

Financial Management in Radiology

Second Edition

ahra

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ISBN: 978-0-9634176-6-5

Library of Congress Control Number: 2013943301

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AHRA is the premier association for imaging professionals. Since 1973, the organization has led the industry in information, education, and professional support. Its programs—including its journal, *Radiology Management*; conferences; publications; and annual meeting and exposition—establish standards of excellence throughout the profession. In addition, AHRA's Certified Radiology Administrator (CRA) program is the first and only professional credential tailored specifically for radiology administrators. The CRA is designed to elevate professional standards, enhance individual performance, and recognize administrators who demonstrate knowledge essential to the practice of radiology management. The AHRA Education Foundation supports the membership and radiology professionals in the US and abroad by granting scholarships and conducting research that enhance the effectiveness of imaging and healthcare disciplines.

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Acknowledgments

A project of this magnitude succeeds only because of the many people who have given their time and talents to ensure that a quality product is made available to AHRA members. We would especially like to thank Agfa HealthCare for their generous gift to help this resource become a reality. We would also like to thank those members who became authors, on both the first edition and this second edition, offering their knowledge and expertise as they wrote and rewrote content. In addition to the authors, we would also like to thank those who reviewed various drafts and gave us invaluable feedback. Finally, we would like to thank the AHRA staff, especially Deb Murphy, for their hard work, dedication, and gentle reminders of deadlines for all they have done to make this project happen. We could not have done it without you.

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Introduction

Since the inception of the Certified Radiology Administrator (CRA) credential in 2002, AHRA: The Association for Medical Imaging Management, the preeminent organization for leaders in medical imaging management, has strived to develop educational materials in support of the exam. The AHRA Professional Development book series covers all the domains of the CRA exam: *Financial Management in Radiology*, *Operations Management in Radiology*, *Communication & Information Management in Radiology*, *Human Resource Management in Radiology*, and *Asset Management in Radiology*. The first edition of the finance book was produced in 2004 and this second edition continues the tradition of addressing material in depth to aid the continuing education of the imaging administrator. With a healthcare climate that is ever changing, updating the material to be more in line with current practices was necessary to keep those in the industry positioned to be the best leaders possible.

The authors and reviewers of this book represent a cross section of today's imaging profession, including academic medical centers, community and rural hospitals, freestanding imaging centers, and private enterprise. This range of experience allows a broad perspective of ideas and expertise.

In Part 1, Fundamentals, the focus is on understanding financial statements and the standards that guide financial reporting.

In Part 2, Revenue Generation, payment sources, pricing and contracting, maximizing reimbursement, and collection are addressed.

In Part 3, Cost Controls, budgeting options and strategies are reviewed, with examples and means of measuring productivity discussed.

In Part 4, Future Planning, aspects of equipment selection and new business development are laid out.

In Part 5, Compliance and Ethics, staying on the right side of the law by using corporate compliance planning and resolving ethical dilemmas is addressed.

As the healthcare delivery and payment system continues to evolve with new payment and reimbursement structures, knowledge and understanding of these changes will be paramount to being a successful manager of limited financial resources. Ever present pressures to manage healthcare costs will mount, and it's critical for imaging administrators to develop expertise in financial management of the services they provide. *Financial Management in Radiology*, second edition, is an important resource in an imaging leader's tool kit and an invaluable reference over time.

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Paul Dubiel is the senior director of imaging and lab services at the 11 hospital Seton Family of Hospitals in Austin, Texas. He has been with Seton for 11 years and has over 25 years of experience in the imaging field. Paul has been a member of AHRA since 1993 and has served on numerous committees, including the Product Development Committee and Editorial Review Board for *Radiology Management* as editor-in-chief. Paul has an undergraduate degree in psychology, a master's degree in healthcare administration, and in 2010 earned his CRA credential. Also, in 2010, Paul earned Fellow status for AHRA.

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Abbreviations

AAG-HCO	Audit and Accounting Guide for Health Care Organizations	DMEPOS	durable medical equipment, prosthetics, orthotics, and supplies
ABC	activity-based costing	DOJ	Department of Justice
ABN	Advance Beneficiary Notice of Noncoverage	DR	digital radiography
ACA	Affordable Care Act	DRG	diagnosis-related group
ACO	accountable care organization	EBIDA	earnings before deductions for interest, depreciation, and amortization
AFDC	Aid to Families with Dependent Children	EBITDA	earnings before deductions for interest, taxes, depreciation, and amortization
AHA	American Hospital Association	EHR	electronic health record
AICPA	American Institute of Certified Public Accountants	EMR	electronic medical record
AMA	American Medical Association	EOB	explanation of benefits
APC	ambulatory payment classification	EPO	exclusive provider organization
AWP	average wholesale price	FCA	False Claims Act
BBA	Balanced Budget Act	FDA	Food and Drug Administration
CAC	Carrier Advisory Committee	FI	fiscal intermediary
CCI	Correct Coding Initiative	FICA	Federal Insurance Contributions Act
CDM	charge description master	FMAP	Federal Medical Assistance Percentage
CDML	CDM line item number	FQHC	federally qualified health center
CF	conversion factor	FTC	Federal Trade Commission
CMD	contractor medical director	FTE	full-time equivalent
CMHC	community mental health center	GAAP	Generally Accepted Accounting Principles
CMS	Centers for Medicare and Medicaid Services	GPCI	Geographic Practice Cost Index
CON	certificate of need	HCFA	Health Care Financing Administration
COP	Conditions of Participation	HCPC	Healthcare Common Procedure Coding
CPA	certified public accountant	HCPCS	Healthcare Common Procedure Coding System
CPOE	computerized physician order entry	HEW	Department of Health, Education, and Welfare
CPT	Current Procedural Terminology		
CR	computed radiography		
CRA	certified radiology administrator		
DME	durable medical equipment		

HHS	Department of Health and Human Services	MPPR	Multiple Procedure Payment Reduction
HIM	healthcare information management	MSA	Medicare Medical Savings Account
HIPAA	Health Insurance Portability and Accountability Act	MS-DRG	Medicare Severity Diagnosis-Related Group
HMO	health maintenance organization	NCCP	National Correct Coding Policy
HOPPS	(OPPS) Hospital Outpatient Prospective Payment System	NCD	National Coverage Determination
ICD	International Classification of Diseases	NDC	National Drug Code
ICD-10	International Classification of Diseases, 10th Revision	NPV	net present value
ICD-10-CM	International Classification of Diseases, 10th Revision, Clinical Modification	OCE	Outpatient Code Editor
ICD-10-PCS	International Classification of Diseases, 10th Revision, Procedure Coding System	OIG	Office of the Inspector General
ICD-9	International Classification of Diseases, 9th Revision	PE	practice expense
ICD-9-CM	International Classification of Diseases, 9th Revision, Clinical Modification	PFD	personal, fatigue, and delay
IDTF	independent diagnostic testing facility	PHI	protected health information
IPPS	Inpatient Prospective Payment System	PMPM	per-member-per-month
IS	information systems	PPO	preferred provider organization
IT	information technology	PTO	paid time off
IVP	intravenous pyelography	RAC	Medicare Recovery Audit Contractor Program; recovery audit contractor
LCD	Local Coverage Determination	RBRVS	Resource-Based Relative Value Scale
LMRPs	local medical review polices	RIS	radiology information system
MAC	Medicare Administrative Contractor	ROA	return on assets
MCAC	Medicare Coverage Advisory Committee	ROE	return on equity
MCO	managed care organization	ROI	return on investment
MedPAC	Medicare Payment Advisory Commission	RVU	relative value unit
MEI	Medicare Economic Index	S&I	supervision and interpretation
MMA	Medicare Modernization Act	SGR	sustainable growth rate
MPFS	Medicare Physician Fee Schedule	SI	statistical indicator
		SSI	Supplemental Security Income
		SWOT	strengths, weaknesses, opportunities, and threats
		TANF	Temporary Assistance for Needy Families
		TOWS	threats, opportunities, weaknesses, and strengths
		TPA	third-party administrator
		UAF	Update Adjustment Factor
		ZBB	zero-based budgeting

