

Hibernicor Asporto Optimizing organ acquisition profitability

Improving the quality of donor heart can increase your net operating margin.

Because procurement and transplantation of marginal hearts currently results in higher health care costs, any effort to improve the quality of the donor heart is directly related to improving the profit margin of the transplant center.

Transplant centers are under considerable pressure to maintain a profit margin of 5-10%. In order to maintain such a profit margin, transplant centers attempt to maximize reimbursement and minimize total costs.

Reimbursement – Cost = Net operating margin

The organ acquisition cost center is the largest generator of income for the organization to upon which is added the variable costs of the patient’s hospital stay and the physician fee schedule.¹ Because the profit margin is narrow, any process that worsens patient outcome (such as a marginal donor) decreases the net operating margin by disproportionately absorbing hospital resources. Alternatively, any effort to improve patient outcome is rewarded with an increased margin.

Currently the organ procurement organization is responsible for the billing of donation related costs. All procurement related charges are passed through as a combined organ acquisition expense by the organ procurement organization to the transplant center. Organ preservation costs are included in the procurement charges.

Standard acquisition fees have been established which include retrieval, preservation, as well as air and ground transportation. Based upon a 2008 Milliman report, the organ procurement acquisition costs are as follows.²

| Organ | Total |
|--------------|-----------------|
| Lung | \$96,500 |
| Heart | \$94,300 |
| Pancreas | \$93,400 |
| Small Bowel | \$77,000 |
| Liver | \$73,600 |
| Kidney | \$65,500 |

Procurement costs are considered a Medicare Part A reimbursable cost separate from and in addition to the facility inpatient component of the transplant service. Private insurance typically reimburses based upon a case rate which includes a lump fee for both the organ acquisition and hospital charges.

References:

1. Abecassis MM, Financial Outcomes in Transplantation—A Provider’s Perspective, American Journal of Transplantation, 6:1257–1263, 2006.
2. Hauboldt RH, Hanson SG, Bernstein, GR: 2008 U.S. organ and tissue transplant cost estimates and discussion. Milliman, Inc, Brookfield WI, 2008.

