

Using Cost Analysis Data to Support Quality Improvement



Cost analysis data can provide important information to inform training and technical assistance (TA). This tool provides guidance on how cost analysis data can be used by all Title X agencies including:

- **Title X Grantee:** can gather subrecipient cost analysis results, or gather data needed to perform the cost analysis and conduct it on behalf of the subrecipients. Grantees can then compare data to network averages as well as conduct site-specific analysis.
- **Subrecipients:** can compare data for their network of clinics in addition to conducting site-specific analysis.
- **Sites:** can conduct site-specific analysis.

This job aid, a companion to the *Using Cost Analysis to Support Quality Improvement* workbook, describes cost analyses data of the two site examples from the workbook. Users may find it is helpful to have the Excel workbook side by side as reviewing the analysis below.

Cost/RVU Analysis

This comparison is reflective of costs for services more broadly and can provide insight when a site's Cost/RVU is compared to the network average. More importantly, comparing the Cost/RVU to the Conversion Factor (CF) (referred to as the comparison ratio) can help to determine if costs are on par with what Medicare and private insurance (PI) companies are willing to pay as Medicare and PI organizations use the CF as a basis to set their rates.

Example 1 (*Using Cost Analysis to Provide TA Workbook—Tab 2*):

Site 1 is one of nine subrecipient sites in a statewide Title X network. Compare Site 1's Cost/RVU (\$150.47) to the statewide average Cost/RVU (\$103.42). The statewide average was calculated by adding all nine of the grantee's subrecipient Cost/RVU values and dividing by 9. This comparison identifies that Site 1's Cost/RVU is approximately 45% higher than the network's Cost/RVU $(\$150.47 - \$103.42) / \$103.42$.

More importantly, review the comparison ratio (Cost/RVU divided by the CF). Specifically, in 2019, the year for which these data were extracted, the CF was 36.0391. With a Cost/RVU of \$150.47 for Site 1 for the same time period, the site's costs are over four times greater than the CF $(\$150.47 / 36.0391 = 4.18)$, suggesting the site's costs are four times greater than what the Medicare reimbursement would have been. Without significant grant funding, this result could be indicative of a financially unsustainable practice. Similarly, the statewide average of \$103.42 indicates that the network's costs are almost three times greater than what the Medicare reimbursement rates would be.

Grantee Avg. Cost/RVU	\$103.43
Site 1 Cost/RVU	\$150.47
Cost/RVU Range	\$48.11 - \$205.71 (lowest and highest among the 9 sites)

Example 2 (*Using Cost Analysis to Provide TA Workbook—Tab 3*):

Site 2 is the second of nine subrecipient sites in a statewide Title X network. Compare Site 2's Cost/RVU (\$48.11) to the statewide average Cost/RVU (\$103.42). This comparison identifies that Site 2's Cost/RVU is approximately 53% less than the network average $(\$48.11 - \$103.42) / \$103.42$, indicating that site 2 is operating more efficiently (better utilization and/or less expenses) than the network on average. The comparison of the Cost/RVU of Site 2 (\$48.11) to the MCF (36.0391) indicates that Site 2's costs are 33% more $(\$48.11 / 36.0391 = 1.33)$ than what the Medicare reimbursement would have been. This

result may indicate that Site 2 would employ strategies to increase utilization and decrease expenses to decrease their Cost/RVU. However, since most PI reimburses at rates above Medicare rates, this site may not have significant financial concerns, depending on their payer mix.

Grantee Cost/RVU	\$103.43
Site 2 Cost/RVU	\$48.11 (results from Site 2’s cost analysis)
Cost/RVU Range	\$48.11–\$205.71 (lowest and highest among the 9 sites)

It may be helpful for a grantee or subrecipient to not only share a site’s Cost/RVU with the site, but also to share the network’s Cost/RVU range.

Assess Visit Types and Frequencies

Analysis of visit types and related frequencies can help a Title X agency determine if visit coding may be an issue. This analysis is often most useful when it is site-specific. Consider categorizing visit “level” types together, such as 99201 and 99211, 99202 and 99212, 99203 and 99213, etc., and review the percentage of each category versus the total of all visit types. Typically, a site will see a distribution of visit numbers among the visit level types, with a propensity falling more toward the mid-intensity visits, such as 99203 or 99213. Please note these data are from 2019. Effective January 1, 2021, 99201 is no longer a viable code.

Example 1: Site 1 (Using Cost Analysis to Provide TA Workbook–Tab 2)

Visit Types	99201 & 99211	99202 & 99212	99203 & 99213	99204 & 99214	99205 & 99215	Total Visits
Number of Visits	364	34	31	20	4	453
Percentages	80%	8%	7%	4%	1%	

In this example, the majority of visits are for 99211 (80%). The data show a high volume of visits in the least intensive category and may suggest that visits are being under-coded. If so, this represents lost opportunities for fees and revenue. It is helpful to review this information with clinicians and review coding when a propensity of one type of visit is coded.

Example 2: Site 2 (Using Cost Analysis to Provide TA Workbook–Tab 3)

Visit Types	99201 & 99211	99202 & 99212	99203 & 99213	99204 & 99214	99205 & 99215	Total Visits
Number of Visits	458	1201	1666	574	11	3910
Percentages	12%	31%	43%	15%	0%	

The distribution in this example above is indicative of good coding practices.

Assess New Client Visits

Title X agencies can also analyze new client visits as a percentage of all visits. A higher percentage of new visits is typically indicative of a healthier practice. Client retention is a key factor in overall growth as well. Therefore, for a more comprehensive analysis, consider visit trends year over year as well. If network averages are known, a site's data can be compared to the network's data.

Example 1: Site 1 (Using Cost Analysis to Provide TA Workbook—Tab 2)

Compare Site 1's new visit volume percentage to the total network's new visit percentage.

	Total Visits	New Visits Number (99201-99205, 99384-99386)	New Visits Percentage (new visits/total visits)
Grantee Network Data (9 site totals)	19,787	6,008	30%
Site 1	545	87	16%

Site 1's New Visits are significantly lower than the grantee network average. This could be indicative of a less healthy practice, one where visits/visit growth is declining. This may occur if a clinic is serving an area with less demand for services, or the clinic is experiencing limited clinician time or clinic hours, or even incorrect visit coding. A grantee could help the subrecipient to identify the underlying issue(s) and provide the necessary technical assistance. This might include identifying the demand for services in the area, such as reviewing Women in Need data from the Guttmacher Institute, identifying annual visit trends and assisting with future planning such as client recruitment strategies, coding training, etc.

Example 2: Site 2 (Using Cost Analysis to Provide TA Workbook—Tab 3)

Compare Site 2's new visit volume percentage to the total network's new visit percentage.

	Total Visits	New Visits Number (99201-99205, 99384-99386)	New Visits Percentage (new visits/total visits)
Grantee Network Data (9 site totals)	19,787	6,008	30%
Site 2	6,094	1,958	32%

Site 2's New Visits are slightly above the network average, and twice the percentage of Site 1's. This would be considered favorable to supporting client visit growth in the future. Other factors, such as client retention, are significant for visit growth as well.

Other Insights

Example 1: Site 1 (Using Cost Analysis to Provide TA Workbook—Tab 2)

- All full fees (or charges) in Column F are lower than costs (Column E), and all but two of the full fees are lower than the PI reimbursement rate (Column J).
- As the cost of services is well above the highest PI contractual rates, this practice would still be financially unsustainable without significant grant funding. However, the site should consider increasing the full fees to at or above the PI reimbursement rates to increase revenue for clients with PI coverage.

- Site 1 should also consider other expense management and utilization improvement strategies to improve financial viability.
- IUD/IUC Insertion (CPT code 58300) and Removal (CPT code 58301) services costs and full fees are well above the grantee network averages and highest PI reimbursement rates. Site 1 should consider reducing the full fee, as this may impact uninsured clients. Utilization of Depo injections is 0. It is recommended that site review if Depo is provided, how injections are being billed, or if this is a missed billing code. Review findings with clinical team and provide training.

Example 2: Site 2 (*Using Cost Analysis to Provide TA Workbook—Tab 3*)

- Costs and full fees (or charges) in Column F are less than the highest contractual PI reimbursement rates (Column J) for most services.
- The current charges do not cover costs, and may cause a missed revenue opportunity when PIs are billed. By adjusting charges to the highest PI rate or higher, the site has an opportunity to charge more than the cost of services for clients with PI coverage, which can help to offset the loss encountered by providing services to Medicaid clients (note that reimbursement from Medicaid is less than the cost for most services). Additional data supporting a full fee increase for services is that the site's charges are below network averages, suggesting fee increases are warranted.
- Costs for procedures are below the network averages, indicating this practice is operating more efficiently than others in the network.