

MILLENNIUM GROWTH STRATEGIES

for Health Care

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Seeking Relief from Chronic Pain

Physicians, other health professionals, and accrediting bodies are increasingly aware of a fact that many patients already know: chronic pain is a pervasive medical condition in the United States. Most studies estimate that 20 million Americans (almost 10% of the adult population) suffer from noncancer-related chronic pain and more than half of all cancer patients report pain. In a 1999 study, the American Pain Society (APS) found that more than four of every 10 people with moderate to severe chronic pain have yet to find adequate relief.

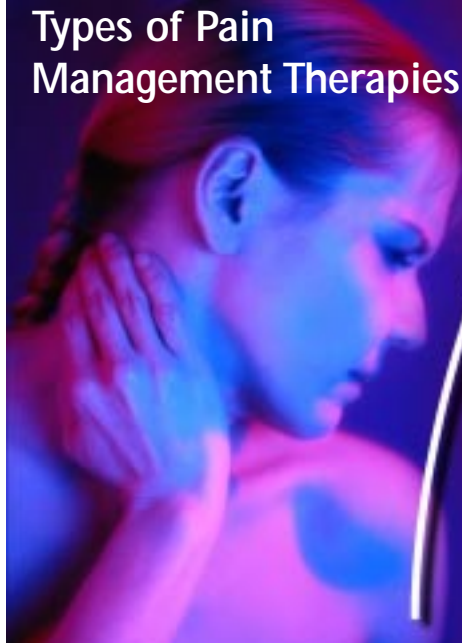
Growth and Revenue Opportunities: Pain Management Centers

Pain is treated through a variety of therapies and by many types of providers. Recent studies have demonstrated that the most effective clinical results come from a multidisciplinary approach that incorporates anesthesiology, neurology, behavioral medicine, physical and occupational therapy, social work, and biofeedback. Nevertheless, a recent APS study showed that only 22% of chronic pain sufferers had been referred to a multidisciplinary program or clinic.

Well-integrated, multidisciplinary pain management centers (MPMCs) create opportunities to offer a superior level of pain management services to chronic pain patients. Sources of revenue from MPMC include rehabilitation therapies, behavioral counseling, diagnostic services, surgical procedures, and, in a handful of programs, inpatient treatment, although inpatient care faces increasingly stringent reimbursement.

According to one source that specializes in the billing and management of pain centers, expanding pain services beyond anesthesiologists performing nerve blocks can generate significant incremental revenue for health care organizations. The firm estimates a multidisciplinary program with 20 to 30 visits per day (roughly 250 to 350 patients per year) can generate \$1.5 million in net hospital revenue through physical and occupational therapy, behavioral medicine, procedures,

Types of Pain Management Therapies



Source: Krames, E.S. 1999. "Interventional Pain Management." *Medical Clinics of North America* 83(3): 787-808.

pharmacy, x-ray, lab, and complementary medicine services. In contrast, a procedural program typically generates \$500,000 or less in net hospital revenue.

One 500-bed hospital, located in the Mid-Atlantic region with a service area population of 500,000, treats 12 to 15 patients daily at its multidisciplinary pain program. This program is projected to realize an 18% operating margin (40% contribution margin) this year on net revenues of \$700,000 generated from physical therapy, behavioral medicine, and pain block services.

Payor mix varies by program, but typically includes workers' compensation,

Medicare, and commercial payors. Some literature and program experience suggests managed care has been reluctant to pay for MPMC services, due in part to past unorthodox and ineffective treatments by unregulated pain providers. However, recently there has been a significant focus on accreditation and outcomes research to legitimize the practice of pain management. A 1999 study by APS found that only 3% of patients were denied access to a MPMC by their managed care or workers' compensation program.

continued

Keys to Success

- Form a multidisciplinary team of well-trained providers dedicated to interdisciplinary care
- Create well-defined and individualized treatment plans that use the most effective and efficient resources to meet patient needs
- Offer a time-limited treatment program with identified functional goals
- Track and report long-term benefits in multiple outcome measures, including decreased pain, improved physical and mental functioning, and cost-effectiveness, to demonstrate efficacy and managed care readiness
- Develop thorough preauthorization and billing processes (supported by staff with expertise in pain reimbursement)
- Develop education and outreach programs for referring physicians and payors
- Pursue accreditation from American Academy of Pain Management and/or CARF



For more information on pain management centers and other growth and revenue enhancement opportunities, please contact one of our directors:

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