



## Cochlear Implant Programs: Balancing Clinical and Financial Sustainability

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## Disclosures

Surgical Advisory Board, MED-EL Corporation  
 Research Support, Oticon, MED-EL




## In the beginning . . .

- From July 1999 to July 2006
  - Estimated facility loss from cochlear implant program
    - \$900,000**
    - In business school, this is a "revenue shortfall."
- Program closed due to ongoing loss
- I arrived October 2006
  - Whiskey Tango Foxtrot




## Rebuilding:

### GHSU Cochlear Implant Program




## The Financial Challenge

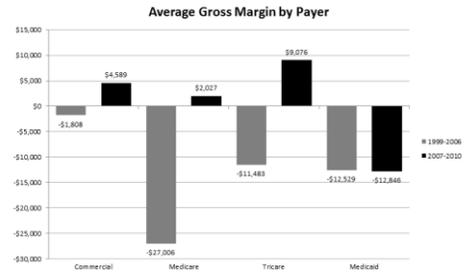
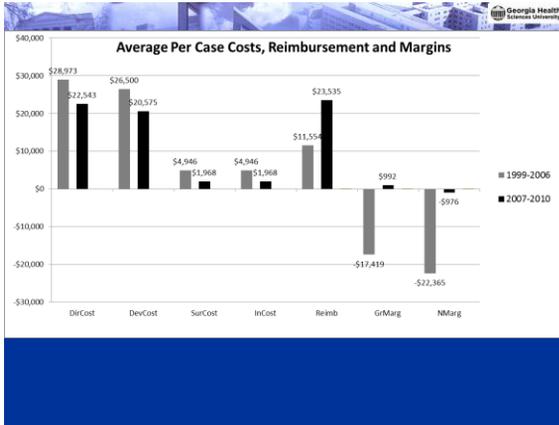
- Aggressive cost management
  - Reduce Device Cost
    - Single Vendor
      - Guarantee Volume
      - Reduce Redundancy
      - "Just in time" ordering
    - Single Processor
    - "Co-Branding"
  - Reduce Surgical Costs
    - Remove any item/step that did not add value to the procedure.
      - Open only when used
      - Monitor surgical/OR time




## The Financial Challenge

- Aggressive reimbursement management
  - Manage payer mix
    - Focus on adult patients
      - Developed referral relationships
    - Pediatric program reopened July 2010
      - Established financial foundation for pediatric program
        - UPL
        - DSH
      - Renegotiate Managed Care Contracts
      - Make sure you get paid
  - Aggressively pursue desired market
    - Marketing
      - Radio/Television interviews
      - Public Forums and Outreach
      - Local Service Organizations
        - HLAA





## Hospital Reimbursement

- 2011 Review MD and hospital billing
  - MD billing: accurate and appropriate
    - Minor changes recommended
  - Hospital billing a challenge
    - Wrong procedures
      - bilateral procedures as unilateral
    - Missing procedures
    - Inconsistent charges
    - Wrong modifiers

## The Physician Businessman

- Take ownership
- View as needing a business solution
  - Supply Chain management
  - Cost control
  - Revenue (reimbursement) management
- Data Collection
  - Financial records and past trends
  - Market Assessment
- Implement and Re-evaluate
  - Constant vigilance
    - Threats and Opportunities

## Ask yourself the following

- Do you understand the payer mix?
- Do you know all of the payables/receivables?
- Is the hospital asking for concessions? What are they asking for?
- What tools would like to assist with your accounts particular evaluation?
- Is the economy affecting your program?
  - How? How much?
- What can be done to lower OR costs? Clinical costs?

## Conclusion

- Greatest challenge to Cochlear Implant Programs is:
  - not who, how or what to implant, as important as it is
  - but how to pay for it
- Physicians need to be at the forefront of understanding the business and economic issues of our cochlear implant programs
- In fiscal consideration and our patients welfare, it is wise to remember the words of Jacob Marley:
  - "Business! Mankind was my business. The common welfare was my business; charity, mercy, forbearance, and benevolence, were, all, my business."

## Questions?

