

# Referral Tracking Guide

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## Referral Tracking Guide

One way to ensure a competitive advantage for your practice is to track your referrals and document effective management of your patient population. Regularly generating internal reports will enable physicians to gauge the aptness of referral patterns and analyze potential business impact of any changes.

Referrals impact every practice. Internal analysis of referral patterns can yield critical insights for physicians in both fee-for-service and managed care environments. In a fee-for-service environment, effective referral tracking identifies services that could generate additional revenue streams if performed in-house, while providing added value for your patients. If participating in managed care contracts, referral usage may directly impact net income from capitation revenue streams, and the ability to document appropriate utilization of specialists is vital to some contract negotiations. Also, tracking referrals is increasingly important to demonstrating that you operate an efficient practice capable of providing optimal patient care.

Competition for high-quality managed care relationships is intensifying. Managed care organizations are increasingly trying to capture utilization and referral data to build detailed profiles of utilization patterns. Some Managed Care Organizations (MCO's) include physician's compliance with utilization goals as one factor in their evaluation of provider contracts. Obtaining new or renewal contracts or premium compensation levels may be influenced by result of the utilization data assessment.

Unfortunately, these profiles are often skewed due to incomplete or misleading data. A primary care physician's utilization data may appear to be high due to tests or additional referrals ordered by specialists, or it may be statistically invalid due to the small number of patients. If a practice has a limited number of patients enrolled in a plan, one or two patients with severe or chronic illnesses can inflate your cost per member above your peers. To avoid this problem, track referrals across patients in all your participating plans.

Many practice's software systems are not pre-programmed to effectively track referrals; however, electronic referral tracking can be relatively easy once you have make a few minor adjustments to standard billing software. Although a small office may prefer a manual method of tracking, most practices can use their existing practice management/billing systems to accumulate and analyze referral data without expensive upgrades or add-on products and with minimal staff time. Computer reporting mechanisms generally provide greater flexibility in reporting and a higher level of detail for analysis.

Referrals can be generated after you see a patient in the office, after you speak to a patient over the phone, or when a patient calls (and speaks to someone other than the physician) to "renew" an old referral. As this process may include the billing, reception and nursing staff, a defined protocol to capture the referral information is necessary. Ideally you would like to capture all referrals; however, you may wish to begin by trying to capture only the authorizations made for MCO's, as you most likely already have an MCO authorization procedure in place.

## HOW TO RECORD YOUR REFERRALS USING YOUR COMPUTER SYSTEM

### *Set-up*

- Start by using procedure code fields to create “dummy” referral codes within your practice management computer system (see examples listed below.) Most billing systems will accept posting of alpha-numeric codes, which allows you to choose a three-letter abbreviation to define the referral category. Alphabetic codes are preferred over numeric codes, because many reports sort and group alphabetical characters at the end or beginning of a list. The alpha codes are also more meaningful to staff and easily separated visually from the standard numeric CPT codes.
- If you are unable to use alpha codes, the alternative is to select unassigned, numeric “dummy” codes, which correspond to the referral category. For example, you might choose 33001 to represent Cardiology, since it is not a valid CPT code, but is in the Cardiovascular system range of codes. Remember to check your chosen “dummy” codes annually to make sure they have not become active, valid CPT codes. Use any mechanisms your billing system may provide to create a “reporting group” to separate these dummy referral codes from the CPT codes for reporting purposes.

<i>Specialty</i>	<i>“Dummy” CPT code</i>		
Cardiology	CRD	or	33001
Endocrinology	END	or	60010
Gastroenterology	GAS	or	43010
Pulmonology	PLM	or	30010

- Set any available insurance billing status flags to avoid billing insurance plans for these codes. In some instances, if a claim goes through with an invalid “dummy” referral code, the payer may hold payment for the entire claim and not just ignore the invalid code.
- Check the computer system’s validation processes or flags for electronic claim files. You must be careful when submitting electronic claims so the referral code does not create errors in electronic claims batches.

### *Data Collection*

- After the patient’s office visit is complete and he/she is checking out, write the appropriate referral information on the patient’s encounter form. Write legibly, making it easy for staff to recognize and classify correctly.

- When referrals are issued in response to telephone requests, have written request forms available to document the authorization and route those to billing staff.
- Alternatively, if you have centralized approval and issuance of referrals, the designated referral staff member may be given procedure-posting privileges.
- During procedure posting, record the referral information into the computer along with any valid transactions for an office visit. The items for entry can include:

- Dummy procedure code
- Number of visits allowed
- Length of referral (30, 60, 90 days as the modifier)
- ICD-9 code to justify the referral

***Example:***

After your visit with Mr. Smith, you decide he should see an endocrinologist for further evaluation. You write this on the bottom of the encounter form he then presents to the front desk staff (or other designated referral person) for checkout. The staff person pulls the patient up on her computer and enters both the valid procedure service code transactions and the referral, using a “dummy” CPT code. At week or month end, your computer should generate the reports on both the services you provided and the referrals that you made.

OR

Ms. Hanson calls the office and speaks to the nurse (or designated referral person) requesting a renewal of the referral to her gastroenterologist. After the referral is approved by her physician (without her having to come into the office) the nurse notes the patient’s information on the form, and billing staff then post the referral information as noted above.

***Reporting and Analysis***

Once your data has been recorded for a full month, you can review the results. Productivity reports by physician will list the number of referrals issued to each specialty. Unusual numbers of referrals (either high or low) may require investigation to determine whether differences are attributable to variations in patient populations between physicians or are caused by different clinical styles.

Some managed care companies are comparing your referral utilization against your peers. Again, tracking your overall patient base and referral patterns may assist you in determining whether your results are skewed due to a particular patient base for that insurer.

Reports which cross-reference diagnosis and procedure/referral information can provide data to pinpoint opportunities to capture services which currently are referred outside the practice.

Quarterly comparisons can help identify seasonal variations or document changes in general referral patterns.

## HOW TO RECORD YOUR REFERRALS MANUALLY

- On the referral-tracking grid provided at the end of this document, write the names of your practice physicians and the week's beginning and ending dates. There are also blank spaces provided for adding other providers to whom you frequently refer (dermatology, OB-GYN, etc.) You must first decide who will keep track of the referrals made when a patient is in the office. The grid can be kept at the front desk where patients check out or with the nurse or staff person who physically writes/calls in referrals. Remember, by tracking referrals manually your final tallies will not include patient names or information, only referral categories.
- After a patient's office visit is complete and he/she is checking out, write the appropriate referral on the patient's encounter form. Write legibly, making it easy for staff to recognize and classify correctly.
- The staff member will transfer this information onto the tracking grid. This person will simply make a hash mark under the correct referral category.
- If a staff member is taking incoming telephone requests for referrals, he/she, too, will make the appropriate hash mark under the corresponding category after the referral is made.
- At week's end, staff can tally the totals for each physician and record this information onto The Referral Summary Log. Each physician may also be given his/her own referral log.

### *Example*

After your visit with Mrs. Jones, you decide she should see an allergist for further evaluation. You write this on the bottom of her encounter form which she presents to the front desk staff (or other designated referral person) upon checkout. The staff person locates your name on the left-hand side of the grid and simply makes a hash mark under the Allergy/Immunology category. At week's end, the staff person adds the total number of referrals you made for the week and transfer these onto the Summary Log. Each referral category is listed separately on the Summary Log for easy evaluation.

OR

Mr. Collins calls the office to renew his ongoing referral to his cardiologist who he sees on a regular basis. After the physician approves the referral, the staff member marks the appropriate category on the grid provided.

### Points to Remember

- By generating your own referral utilization data, you will be in a better position to refute data produced by a managed care organization that you believe to be inaccurate.
- Analysis of referral patterns can pro-actively identify reasons for “outlier” patterns. A particular physician may have an unusual amount of female patients; therefore his referrals to OB/GYN may be significantly higher than another physician.
- Many computer systems do not have the specific software routines to track referrals effectively. By using the “dummy” codes, however, you can “fool” your computer into performing this function.
- Your practice management software should be able to generate periodic reports by physician; listing referred specialty, patient name and diagnosis.
- After viewing the data, you may decide to offer services in-house that previously were referred elsewhere.
- Posting of referrals as part of the patient history provides a more accurate record of treatment.
- The hard data you produce with your referral tracking system will prove to be an invaluable tool for your practice in negotiating future managed care contracts.
- The data may be used to set reasonable referral guidelines for new physicians and/or incentive compensation targets.

**Summary Log**

Dr. \_\_\_\_\_

Week \_\_\_/\_\_\_/\_\_\_ to \_\_\_/\_\_\_/\_\_\_

TOTALS: Allergy/Immunology \_\_\_\_\_

Cardiology \_\_\_\_\_

Endocrinology \_\_\_\_\_

Gastroenterology \_\_\_\_\_

Hematology \_\_\_\_\_

Infectious Diseases \_\_\_\_\_

Nephrology \_\_\_\_\_

Oncology \_\_\_\_\_

Pulmonology \_\_\_\_\_

Rheumatology \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

PT/OT \_\_\_\_\_

Nutrition \_\_\_\_\_

Mental Health \_\_\_\_\_

Surgery \_\_\_\_\_

Hospital \_\_\_\_\_

Home Health \_\_\_\_\_

Lab \_\_\_\_\_

REFERRAL TRACKING GUIDE

Week \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ to \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Physician																		
All / Imm																		
Cardio																		
Endocrin																		
Gastro																		
Hematology																		
Inf Dis																		
Nephrol																		
Oncol																		
Pulmon																		
Rheum																		
PT/OT																		
Nutrition*																		
Mental Health																		
Surgery																		
Home Hlth																		
Lab																		
TOTAL:																		