

Project Overview

The Heart & Vascular Department is requesting an investment of APP staff (1.0 FTE) to develop a newly established clinic dedicated to the outpatient management of atrial fibrillation (AF).

Quality:

- Current state is such that patients presenting to the Emergency Department (ED) with new onset AF are often admitted to the inpatient setting, commonly resulting in **2-4 day** LOS. Further, X Hospital has a significant annual 30 day re-admission volume (**922 annual average** from FY15-FY17) for patients presenting with AF as a primary diagnosis. The new AF clinic builds a new outpatient access model that seeks to **keep patients out of the hospital**.
- Specialty cardiology care has been scientifically demonstrated to improve and hardwire appropriate management for patients with AF, **resulting in reduced rates of stroke and death and increased use of oral anticoagulation** (JACC, 2017).
- AF is a chronic, comorbid condition and these patients are **73% more expensive to manage** than non-AF patients. Developing dedicated AF clinics is a national trend, with over half of CV roundtable members (Advisory Board) having already moved to this “disease center” approach.

Patient / Referring Provider Satisfaction:

- Current access for patients presenting to X Hospital with new onset or recurrent AF is inappropriate (i.e. resulting in hospitalization for patients who may be more safely managed in the outpatient setting) or delayed (i.e. referred to Heart and Vascular with **19 day** wait time for new patient appointments).
- Patients currently are receiving care in an inefficient system with a lack of focus on appropriate AF access points and protocol adherence; referring physicians (PCPs, ED, cardiologists) do not have access to an infrastructure to improve patient compliance and keep patients in lower cost settings.

Project Overview

Finance:

- AF Clinic visits will **generate incremental revenues** through APP billing for their independently facilitated templates.
- Strategically focusing on AF access capacity through this incremental 1.0 APP FTE will open additional slots for EP physicians to see new patients.
- We expect an immediate **increase of XX% in EP procedural volume** to include outpatient and elective cardioversions and radiofrequency ablations for management of AF. Currently, patients are not hardwired through AF algorithms to ensure procedural therapies are presented at the time most applicable for these decisions. Ablations are anticipated to be a mid to long term growth area for EP but service utilization planning is critical (Advisory Board).

The Breakthrough Opportunity:

- Leverage a lower cost provider (APP) to **improve and re-appropriate access for patients who present with AF.**
- A cardiology team based approach to establish the clinic will include the APP as a key leader, provider and point person for patient care, with close collaborative support and involvement of the electrophysiologists. The team will work together to develop and implement algorithms and other strategies to hardwire **high quality, evidence based care for patients enrolled in the clinic.**
- The team will implement evidence based algorithms for ED physician use as a guide for safe and efficient referral. The clinic will function daily M-F with openings every day to accommodate any patient in less than 24 hours on operating days.
- AF Clinic positively **contributes to the Heart & Vascular Service Line Quality & Affordability business case**
 - **QUALITY:** Reduce Re-Admissions by hardwiring care pathways, capacity, and standard work
 - **AFFORDABILILTY:** Shifting care to lower cost outpatient settings & increasing procedure volume
 - **ACCESS:** Increasing capacity within EP division to reduce days to next new appointment slot metric

Volumes

	A	B	C	D	E	
FTEs	Proforma Year 1	Proforma Year 2	Proforma Year 3	Proforma Year 4	Proforma Year 5	
APP FTE	1.0	1.0	1.0	1.0	1.0	1
wRVUs						
APP #1	1,429	2,102	2,774	2,774	2,774	2
Total wRVUs	1,429	2,102	2,774	2,774	2,774	3
MGMA wRVU Percentile Ranking						
APP #1	30%	50%	70%	70%	70%	4
Practice Percentile Ranking	30%	50%	70%	70%	70%	5
Volume Change from Previous Year		47.0%	32.0%	0.0%	0.0%	6
Gross Revenue	\$ 189,583	\$ 278,761	\$ 367,938	\$ 367,938	\$ 367,938	7
Practice Net Revenue	\$ 71,570	\$ 107,070	\$ 143,433	\$ 145,523	\$ 147,421	8
Practice Gross Revenue/wRVU	\$ 132.63	\$ 132.63	\$ 132.63	\$ 132.63	\$ 132.63	9
Practice Net Revenue/wRVU	\$ 50.07	\$ 50.94	\$ 51.70	\$ 52.46	\$ 53.14	10
Net Revenue % Increase / (Decrease)	1.5%	1.7%	1.5%	1.5%	1.3%	11
Cardiology: Noninvasive	MGMA ¹	Gross/wRVU	Net/wRVU	Discount %		12
A-fib/EP APP	FY2017 Actual	\$132.63	\$49.33	63%		13

¹ Using MGMA Net/w RVU median of Cardiology subspecialty (MGMA does not benchmark revenue for Cardiology: Noninvasive specifically)

² Used [redacted] Cardio APPs) as basis for Gross and Net Revenue/w RVU

Financial Pro Forma

	A	B	C	D	E	
	Proforma Year 1	Proforma Year 2	Proforma Year 3	Proforma Year 4	Proforma Year 5	
Total Net Revenue	\$ 71,570	\$ 107,070	\$ 143,433	\$ 145,523	\$ 147,421	1
Other Operating Revenue	-	-	-	-	-	2
Total Operating Revenue	\$ 71,570	\$ 107,070	\$ 143,433	\$ 145,523	\$ 147,421	3
<u>Staff Salaries & Benefits</u>						
Staff and Professional Assistants Wages ¹	\$ 164,000	\$ 168,592	\$ 173,481	\$ 178,512	\$ 183,689	4
Employee Benefits ²	47,547	48,960	50,721	52,462	53,983	5
	211,547	217,552	224,202	230,974	237,672	6
<u>Supplies & Medical/Other</u>						
Medical Supplies ⁴	-	-	-	-	-	8
General Office Expense and Supplies ⁵	-	-	-	-	-	9
	-	-	-	-	-	10
<u>Purchased Services</u>						
Professional Services ⁶	1,529	2,307	3,124	3,205	3,289	11
Marketing and Advertising ⁷	-	-	-	-	-	12
Repairs and Maintenance ⁸	-	-	-	-	-	13
MSO Fee ⁹	-	-	-	-	-	14
	1,529	2,307	3,124	3,205	3,289	15
<u>Other Operating Expenses</u>						
Building Rent ¹⁰	-	-	-	-	-	16
Equipment/Other Rent ¹¹	-	-	-	-	-	17
Utilities ¹²	720	720	720	720	720	18
Malpractice Insurance ¹³	-	-	-	-	-	19
CME ¹⁴	2,500	2,500	2,500	2,500	2,500	20
Other/Misc ¹⁵	4,158	6,279	8,511	8,741	8,977	21
	7,378	9,499	11,731	11,961	12,197	22
<u>Depreciation</u> ¹⁶	-	-	-	-	-	23
Total Operating Expense	\$ 220,454	\$ 229,358	\$ 239,058	\$ 246,140	\$ 253,157	24
Net Income (Loss) Before Hospital Impact	\$ (148,884)	\$ (122,288)	\$ (95,625)	\$ (100,617)	\$ (105,737)	25
Downstream Contribution Margin ¹⁷	61,222	80,949	92,122	88,925	100,098	26
Net Income (Loss) After Hospital Impact	\$ (87,662)	\$ (41,339)	\$ (3,503)	\$ (11,692)	\$ (5,639)	27

Notes

Assumptions

- ¹ Assumes 1 Nurse Practitioner and 1 RN
- ² Benefits @ 28.7% of salary
- ³ Assumes no incremental Drugs expense
- ⁴ Assumes no incremental Medical Supplies
- ⁵ Assumes no incremental General Office Expense and Supplies
- ⁶ A-fib/EP APP FY2017 Actual Professional Services Run Rate to incremental annual Proforma volumes
- ⁷ Assumes no incremental marketing expense
- ⁸ A-fib/EP APP FY2017 Actual Repairs and Maintenance Run Rate to incremental annual Proforma volumes
- ⁹ Assumes no incremental MSO fee
- ¹⁰ A-fib/EP APP FY2017 Actual Building Rent Run Rate per physician FTE to incremental Proforma provider FTEs
- ¹¹ A-fib/EP APP FY2017 Actual Equipment/Other Rent Run Rate to incremental annual Proforma volumes
- ¹² A-fib/EP APP FY2017 Actual Utilities Run Rate estimated at \$60/month for cell phone reimbursement
- ¹³ Assumes no incremental malpractice expense
- ¹⁴ Assumes \$2,500 CME per APP
- ¹⁵ A-fib/EP APP FY2017 Actual Other/Misc Run Rate to projected annual Proforma volumes
- ¹⁶ Assumes no incremental Capital Expense
- ¹⁷ CM Provided by [REDACTED] finance