

NiiS 25th Annual Medical Excess Claims Conference

Surgical Implants: The Bad, Ugly, and Worse!

May 7, 2014

Speaker: Jerry Magone, M.D., MMM

We were pleased to have Jerry Magone, M.D., MMM and President of TMB Consulting, LLC, Inc., present at NiiS' 25th Annual Medical Excess Claims Conference.

Dr. Magone is on the American Board of Orthopedic Surgery, Board Certified, the American Academy of Orthopedic Surgeons, Fellow and the Ohio Bureau of Workers' Compensation. He is also the President of Orthopedic and Sports Medicine Consultants and the Medical Director and owner of SWO Ambulatory Surgery Center. He is also the President of TMB, Consulting, LLC, which specializes in Implant Reimbursement, Ambulatory Surgery Centers, Spine Surgery Claims, Hospital Reimbursement, Orthopedic Surgery, and Physician Coding.

Dr. Magone started the session by passing around actual pieces of hardware, such as, knee replacement implants, screws, ceramic stems, spine screws and cages, as most people do not realize what the actual hardware is that they are seeing hundreds of thousands of dollars being billed for. For example, a screw that a hospital paid \$8.50 was billed at about \$5,000 showing the huge mark-up that hospitals pay.

Dr. Magone talked about the trouble with implants and how the cost is managed when claims are in-network and PPO discounts are utilized. Most PPO discounts reflect a percentage of savings off of billed charges which are highly inflated. Is there an opportunity to save? One audience member commented that they always ask for the materials invoice and they add an additional 10 percent. It was also discussed that facilities have the ability to hide behind the PPO's. Some Plans can't contractually audit hospital bills and sometimes it boils down to how aggressive you want to be. One CEO of a hospital told Dr. Magone that "It's up to the hospital to decide what is reasonable." Some Stop Loss Carriers are including in their policies language that states not to pay in excess of 150 percent of the invoice/cost.

The attendance members discussed that most pay the implants even though they are grossly inflated because of legal aspects and contracts between the provider and PPO contract. Also, in some hospitals some departments are more willing to negotiate than others.

Some ways TMB save their client's money, are by forensic Claim Dissection, determining opportunity, coding and unbundling, implant utilization/billing, negotiation and hospital billing errors. A few examples of savings are:

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Page 2 of 2

<u>Billed Charges</u>	<u>TPA</u>	<u>TMB</u>
\$26,785	\$24,024	\$908
\$49,580	\$18,757	\$4,877
\$124,756	\$124,756	\$87,328

Questions:

Q: Are ankle implants different in complexity than a knee implant:

A: No, just not as common.

Q: How do we solve/fix gross markups billed by facilities?

A: Be informed, change Plan and Policy language and always try to negotiate. In respect to R & C, we the payer decide what is reasonable to pay.

Q: How successful are you after a bill is already paid?

A: Frequently; however, it does depend on who the client is. Some do not want to ruffle feathers and some want to be very aggressive.