Future of Sleep Centers: Challenges and Opportunities
Challenges
Reimbursement

Diagnostic Panels

Sleep Center

Therapy Panels

Any Willing Provider
Challenges

• Reimbursement Changes (Medicare as basis)
• Sleep Benefits Management Programs
  – Any willing provider (sleep expertise not required)
  – Limited diagnostic panels (i.e., national HST providers, exclusives)
  – Limited therapy panels (i.e., exclusives, competitive bidding)
Reimbursement Changes

• RUC changes to RVUs (2011, 2012, 2013)
  – Significant reduction in professional fees in 2011
  – Reduction in technical fees spread out over 3 years
• SGR calls for a 27% reduction in the Conversion Factor for 2013
• GPCI (Geographic Practice Cost Index) changes
• Notes:
  – 95806, Home Sleep Testing
  – 95810, Polysomnography
  – 95811, Split or Titration
Explosion of Sleep Studies!

Quantities

Medicare Part B National Summary Data File
Explosion of Sleep Studies?

Quantity Y/Y Growth Rates

2009 HST growth is 625%

Medicare Part B National Summary Data File
# Medicare Reimbursement

## 2010

<table>
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<tr>
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*Medicare Physician Fee Schedules*
# Medicare Reimbursement

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*Medicare Physician Fee Schedules*

*Note: Conversion Factor is based on 2012 figure. Current SGR requires 27% reduction.*
# Reimbursement Changes

## 2010-2013 Change

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Sleep Benefits Management Programs

• Targets spending on Obstructive Sleep Apnea through two key elements:
  – Transition of in-lab to home sleep testing (approximately 50% of all sleep studies).
  – Ongoing payment for PAP therapy based on 90-day patient compliance levels.

• These programs can result in greater than 25% savings to the payer.

• Current Per Member Per Month OSA spend is between $1.50 - $4.25.
Utilization Management Firms

• Many payers outsource these programs to a utilization management (UM) firm who may already be providing other services to the payer.

• Selling points:
  – Increased demand for testing
  – Lower cost testing alternative available, but not used
  – Fragmentation of care
  – DME provider lack of accountability
  – Compliance tracking technology is available
Utilization Management Firms

- Offering sleep benefits management programs:
  - American Imaging Management
  - CareCentrix
  - Care Core National
  - MedSolutions

- May offer SBM program in the future:
  - National Imaging Associates
  - HealthHelp
Payers

- Programs underway
  - MA: Fallon, Tufts, Harvard Pilgrim, Neighborhood Health Plan
  - Aetna
  - United
  - MVP Healthcare (Northeast)
  - WellCare (Southeast)
Payers

• Programs to be implemented soon
  – BCBS of Massachusetts
  – WellPoint (Anthem and other Blues plans)
  – Connecticare (CT)
  – Humana
  – Cigna
Sleep Benefits Management Program

• Elements
  – Policy and Practice Design: Authorization review policies
  – Program Communication
  – Network Management
    » Diagnostic site of service
    » Titration site of service
    » Therapy provision
Authorization Review Policies

• **Testing**
  – In-lab only or all testing, pediatric age? MSLTs?

• **PAP**
  – Setup and/or resupply

• **Impact**
  – Additional hand-offs internally
  – Additional processing time
  – Stretching of patient care timing
  – Decrease in wait list
Program Communication

• Referring Providers, Sleep Providers, Members
• Start dates and grandfathering
• Experience
  – Payers have typically communicated these changes poorly
  – Most referring providers are not aware
  – Members are not aware at all
• Impact
  – Additional communication to referring providers required
Network Management

• Authorized Providers
  – Exclusive, open, or qualifying
    » Which services? In-lab, HST, PAP?
    » Accreditation requirements?
    » Board certification requirements?

• Provider Metrics
  – Workflow Outcomes
    » Turnaround times, denials, failures, errors
  – Clinical Outcomes
    » Compliance reporting

• Impact
  – Exclusive may result in lost business
  – IT requirements increase
Sleep Benefits Management Programs

- Example Impacts: Sleep HealthCenters
  - 7.5% loss of sleep testing and PAP volumes in Massachusetts as a result of exclusive provider relationships
  - 9% loss of in-lab testing, shifted to home sleep testing
  - Estimated 20% of all sleep testing in Massachusetts is now HST. 15% of our New England volume is now HST.
  - By middle of 2013, 40-45% of sleep testing in Massachusetts will be through home sleep testing
  - Increase in administrative costs, with decrease in revenue per patient
Opportunities
Opportunities

- Sleep Benefits Management Programs
- Integrated sleep centers
- New referral relationships
- Other sleep disorders
Sleep Benefits Management Programs

• Integrate Home Sleep Testing, delivered both Face-to-Face and Mail-to-Home
• Reach OSA patients wary of in-lab testing
• Provide cost-effective integrated long-term care, if allowed
• Rebuild the referral network, by communicating these changes yourselves
• Offer consultation services to remove the burden of pre-authorization from referring providers
• Work together with other sleep programs to centralize activities (i.e., lab testing, HST management)
• Decentralize care: less bedrooms, community-based
Hub and Spoke Approach

Clinic:
- Sleep Specialist
- Respiratory Therapist
- PAP setups
- Followups
- HST

Center:
- Clinic +
- In-Lab testing
- Other sleep treatments
- Psychologists
- Oral appliances
Integrated Sleep Centers

• Model Transition
  – Comprehensive approach
    » AASM efforts with Medicare to allow for PAP dispensing by sleep specialists
    » AASM accreditation for Centers, Out-of-Center Sleep Testing, and DME
  – ACO opportunities
    » Communications, Efficiencies, Cost Savings
Previous Structure

- **Clinic**
  - No profit expectation
  - Feeds lab business

- **Lab**
  - Highly profitable
  - All in-lab
New Structure

Individual, but integrated, elements

ALL

Clinic  Diagnostic Testing  Treatment/Therapy

OSA

Clinic  In-Lab  HST  Setups  Resupply

All elements must provide a profit contribution
New Referral Relationships

- Dentists
- Occupational Health Providers (i.e., transportation)
- Employers
- Retail medical clinics (i.e., Minute Clinic)
- Retail sleep products (i.e., Zeo, Lark)
Other Sleep Disorders

• Insomnia
  – Diagnostic devices
  – Therapy devices
  – Online therapies

• Circadian Rhythm Disorders
  – Diagnostic methodologies
  – Pharmaceutical therapies

• Snoring
Questions

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Sleep HealthCenters LLC
paul_valentine@sleephealth.com

“The best interest of the patient is the only interest to be considered---“.  
William J. Mayo