SPECIALTY CONTACT LENS CODING AND BILLING

PRESENTED BY
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OPTOMETRY’S MEETING 2015
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  - Contributing Editor: Contact Lens Spectrum
  - No Proprietary Interest in Any Subjects Discussed
The objective of this course is to discuss methods for building a rational fee schedule for specialty lens prescribing in a prescriber’s practice.
Learning Objectives

- Attendees of this course will learn:
  - Why effective fee scheduling is so important to the specialty lens prescriber
  - How to establish appropriate fees
  - How to communicate those fees to prospective patients
Big-Time Disclaimer!!!!!!

This meeting is a gathering of competitors, which is one of the two criteria for violating the Sherman Anti-Trust Act. The other criterion for a per se violation is to agree to, or appear to agree to, do something, like set fees, or boycott a supplier, or another competitor. This lecture includes a discussion of fees. HOWEVER, THIS LECTURE IS NOT INTENDED IN ANY WAY TO BE CONSTRUED AS A DISCUSSION OF FEE SETTING. THE EXAMPLES GIVEN ARE INSTRUCTIONAL, AND ARE NOT INTENDED IN ANY WAY TO ENCOURAGE ANYONE TO SET ANY FEE AT ANY AMOUNT. QUESTIONS ABOUT FEES WILL NOT BE ANSWERED, AND DISCUSSION ABOUT FEES AMONG THE ATTENDEES OF THIS LECTURE, DURING THIS LECTURE, WILL NOT BE PERMITTED, AND IS STRONGLY DISCOURAGED AT ANY TIME AFTER THIS LECTURE!
I believe that it is a moral failure to possess a skill or a body of knowledge that can end human suffering, and then fail to use that skill or knowledge because you do not charge enough to make that service a viable part of your practice.

Most doctors fail in medically necessary prescribing not because they lack the skill, but because they lose interest and motivation when they start to lose money.

When you charge enough so that you don’t lose money, then you stay motivated enough to solve these complicated cases. I submit to you, that that is ethical!
“Clarke, Everything That Happens in Your Practice Is Your Fault”

- IRV BORISH
“You Can Sheer a Sheep Many Times, But You Can Only Skin ‘Em Once”

-AMARILLO SLIM
In what way does billing for specialty lenses differ from billing for "ordinary" lenses?

They don't... silly person! Why would you think that? What are you, crazy!?!
Okay...Alright, They Do Differ...A Little, But Not Much

- The Expertise in Prescribing Specialty Lenses Is Greater, and Deserves Greater Compensation
- The Number of Lenses Needed to Achieve Success Is Greater
- The Return and Remake Policies for Many (Okay, Almost All) of These Lenses Is More Limited Than Conventional Lenses
- The Financial Exposure Is Greater for the Prescriber and the Patient Alike
So, How Do We Start to Build a Rational and Defensible Fee Schedule?

Oh, here’s a novel idea. Let’s do it like every other friggin’ business in the world, what do you say, huh?!?
Step One: Change the Nomenclature
Because What You Say Matters

- How You and Your Staff Talk About Specialty Lenses and the Associated Fees Should Convey Accurately the Complex Nature of These Lenses

- Get Rid of the Term, “Fit”
  - We Do Not “Fit”—We “Prescribe”
  - We Do “Diagnostic Evaluations” with “Diagnostic Lenses”
  - I do not Assess the “Fit” of a Contact Lens.” I Assess the “Alignment” and the “Correction” of a Lens
Step One: Change the Nomenclature Because What You Say Matters

- Get Rid of the Term, “Contact Lens Check”
  - We Do “Progress Evaluations” to Assess the Physiologic Health and the Visual Acuity of the Patient in the Presence of the Prescribed Lenses
- Develop Scripts for Discussing Lens Options, Expectation Management, And Prescribing Fees
Step Two: Understanding What It Costs You to Deliver Care to Your Patients

- Calculate Your Chair Cost
  - \[ \text{Chair Cost} = \frac{\text{Gross Sales} - \text{Cost of Goods} - \text{Net Profit}}{\text{The # of Patient Encounters}} \]

- For Example:
  - Gross Sales: $1,000,000
  - COG: $275,000
  - Net Profit: $250,000
  - Days Worked: 248
  - # Comprehensive Encounters: 10 per Day
  - # of Progress Encounters: 10 per Day (Count as ½ of Comprehensive)
Step Two: Understanding What It Costs You to Deliver Care to Your Patients

- Calculate Your Chair Cost
  - Chair Cost = $1,000,000 – $275,000 – $250,000 / 3,720
  - Chair Cost Is $128 Per Patient Encounter
  - Pretty Close to the National Average! ($115—$140)
Step Three: Determine How Many Encounters It Takes to Deliver a Service

- Rule of Thumb: Staff Time is Equal to One-Half of Doctor Time
- An “Encounter” Is Determined by Your Schedule and Where You Place Your Patients on That Schedule
- If a Comprehensive Encounter Is Scheduled at Sixty Minutes, and a Progress Encounter Is Thirty Minutes, Then You Know Much It Costs to Deliver a Particular Specialty Lens to a Patient
- Remember, You Chair Cost Is an Aggregate of Cost per Encounter
The prescription of contact lenses includes specification of optical and physical characteristics (such as power, size, curvature, flexibility, gas-permeability). It is NOT a part of the general ophthalmological services.

The fitting of a contact lens includes instruction and training of the wearer and incidental revision of the lens during the training period.

Follow-Up of successfully fitted extended wear lenses is reported as part of a general ophthalmological service. (92012 et seq)

The supply of contact lenses may be reported as part of the fitting. It may also be reported separately by using the appropriate supply code.”
Contact Lens Services

- 92310(4)—Prescription of Optical and Physical Characteristics of and Fitting of Contact Lens, With Medical Supervision of Adaptation; Corneal Lens, Both Eyes, Except for Aphakia
- 92311(5)—Corneal Lens for Aphakia, One Eye
- 92312(6)—Corneal Lens for Aphakia, Both Eyes
- 92313(7)—Corneoscleral Lens
- 92072—Fitting of Contact Lens for Management of Keratoconus, Initial Fitting
Step Three: Determine How Many Encounters It Takes to Deliver a Service

- Determine What Services Are Included in This Service:
  - Diagnostic Evaluation
  - Lens Ordering
  - Lens Receiving and Verification
  - Patient Notification and Scheduling
  - Lens Dispensing
  - Patient instruction
  - Ancillary Supplies (DMV’s, etc.)
  - Progress Evaluations = 2
Example: Prescribing a Hydrogel Multifocal to a New Wearer

- Doctor Time: 1.0 Comprehensive Encounters + 1.0 Progress Encounters = 1.5 Aggregate Encounters
- Staff Time: 0.5 Comprehensive Encounters + 0.5 Progress Encounters = 1.0 Aggregate Encounters / 2 = 0.5 Aggregate Encounters
- So, the Total Aggregate Encounters to Prescribe a Hydrogel Multifocal to a New Wearer = 2.0
- So the Cost to Deliver This Service = 2.0 X $128 = $256
Example: Prescribing a Hydrogel Multifocal to a New Wearer

- So the Cost to Deliver This Service: $256
- However, You Would Like to Make a Profit, Right? So Your Kids/Boat Can Eat?
- So, Set Your Profit Margin: Say, 30%
- Well, 30% of $256 Is About $77
- So, the Fee For This “Initial Dispensing Fee” Is:

$333.00
Example: Prescribing a Hydrogel Multifocal to an Established Wearer

- So, the Fee For This “Initial Dispensing Fee” Is:
  
  $333.00

- Established Patients Don’t Need All of the Services Contained in an Initial Dispensing Fee (IDF). So, We Reduce the IDF
One More Thing...

- Do Not Use the CPT Lens Prescribing Codes for your IDF’s
- We Created Our Own Codes for the IDF’s: IDF1, IDF2, etc.
“Wow, Clarke, That’s Sorta Complicated.” I Have Two Words For You...
# Plaza Vision Center Contact Lens Fee Analysis

## Disposable Toric Hydrogel Lenses (HCPCS Code: V2521)

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<tr>
<th>Lens Description</th>
<th>Box Qty</th>
<th>Unit Cost</th>
<th>Avg. Retail</th>
<th>Cost Ratio</th>
<th>PVC Cost</th>
<th>Cost Ratio</th>
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**Analysis Date:** 08/12/04
Let’s Do the Same Thing For Materials!
Factors Going Into Specialty Lenses Fees

- The Invoice Cost of the Lens
- The Average Number of Lenses Used
- The Warranty for Remakes and Returns
- Postage
- Lens Cleaning and Storage
- Profit
Specialty Lens Fees: Example—GP Multifocal

- The Invoice Cost of the Lens: $125.00
- The Average Number of Lenses Used: 1.5
- The Warranty for Remakes & Returns: 60 Days Unlimited
- Postage: $4.00
- Lens Cleaning and Storage: $1.50 = $18/hr X 5 min
- Profit: 25% = $241.25 Rounded Up to $242
HCPCS Material Codes

- V2510—Contact Lens, GP, Spherical, Per Lens
- V2511—Contact Lens, GP, Toric, Per Lens
- V2512—Contact Lens, GP, Bifocal, Per Lens
- V2513—Contact Lens, GP, Extended Wear, Per Lens
- V2520—Contact Lens, Hydrophilic, Spherical, Per Lens
- V2521—Contact Lens, Hydrophilic, Toric, Per Lens
- V2522—Contact Lens, Hydrophilic, Bifocal, Per Lens
- V2523—Contact Lens, Hydrophilic, Extended Wear, Per Lens
- V2530—Contact Lens, IP, Scleral, Per Lens
- V2531—Contact Lens, GP, Scleral, Per Lens
- V2627—Scleral Cover Shell
- V2599—Contact Lens, Other Type
Patient Management Issues

- Have Your Staff Confirm Eligibility and Reimbursements PRIOR to the Patient Coming In Whenever Possible
- Use a Patient Brochure to Explain the Process of Prescribing Specialty Contact Lenses
- Have Your Fee Schedules in the Exam Rooms
- Use the “Power of the Doctor” to Discuss Fees
- Basic Concept: If I Pay For It, Then the Patient Pays For It
Brochure on Specialty Contact Lens Prescribing
Conclusions

- Having a Consistent, Rational Fee Schedule Is the Best Way to Ensure that Your Business Stays Profitable
- By Using Spreadsheets to Create These Fee Schedules, You Can Make Adjustments Quickly and Accurately by Plugging in New Numbers
- Clearly Outline to Your Patients What Services Are Included in the IDF, and What Other Charges They May Have to Pay
- Forget About “Fitting Fees!” The dumbest Idea Ever!
- Charge for Each Visit After the Allotted Visits Have Been Used
- Charge Appropriately for the Materials
- Take Care of the Patient, and Everything Else Will Follow
Thank You!

ANY QUESTIONS?

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