
    - Have changes been made to the clinic that would warrant an interim rate calculation (i.e. – addition of specialists)

# Rural Health Clinic Cost-Per-Visit

## Medicaid CPV – Strategy & Best Practice

- Does the clinic qualify for a change in scope of services?
  - What changes have been made to the clinic since the RHC PPS rate was first calculated?
  - See Oregon Administrative Rule regarding change in scope  
<https://www.oregon.gov/oha/HSD/OHP/Policies/147rb100115.pdf>
    - Section 410-147-0362

# Rural Health Clinic Billing/Payments



# Rural Health Clinic Billing & Payments

## How Are RHCs Paid?

Medicare - RHCs are paid a flat rate for each qualifying face-to-face encounter based on the anticipated average cost for direct and supporting services (including allocated costs), with a reconciliation of costs (i.e., cost report) occurring at the end of the fiscal year. Medicare pays 80% of the CPV; patient pays 20% of total charges.

RHC defined practitioners include: physician, nurse practitioner, physician assistant, certified nurse midwife, clinical psychologist, or clinical social worker and a patient.



# Rural Health Clinic Billing & Payments

## How Are RHCs Paid? (continued)

Oregon Medicaid – RHCs are paid a PPS RHC rate for each qualifying encounter with the rate updated yearly by the Medicare economic index (MEI).

# Rural Health Clinic Billing & Payments

## How Are RHCs Paid? (continued)

Oregon Medicaid Managed Care – RHCs continue to bill and get paid as contracted. Wrap reports are submitted to the state in order to compare the difference between the MCO payments vs. the RHC visits X RHC PPS rate. If payment would have been more under the RHC PPS rate, the state pays the clinic the difference.

# Rural Health Clinic Cost-Per-Visit

## Medicare Billing & Payments – Strategy & Best Practice

- Review of claims to ensure:
  - ALL charges are included on the claim (coinsurance and deductibles based on the total charges)
  - Charges “roll” up to the first line
  - Non-RHC services are not included on the RHC claim
    - Laboratory services
    - Technical component of diagnostic services

# Rural Health Clinic Cost-Per-Visit

## Oregon Medicaid Billing & Payments – Strategy & Best Practice

- Oregon Medicaid has indicated that clinics MUST bill their RHC rate in order to get properly paid.
  - Are charges inflated properly on the Medicaid claim in order to ensure that the RHC PPS rate is paid? (take a sample of claims)
  - Oregon Medicaid recognizes other providers/services in addition to the CMS definition of an RHC practitioner (i.e – Registered Nurses, Physical Therapists)
    - Are visits by additional practitioners being billed for open card patients?
    - If in doubt of whether or not a type of provider qualifies as an RHC practitioner, ask the RHC program manager!
  - Oregon Medicaid has indicated that telehealth services qualify for RHC PPS reimbursement (even distant site visits)!

# Rural Health Clinic Cost-Per-Visit

## Medicaid Managed Care Billing & Payments – Strategy & Best Practice

- Are you completing and submitting your wrap payment reports?
- Are visits for all eligible practitioner types included on the wrap report?
- Quality payments do not have to be included on the wrap report – is this being considered when contracting with the MCOs? Is the wrap report properly excluding these payments?



# Rural Health Clinic Cost-Per-Visit

## Overall Billing & Payments – Strategy & Best Practice

- Are your billers being educated yearly on RHC billing specific to Medicare and to the relevant states??
- Has there been recent changes to your billing staff and current billers might not have the knowledge of previous billers
- Are you completing a review of claims quarterly to ensure proper RHC billing is occurring?

# Rural Health Clinic Compliance



# Rural Health Clinic Compliance

- Must be primarily engaged in providing primary care services: family medicine, internal medicine, women's health, pediatrics, "urgent care"
- Rural is defined as an area "that is not an urbanized area as defined by the U.S. Census Bureau." <http://www.raconline.org/amirural/tool>
- Current underserved designation (within the last 4 years)
- Non-physician practitioner available to see patients at least 50% of time clinic is open
  - At least one must be employed

# Rural Health Clinic Compliance

## Underserved areas include:

- Geographic health professional shortage area (HPSA)
- Population-based health professional shortage area
- Geographic medically underserved area (MUA)
- Governor-designated shortage areas
- Population-based medically underserved areas (MUPs) do not qualify.

Loss of HPSA/MUA or rural status does not automatically terminate the rural health clinic status.

# Rural Health Clinic Compliance

## Ability to perform (furnish) six basic lab tests:

- Chemical examinations of urine
- Hemoglobin or hematocrit
- Blood sugar
- Examination of stool specimens
- Pregnancy tests
- Primary culturing for transmittal to a certified laboratory



# Rural Health Clinic Compliance

## **Policies and Procedures, addressing:**

- Physical Plant and Environment
- Organizational Structure
- Staffing and Staff Responsibilities
- Provision of Services
- Program Evaluation
- Emergency Preparedness

# Rural Health Clinic Compliance

## RHC Compliance – Strategy & Best Practice

- Policies and Procedures
  - Are these being updated annually (truly??)
    - Include the review as part of the annual program evaluation
  - Does everyone know where they are located?
  - Are there any policies that are in the manual that are not being followed

# Rural Health Clinic Compliance

## RHC Compliance – Strategy & Best Practice

- Annual Program Evaluation
  - Are this being completed annually (truly??)
  - Include this in the RHC policy manual
  - Does the report simply get placed on the shelf or is it a tool?

# Rural Health Clinic Compliance

## RHC Compliance – Strategy & Best Practice

- Self Survey
  - Use the Oregon Office of Rural Health’s self-survey tool
  - Review Appendix G – Guidance to Surveyors (with caution!):  
[https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/som107ap\\_g\\_rhc.pdf](https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/som107ap_g_rhc.pdf)
    - Updated in 2018

# Rural Health Clinic Compliance

## RHC Compliance – Strategy & Best Practice

- Who is assigned to overall RHC compliance and are they being given the tools and education yearly to stay up-to-date on any changes?
- When was the last time the clinic was surveyed by the state?
- Do you know the previous state surveyors recently retired?



# Questions?

**WIPFLi**  
CPAs and Consultants  

---

HEALTH CARE PRACTICE



# Today's Presenter



**Katie Jo Raebel, CPA, Partner**  
Wipfli Health Care Practice  
509.232.2044  
kraebel@wipfli.com

*Thank you!*

**WIPFLi**  
CPAs and Consultants  

---

HEALTH CARE PRACTICE



# WIPEFLI

CPAs and Consultants

---

HEALTH CARE PRACTICE

[wipfli.com/healthcare](http://wipfli.com/healthcare)