Cochlear Implant Programs: Balancing Clinical and Financial Sustainability

Brian J. McKinnon, M.D., M.B.A.
Director, Cochlear Implant Program
Associate Professor, Otolaryngology/Neurotology
Department of Otolaryngology-Head and Neck Surgery
Georgia Health Sciences University, Augusta, GA

Disclaimer
The views expressed in this presentation are those of the presenter and do not reflect the official policy or position of the Medical College of Georgia, Georgia Health Sciences University, Georgia Regents University, ???, or the State of Georgia.

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 internal 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 Events 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.”