

CALIFORNIA ORTHOPAEDIC ASSOCIATION APRIL 17, 2010



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Imaging & ASC Benchmarking Data

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IMAGING & ASC BENCHMARKS



MRI REVENUE PER SCAN

<u>Year</u>	<u>Mean</u>
2004	\$582
2005	\$552
2006	\$557
2007	\$527
2008	\$516



MRI NET INCOME PER SCAN

<u>Year</u>	<u>Mean</u>
2004	\$230
2005	\$259
2006	\$207
2007	\$262
2008	\$262



MRI NET INCOME PER FTE PHYSICIAN

<u>YEAR</u>	<u>MEAN</u>
2003	\$33,735
2004	\$34,958
2005	\$49,979
2006	\$49,462
2007	\$50,730
2008	\$49,653



MRI DATA

PROFIT MARGINS

<u>YEAR</u>	<u>MEAN PERCENT</u>
2003	43.86%
2004	37.79%
2005	49.31%
2006	51.53%
2007	49.33%
2008	50.86%



MRI DATA

PROFIT MARGINS

	<u>Mean</u>	<u>50th %</u>	<u>75th %</u>
Revenue Per Scan	\$516	\$525	\$584
Staff Expense Per Scan	79	70	98
Technology Expense Per Scan	17	5	23
Office Expense Per Scan	32	16	33
Medical Expense Per Scan	47	19	87
Facility Expense Per Scan	86	55	92
Total Operating Expense			
Per Scan	254	256	325
Net Income Per Scan	262	256	307



MRI DATA

<u>Scans Per</u>	<u>Mean</u>	<u>50th %</u>	<u>75th %</u>
New & Return Office Visits	.05	.04	.06



MRI CURRENT TOPICS/PROPOSALS

2008 – DRA 30% Cut to Ortho MRI
Reimbursement for Technical
Fees

2009 – Another 25% Cut to Ortho MRI –
Technical Fees for 2010

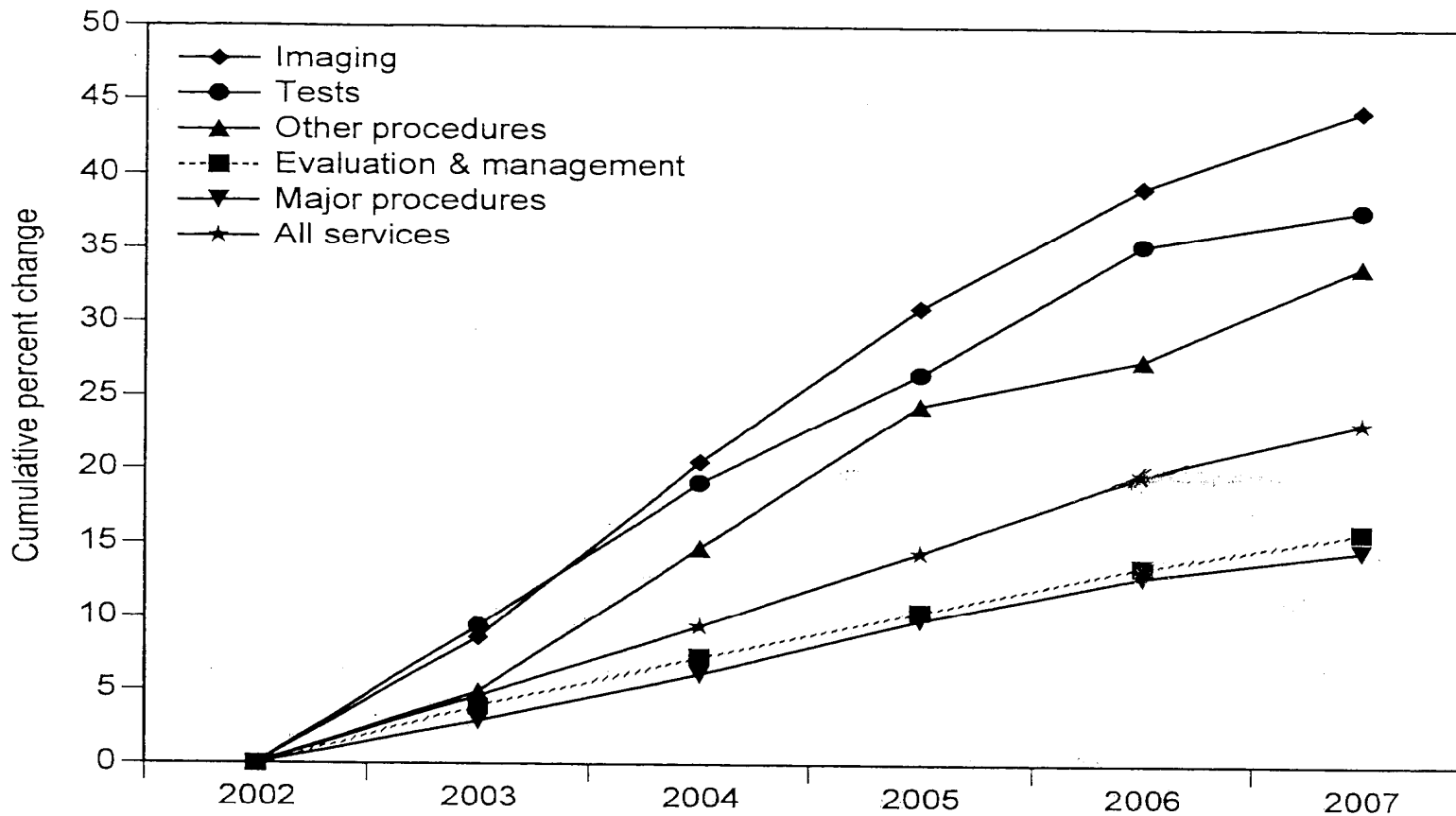


WHY THE FOCUS

- CMS Utilization of CT & MR (per 100 beneficiaries)
Rose 15% from 2000 to 2004
- Total USA CT Utilization has Gone from
12/100 people to 22/100 People from
2000 to 2005
 - <http://www.hschange.org/CONTENT/968/968.pdf>
- Payers Turning to UM Companies Such as
American Imaging Management



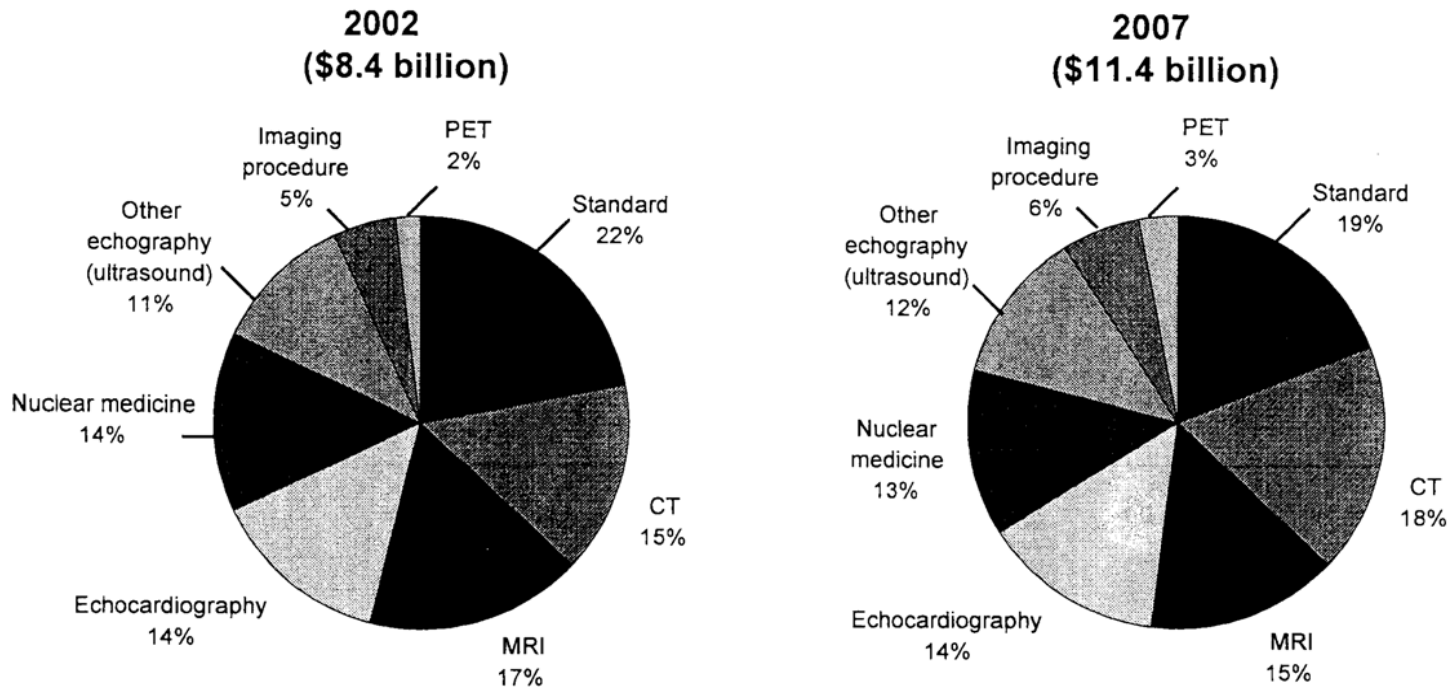
Chart 8-4. Continued growth in volume of physician services per beneficiary, 2002–2007



Note: Volume is units of service multiplied by relative value units from the physician fee schedule. Volume for all years is measured on a common scale, with relative value units for 2007.

Source: MedPAC analysis of claims data for 100 percent of Medicare beneficiaries.

Chart 8-17. Medicare spending for imaging services, by type of service, 2002 and 2007



Note: CT (computed tomography), MRI (magnetic resonance imaging), PET (positron emission tomography). Imaging procedure includes cardiac catheterization and angiography. Medicare payments include program spending and beneficiary cost sharing for physician fee schedule imaging services. Payments include carrier-priced codes but exclude radiopharmaceuticals. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of 100 percent physician/supplier procedure summary file from CMS, 2002 and 2007.

AMBULATORY SURGERY CENTERS



OVER 50% INCREASE IN NUMBER OF MEDICARE-CERTIFIED ASCs

YEAR	2001	2002	2003	2004	2005	2006	2007	2008
Medicare Payments (in Billions \$)	\$1.6	\$1.9	\$2.2	\$2.5	\$2.7	\$2.8	\$2.9	\$3.0
Number Centers	3,302	3,545	3,848	4,140	4,441	4,700	4,991	5,174
New Centers	286	306	368	366	355	331	346	219
Existing Centers	53	63	65	74	54	72	55	36
Net % of Growth in # of Centers from Previous Year	9.0%	7.4%	8.5%	7.6%	7.3%	5.8%	6.2%	3.7%



AMBULATORY SURGERY CENTERS

MEAN

**Revenue
Per Case**

2004 - \$2,087
2005 - \$2,293
2006 - \$2,428
2007 - \$2,354
2008 - \$2,491

MEAN

**Net Income
Per Case**

2004 - \$445
2005 - \$521
2006 - \$642
2007 - \$612
2008 - \$756



AMBULATORY SURGERY CENTERS

MEAN

Profit Margin

2004 - 22.75%

2005 - 26.02%

2006 - 22.85%

2007 - 23.01%

2008 - 23.67%

MEAN

Cases Per OR

2004 - 870

2005 - 930

2006 - 910

2007 - 1,024

2008 - 927



AMBULATORY SURGERY CENTERS

<u>Per Case</u>	<u>Mean</u>	<u>50th %</u>	<u>75th %</u>
Revenue	\$2,491	\$2,105	\$2,711
Staff Expense	651	628	784
Technology Expense	22	15	22
Marketing Expense	5	6	9
Malpractice Insurance	11	6	21
Office Expense	128	93	220
Medical Expense	672	647	798
Facility Expense	213	174	280
Other Expense	38	23	47
Total Operating Expense	1,737	1,635	1,978
Net Income	756	708	790



ASC PAYMENT POLICIES

- Effective January 1, 2010
- 3rd Year of 4-Year Transition to Align ASC Rates with Those Paid to Hospital Outpatient Departments for Similar Services
 - Blend of 25% of 2007 ASC payment amount & 75% of 2010 fully implemented ASC amount
- ASC Conversion Factor is \$41.393, which is 63% of OPPS Conversion Factor
- For Orthopaedic, Reimbursement Essentially Doubles on Medicare Fee Schedules



REGULATORY

- ASC Safe Harbors
- OIG
- Illinois Case



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