



Locum Tenens ROI

Locum Tenens physicians deliver high return on investment

It is a commonly-used practice to fill the role of a full-time physician temporarily with a locum tenens practitioner. What is a “locum tenens” you might ask? Locum tenens is a Latin phrase for “holding one’s place.” In medical terms, it is a legal provider (either physician or advanced practice clinician) who fulfills the duties of another absent provider on an interim basis. The demands of a growing patient population have created a large need for locum tenens in the healthcare workforce.

Medestar covers a provider’s professional liability insurance, reducing some of the hiring costs a facility will typically incur on their own.

BENEFITS OF LOCUM TENENS

While at first glance, using locum tenens coverage may not seem like the solution to a facility’s problems, understanding the value a locum tenens physician can provide will prove it is a good option for any facility.

When healthcare providers are away from their healthcare facilities, it means lost revenue for the facility and can also mean angry patients dealing with appointment cancellations, longer waiting times, etc. Bringing in a locum tenens provider when a

permanent provider is absent keeps everyone happy. The permanent provider is able to better balance their work and their personal lives, which in turn allows them to give better care to their patients. On the other hand, patients will not have cancelled appointments and will have normal waiting times, keeping them happy as well. And finally, hiring a locum tenens provider means facilities will not lose revenue while their permanent provider is on vacation or sick.

Using locum tenens providers can also help build patient volume. The profit a healthcare provider brings to a facility depends solely on the number of patients they are able to safely see each day.

This is a finite number. So what happens when one provider is maxed out each day, but the facility wants to increase the number of patients seen each day and thus their revenue? The logical step would be to hire another provider. However, facilities are not always able to support a full-time permanent provider while the patient load is building. This is where locum tenens providers can be a major asset to healthcare facilities. Locum tenens providers can help facilities grow their patient load until it is ready to support another full-time permanent provider.

Locum tenens providers can be flexible with their work schedules and can slowly work up to full-time as more and more patients visit a healthcare facility.

Locum Tenens providers can also reduce the hard costs associated with hiring full-time practitioners. Facilities do not have to pay for medical malpractice insurance for their locum tenens healthcare providers. This means that on the off chance a locum tenens provider is sued for something while working in a facility, the healthcare facility will not have to deal with the financial burden nor the patient reaction.

BILLING FOR LOCUM TENENS PHYSICIANS

To take advantage of these benefits and get the maximum return on investment from utilizing locum tenens, it is important to understand the proper way to bill for locum tenens services. A facility’s return on investment with a locum tenens physician is contingent upon maintaining a revenue stream from reimbursements. The Centers for Medicare Claims Processing Manual provides the guidelines and appropriate practices for billing. Here is an overview of how a facility can bill for locum tenens physicians.

In a typical locum tenens scenario of “holding the place” of a regular physician, there are time limits involved with billing. The period for which a single locum tenens

physician may substitute cannot be more than 60 continuous days. The 60-day period begins the first day the locum tenens physician provides services for Medicare patients of the regular physician. There is only one exception to the 60-day rule, and that is if the regular physician is called to active duty in the Armed Forces. In the typical locums scenario, the facility will bill for the locum tenens physicians services using the permanent physician’s NPI number. The following conditions need to also be met:

- The regular physician is absent for reasons such as illness, pregnancy, vacation, or continuing medical education and is unable to provide services
- The regular physician pays the locum tenens physician on a per diem or similar fee-for-time basis
- The regular physician identifies the services as substitute physician services by entering HCPCS code modifier Q6 after the procedure code (see Figure 1 below)

If a physician, has left the practice, Medicare billing is permitted but only for a period of 60 days. If the locum tenens physician is providing services during periods beyond what is described above, then the facility needs to use the locum tenens provider’s own numbers for billing purposes. Depending on how long a facility needs a locum tenens provider, going

Sample Form CMS-1500

24. A. DATE(S) OF SERVICE			B. PLACE OF SERVICE	C. EMG	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances)		E. DIAGNOSIS POINTER	F. \$ CHARGES	G. DAYS OR UNITS	H. SPOT Fee/Plr	I. ID. QUAL.	J. RENDERING PROVIDER ID. #
From	To				CPT/HCPCS	MODIFIER						
MM	DD	YY	MM	DD	YY							
						36620	Q6					NPI

enter the HCPCS code modifier Q6 after the procedure code

Figure 1

through the Medicare enrollment process and bypassing the Q6 modifier may be the better decision in the long run.

FOLLOWING THE RULES

It is very important to note that the billing rules covered above apply to Medicare only. When billing a commercial payer, like an insurance company, it is best if the facility contacts the payer directly to see if they have adopted the Medicare locum tenens rules. A commercial payer may require the locum tenens physician be credentialed and a retroactive billing process be utilized. Others may allow for billing under the regular physician's NPI number.

If the facility finds that credentialing is necessary, it is best to prepare for it ahead of time. As the process can take 30-60 days, facilities who plan ahead will receive the maximum return on investment. Reviewing commercial insurance contracts prior to hiring locum tenens providers is recommended. Also, working with a company like Medestar to help streamline and manage the credentialing process can significantly improve the time-to-hire.

Another important thing to note as it relates to billing for locum tenens services, is that the Medicare billing is limited to physicians only. If you are utilizing non-physician providers, facilities cannot use the Q6 modifier for such instances. If a facility is hiring a temporary replacement for a midlevel provider, the facility will need to enroll the new person with Medicare. A midlevel provider can be any of the following: Certified Nurse Midwives (CNMs), Certified Registered Nurse Anesthetists (CRNAs), Anesthesia Assistant

(AAs), Nurse Practitioners (NPs), and Physician Assistants (PAs).

SHORT-TERM FIX, LONG-TERM VALUE

While the billing for locum tenens services can sometimes be confusing, the value of a filling a vacancy is worthwhile. The daily rate for a physician or other provider may seem high, but a locum tenens physician can provide 20-30% gross margin when subtracting locum tenens daily rates from estimated professional fees collected.

Many facilities that work directly with Medestar have seen the value of using locum tenens to alleviate their short-term woes. Our goal is to build a solid long-term partnership by providing healthcare facilities with exceptional locum tenens coverage and solutions. Do you need locum tenens coverage for your facility? Do you have open physician, nursing or other advanced practice needs? We have thousands of healthcare providers ready to work for you. Call us today at 877-868-5350.

Learn more about locum tenens by checking out our Industry Insights

[See More >>](#)

Sources:

Nalto.org "[Locum Tenens: A Smart Investment.](#)"
CMS.org "[Medicare Claims Processing Manual](#)"