Key Performance Indicators for Pediatric Practices

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Pediatric practices continually face an uphill battle in today's ever-changing health care environment. Reimbursements are declining while the costs to operate a practice are increasing. It is important to have strong management and billing processes in place, and it is even more important to be able to measure the success of those processes using quantitative Key Performance Indicators (KPI). A single measurement of KPI may be of some use to a practice manager, but the trending of KPIs over a period of time is even more valuable, as it tells a more complete story about the direction in which the practice is heading. For best results, a dashboard report with KPI trending data should be analyzed on a regular basis – monthly or weekly, depending on the specific KPI.

Six of the most relevant Key Performance Indicators for pediatric practices include:

Adjudicated Collection Rate (ACR):

Many people think of collection rate as collections/charges. However, this ratio is like comparing apples with oranges, since the majority of collections are received 30 to 60 days after the date of service. The ACR is therefore calculated as collections/(collections plus adjustments). The ACR is an indicator of the suitability of the fee schedule, because if your ACR is higher than expected, it may mean the practice is leaving money on the proverbial table, as some payers are paying less than their maximum allowable fees by capping payments at the practice's billed fee. An ACR that is lower than expected may simply mean that the fee schedule is set higher than necessary. If the trend shows a decline in your collection rate, however, it may suggest that rejected claims or short-paid claims (those paid at less than contracted rates) are being written off without the appropriate scrutiny or appeals. Determining the ideal fee schedule is a unique process for each practice based on payer mix and patient mix. The National Society of Certified Healthcare Business Consultants (NSCHBC) 2012 Statistics Report reflects an ACR of 68 percent for general pediatric practices.

Accounts Receivable Aging (A/R Aging):

Pediatric practices have definite cycles of activity throughout the year. The first quarter is often slow, as parents avoid going out in the cold or incurring medical expenses that are subject to deductible in a new year. The summer months are usually the busiest due to school physicals. Practices have to monitor the accounts receivable aging to make sure that receivables are being collected in a timely manner. Again, trending is important to watch, as an increase in A/R aging can indicate problems in the billing office. Practices should strive to maintain average A/R aging of 30 to 45 days outstanding.

Payer Mix:

In conjunction with monitoring overall A/R aging and ACR, a practice should also watch trending in both areas by payer to identify billing or collection issues with a particular insurance company. These KPIs can also be used when deciding whether to renegotiate certain payer contracts or drop those payers altogether.

Vaccine Profit and Costs:

Vaccines represent the single largest cost for pediatric practices. Practices do not typically realize significant profit from vaccines, but vaccine purchases can result in a loss if not carefully monitored. Successful practices monitor vaccine cost trends and take advantage of available discounts. Bulk purchasing in advance can result in significant cost savings, as can joining a group purchasing program. Billing is also critical to maximize vaccine profit. Practices should bill administration fees in addition to fees for the vaccines themselves. Many practices aren't aware of recent billing changes that allow combination vaccines to be billed based on the individual vaccine components as well as administration fees for each of those components. Insurance companies often reject such billing because it is a recent change, but billing staff needs to be aware of the rules and appeal those rejections. Practices that buy pre-filled vaccine syringes may pay more for the actual vaccine, but the opportunity cost for the time-savings for the nursing staff can yield additional profits.

New Patients and Age of those New Patients:

One unique characteristic of pediatric medicine is that patients are continually aging out. Pediatric care s basically an eighteen-year revolving door, so practices need to be constantly adding new patients. The emphasis should be on new infant patients since the revenue per patient is much higher for an infant who is seen six times per year than for an adolescent who may only be seen for a physical. Practices should track the number of new patients by age group on a weekly or monthly basis. A declining trend in new patients means that the physicians need to focus on their marketing strategies.

Time of Service Collections:

The average revenue per patient for pediatric patients is much lower than for specialty practices. Collecting every available dollar is critical to financial success. Many pediatric visits require co-pays, and many patients have outstanding balances that can be collected by the front desk when the patient checks in. Successful practices should track the percentage of patient balances and co-pays collected at the time of service and develop incentive plans

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#2: High rates of maternal mental illness and its implications

Maternal mental illness during pregnancy and the postpartum period is common; research has decisively shown that, if left untreated, maternal mental illness places the child at a higher risk for emotional, cognitive, and social problems.

Unfortunately, many mothers and mothers-to-be suffer from mental health disorders. Estimates of the prevalence of depression in pregnancy tend to vary depending on the criteria used, but are anywhere from 7% to 15% in the published literature. Up to 40% of women report anxiety symptoms in pregnancy. Approximately 10% to 15% of mothers are estimated to experience postpartum depression while estimates for postpartum anxiety range from 6% to 28%.

Symptoms of maternal mental illness interfere with healthy mother-child interactions. It has been shown that mothers suffering from mood and anxiety disorders are often less attuned to their infants, smile less, make less eye contact, touch their babies less, hold more negative perceptions of their infants, and use more ineffective care-giving strategies. The effects of untreated postpartum mood and anxiety disorders on the baby can be severe and long-lasting, affecting emotional, cognitive and social development. Since the welfare of babies is the primary responsibility of the pediatrician, this fact cannot be ignored.

#3: Frequency of patient encounters

Pediatricians encounter mothers in the postpartum period more frequently than any other health care provider, creating a unique opportunity to educate, screen and refer vulnerable women.

Pediatricians will see the baby, likely accompanied by the mother, at least six times during the first postpartum year. Mothers of firstborn babies also tend to make multiple calls to pediatric staff throughout the first year. If the mother has other children, interactions via phone and visits may be even more frequent. This frequency of contact gives the pediatrician a unique opportunity to observe the mother-infant dyad, and to provide support, education, screening, and referrals when warranted.

#4: Pediatricians as authority figures

Pediatricians are powerful authority figures whose role in shaping maternal confidence and overall emotional adjustment to motherhood is frequently under-recognized and not fully harnessed as a means of promoting mental health during the postpartum period.

Most mothers view pediatricians as important authority figures. As a result, they tend to be highly sensitive and reactive to their pediatrician's feedback and comments about their care-giving behaviors and their baby's growth and development. Attunement to this fact on the part of providers is in itself a crucial intervention strategy that can shape the trajectory of women's adjustment to motherhood in the early months. Moreover, the sensitivity and overall quality of the relationship between the provider and the mother has been found to increase the likelihood that she will disclose her symptoms. This is of critical importance, as stigma, shame, and cultural beliefs about pregnancy, motherhood, and the meaning of psychiatric illness are powerful obstacles to detection and treatment of mental health issues in the postpartum period.

#5: Legislative mandate

In the state of Illinois, pediatricians are mandated to invite postpartum women to complete a screening questionnaire to assess for potential symptoms of a mental health disorder. They are likewise mandated to provide education about perinatal mood and anxiety disorders.

In mandating screening and education, the State of Illinois has endorsed the principles of family-centered pediatric practice embraced by the American Academy of Pediatrics. Multiple studies have demonstrated that screening and education are significantly more effective than a verbal inquiry in identifying at-risk mothers. Research has also shown that simple screening tools are feasible to administer in the context of pediatric practice and are accepted by mothers and pediatric staff. Importantly, it is critical that screening be followed by further discussion and referral for evaluation, if needed.

Conclusion

Infants cannot be approached in isolation. Pediatricians must embrace the treatment philosophy that views the mother-infant dyad as the core unit of care in order to provide the most effective and attuned treatment to their youngest patients. While this presents the busy pediatric practice with a complex set of challenges, failure to do so may have far-reaching and adverse consequences for the infant's long-term health and development.

REFERENCES:

1. American Academy of Pediatrics. Family Pediatrics: Report of the Task Force on the Family. Pediatrics 2003; 111(Supplement 2):1541 -1571.

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or other approaches to improve those collections if the trending indicates less than a 95 percent success rate.

Pediatric practices often experience higher volume of visits for less revenue per visit than most other group of primary care physicians. A practice that quantifies and monitors trending of these meaningful Key Performance Indicators is more likely to operate a successful practice. And in today's world of pediatric medicine, practices need to be doing all they can to succeed.

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