Unconventional Wisdom Series

Leverage the CMS Referrals Database Now!



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You probably heard that CMS put out a referrals database, which contains virtually all the physicians in the country. It's not surprising that the list is virtually complete as a physician only needs to accept payment from Medicare to appear in the database. In addition to physicians, the database captures hospitals, pharmacies, labs, nursing homes, and other providers. Each provider is identified with an NPI which means that the name, address, city, state, zip of the provider are disclosed. If the provider is a physician, we also have the specialty.

1. What is the database about?

The database tracks the movements of patients between providers for whom a Medicare reimbursement has taken place. There are 5 fields: (1) referring NPI, (2) referred-to NPI, (3) number of referrals, (4) same-day referrals (that's when the patient sees 2 providers the same day and it's difficult to tell apart who is the referring physician and who is the referred to physician), and (5) unique beneficiaries (patients). There are 3 things we need to know. First, the referral has to take place within 30 days. Second, the number of referrals has to be 11 or more (this has to do with not being able to identify the patient. Third, and this is probably the most important, this is not a referrals database despite its name, but, rather, a movements database. For instance, the referring NPI may be a physician and the referred-to NPI a pharmacy or a lab. No one would say that a physician referred the patient to a pharmacy or a lab. That said, this way encoding referrals opens up new opportunities (see question 5 below).

2. How big is the database? How old? How much?

There are different versions of the database and they range from 1 GB to 7 GB of .txt files in size. The largest one counts about 1 million referring NPI's and 1 million referred-to NPI's.

The most recent database ends in Jun 2014. It's one year old, not bad at all for a Medicare database. Also, the one-year lag is not a showstopper since referral habits develop over years and have a lot of inertia.

Absolutely free.

3. This database pertains to all Medicare payments, not to the specific drug or TA (therapeutic area) of interest to me. Is the database still relevant?

Very much so. Here are two things we recommend to enhance the relevance of the database. On the provider side, focus on physicians of the relevant specialties, physicians that have been reimbursed for the relevant HCPCS/J-codes (you can use the free Wall Street Journal database for the), and physicians that we know are relevant through other databases. Regarding the volume of referrals, adjust them downwards by using the number of Rx's the referred-to physician prescribes. Say there are 100 referrals from Dr. A to Dr. B. and Dr. B only writes 10 Rx's for the TA we are interested in. Clearly, there is a significant portion of the 100 referrals that does not pertain to our TA and can be eliminated.

4. Should I continue to purchase syndicated PLD data?

First off, if the patients that we serve are the younger ones, commercially insured, or have access to Medicaid, the Medicare Referrals database is not going to be very helpful. We still need to purchase the syndicated database. Otherwise, we have 2 options.

Option 1 - Use only the Medicare Referrals database. We strongly recommend overlapping this database with a list of target physicians. That's because referrals in the Medicare Referrals database pertain not only to a drug or TA but to the entire Medicare.

Option 2 (recommended) - Use this Medicare Referrals database in conjunction with a commercial referrals database (that can be built from an open PLD database). This is especially relevant for specialty drugs since SP's are reluctant to share script filling information with syndicated data sources. No matter what, the payer must have access to the prescription info to be able to make the payment. This means the Medicare Referrals database will capture the SP Rx although we cannot tell which one it is (in most cases, we'll have the name of the SP pharmacy). We do, however, know the referral volume to and from physicians that we know prescribe our product, and that in itself can be fully leveraged.

5. Are there any cool things that can be done with this database?

Yes. Let's mention only two.

First, we can establish which pharmacies patients of any physician goes to. Not only the chains (e.g., Walgreens, CVS, etc.) but also the independents (e.g., Joe Pharmacy). Likewise, which labs (Lab Corp, Quest, Myriad Genetics, etc.) patients of a given physician use. If you've been around, you know this kind of information is hard to come by.

Also, the physician catchment of a hospital, in other words, which physicians patients that are discharged from a given hospital go to.

6. Are there any fireworks we can do to size up KOLs beyond number of referrals sent and number of referrals received?

Resounding yes. Here's one idea. Everything else being equal, a physician that receives a lot of out-of-zip-code referrals is a "bigger" physician than one that receives referrals only from physicians of the same zip code. How to capture this? Think of the number of physicians that were picked over for the referral to happen. Using this "picked-over" principle, the weight of a same-zip-code referral in a zip with 101 relevant physicians is 100 since 100 physicians were picked over. The weight of an out-of-zip-code referral from a zip with 101 physicians to a zip with 51 physicians is 100 + 50 = 100 since 50 physicians were picked over in the referred-to zip. A variation of this consists of counting not only physicians in the referred-to zip code but also physicians located in all zip codes that are closer to the referring zip than the referred-to zip. Yet another variation consists of assigning a heavier weight to an out-of-zip-code referral than a same-zip-code referral.

7. We'd like to identify KOL's, establish molecular targets, and tease out referral patterns, but are currently shorthanded. Can you help us with that?

We'd be happy to. Just give us a call.



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Jean-Patrick Tsang is the Founder and President of Bayser, a Chicago-based consulting firm dedicated to pharmaceuticals sales and marketing. JP has worked on 250+ projects to date including ROI optimization, data strategy, and study design to mention just these. JP publishes and gives talks on a regular basis and runs one-day classes on various subjects related to data and analysis.

In a previous life, JP deployed Artificial Intelligence to automate the design of payloads for satellites and was the adviser of two PhD Students. JP holds a Ph.D. in Artificial Intelligence from Grenoble University and an MBA from INSEAD in France. He was also the Recipient of the PMSA Lifetime Achievement Award in 2015. He can be reached at (847) 920-1000 or bayser@bayser.com.



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