



Important Considerations in the Development of a Defensible Pricing Strategy

Small Rural Hospital Transition Project (SHRT)

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Pricing Transparency Expectations

- Transparency in pricing requirements and customer expectations are on the rise.
- Payors and media routinely publish fee comparisons for regional competitors. Published information nurtures a more informed public who, in turn, place new demands on providers.
- High deductibles and increased coinsurance responsibilities have driven dramatic increases in patient inquiries into internal pricing methodologies.

How to Create a Patient-Centric, Defensible Pricing Strategy

- Many providers struggle to explain or understand the methodology used to establish pricing.
- This lack of clarity and consistency prohibits best class customer service.
- Additionally, “lesser of” language in payor contracts provide risks of underpayments where fees are not routinely evaluated.
- A patient-centric, defensible pricing methodology is an absolute requirement for appropriate reimbursement, representative budgets and best class customer service.

Defensible Pricing: Why?

- Implementation of a controlled pricing methodology will contribute increased gross revenue, improved customer service and more consistent account adjudication
- A recent pricing review of 4 large critical access hospitals illustrated unexpected results to the C-Suite
- In total, 57 departments, with CPT assignment, were reviewed across the four hospitals
- Of the 57 departments reviewed:
 - 32 departments, or 56.34%, included codes with prices set lower than Medicare reimbursement
 - An additional 16 departments, or 28.07%, included prices set lower than 2X Medicare reimbursement
 - 35 departments, or 61.40%, included prices that were set higher than 5X Medicare reimbursement

How to Create a Patient-Centric, Defensible Pricing Strategy

1. Evaluate baseline comparison fee structure
 - a. Medicare publishes fees annually, broken down by type of business. Hospitals, professionals, ASCs and labs are evaluated against similar models and priced independent of other sources. Detailed explanations of pricing decisions are also published in each Final Rule annually.
 - b. Since Medicare fees represent cost of services performed across the entire cross section of similar providers, a consistent multiplier of Medicare fees, where applicable, is an appropriate baseline for a pricing policy.
- **Action Step: Evaluate your current CDM pricing against the most appropriate Medicare fee schedule and prepare to research significant variances.**

How to Create a Patient-Centric, Defensible Pricing Strategy

2. Incorporate multiple fee schedules into analysis where possible
 - a. Medicare does not price all CPT and HCPCS codes. Commercial payor contracted rates must be consulted to price services for which no Medicare fee is available.
- **Action Step: Identify all services within your chargemaster that report CPT or HCPCS codes not considered reimbursable by Medicare. Choose a fee schedule for the commercial payor with the largest payor mix percentage, by units and/or revenue, to compare CDM prices and assign multipliers.**

Department: 00.3120

APC Multiplier Range: 0.70 - 8.74

BCBS Multiplier Range: 0.24 - 4.53

COMM Multiplier Range: 0.33 - 2.24

Mnemonic	Gl Dept	Charge description	HCPCS	HCPCS	SI	Rev	Current Charge Amt.	APC Payment Rate	APC Multiplier	Variance APC to Current
3S517010	00.3120	INSERT NON-INDWELLING CATHETER	51701	51701	X	761	\$54.00	\$42.69	1.26	-11.31
3S517020	00.3120	INSERT TEMP INDWEL CATH SIMPLE	51702	51702	X	761	\$160.00	\$42.69	3.75	-117.31
3S517200	00.3120	BLADER INSTALATION	51720	51720	T	761	\$133.00	\$190.50	0.70	57.50
3S976050	00.3120	WOUND VAC SURFACE <= 50 SQCM	97605	97605	T	761	\$318.50	\$54.70	5.82	-263.80
3S976060	00.3120	WOUND VAC SURFACE > 50 SQCM	97606	97606	T	761	\$478.00	\$54.70	8.74	-423.30
3S008000	00.3120	OBSERVATION PER HOUR	G0378	G0378	N	762	\$23.00		#DIV/0!	-23.00
3S008001	00.3120	TELEMETRY OBSERVATION PER HOUR	G0378	G0378	N	762	\$26.00		#DIV/0!	-26.00
3SG02640	00.3120	DIRECT ADMIT TO OBS NOT MEET	G0379	G0379	Q3	761	\$69.50	\$54.68	1.27	-14.82

Mnemonic	Gl Dept	Charge description	HCPCS	HCPCS	SI	Rev	Current Charge Amt.	BCBS Fee Schedule	BCBS Multiplier	Variance BCBS to Current
3S517010	00.3120	INSERT NON-INDWELLING CATHETER	51701	51701	X	761	\$54.00	\$222.06	0.24	168.06
3S517020	00.3120	INSERT TEMP INDWEL CATH SIMPLE	51702	51702	X	761	\$160.00	\$273.44	0.59	113.44
3S517200	00.3120	BLADER INSTALATION	51720	51720	T	761	\$133.00	\$532.80	0.25	399.80
3S976050	00.3120	WOUND VAC SURFACE <= 50 SQCM	97605	97605	T	761	\$318.50	\$97.92	3.25	-220.58
3S976060	00.3120	WOUND VAC SURFACE > 50 SQCM	97606	97606	T	761	\$478.00	\$105.44	4.53	-372.56
3S008000	00.3120	OBSERVATION PER HOUR	G0378	G0378	N	762	\$23.00	\$0.00	#DIV/0!	-23.00
3S008001	00.3120	TELEMETRY OBSERVATION PER HOUR	G0378	G0378	N	762	\$26.00	\$0.00	#DIV/0!	-26.00
3SG02640	00.3120	DIRECT ADMIT TO OBS NOT MEET	G0379	G0379	Q3	761	\$69.50	\$0.00	#DIV/0!	-69.50

Mnemonic	Gl Dept	Charge description	HCPCS	HCPCS	SI	Rev	Current Charge Amt.	COMM PRICE	COMM Multiplier	Variance COMM to Current
3S517010	00.3120	INSERT NON-INDWELLING CATHETER	51701	51701	X	761	\$54.00	\$94.16	0.57	\$40.16
3S517020	00.3120	INSERT TEMP INDWEL CATH SIMPLE	51702	51702	X	761	\$160.00	\$71.45	2.24	-\$88.55
3S517200	00.3120	BLADER INSTALATION	51720	51720	T	761	\$133.00	\$407.48	0.33	\$274.48
3S976050	00.3120	WOUND VAC SURFACE <= 50 SQCM	97605	97605	T	761	\$318.50		#DIV/0!	-\$318.50
3S976060	00.3120	WOUND VAC SURFACE > 50 SQCM	97606	97606	T	761	\$478.00		#DIV/0!	-\$478.00
3S008000	00.3120	OBSERVATION PER HOUR	G0378	G0378	N	762	\$23.00		#DIV/0!	-\$23.00
3S008001	00.3120	TELEMETRY OBSERVATION PER HOUR	G0378	G0378	N	762	\$26.00		#DIV/0!	-\$26.00
3SG02640	00.3120	DIRECT ADMIT TO OBS NOT MEET	G0379	G0379	Q3	761	\$69.50		#DIV/0!	-\$69.50

How to Create a Patient-Centric, Defensible Pricing Strategy

3. Utilize department specific multipliers
 - a. Costs are not necessarily consistent across all departments. Equipment and staffing needs may vary.
 - b. Costs from one facility to the next will vary significantly. For example, a Critical Access Hospital ED which may see 5 patients a day must be staffed 24/7 in spite of the low volume.
- **Department specific multipliers, when compared to the base fee schedule, allow for a consistent and representative comparison of services.**

Utilize Department Specific Multipliers

Department	Min Multiplier Range	Max Multiplier Range	Average Multiplier	Proposed Multiplier
003	2.57	2.57	2.57	3X
004	1.85	1.85	1.85	2X
006	2.54	2.54	2.54	3X
008	0.10	9.94	2.57	3X
009	0.86	12.58	2.95	3X
010	0.88	11.08	2.72	3X
011	0.00	0.00	0.00	3X
012	0.86	8.20	2.51	3X
013	0.00	2.64	0.41	2X
014 - Facility	0.00	4.79	0.52	2X
014 - Professional	0.00	4.14	2.59	2X
016	0.00	70.05	9.28	6X
017	0.87	7.67	2.51	3X
018 Facility	0.00	6.35	2.18	2X
018 Professional	7.55	19.73	13.25	5X
020	0.47	8.11	3.45	4X
021	0.93	5.23	3.05	3X
023	0.79	5.87	2.93	3X
024	1.12	3.76	2.44	4X
025	1.52	7.37	3.72	4X
026	1.10	8.72	3.98	4X
027	2.98	2.98	2.98	3X
028	0.00	109.66	6.94	4X
029	1.97	17.91	5.71	6X
030	0.87	11.84	2.44	3X
031	0.87	22.76	4.79	4X
032	1.19	16.61	4.26	4X
034	2.32	2.61	2.47	3X
035	2.27	2.30	2.28	3X
036	1.22	3.96	2.45	3X
054 -Facility	0.00	1.53	0.64	3X
054 - Professional	0.00	5.74	1.68	3X
064	1.82	4.39	2.78	3X
084 - Facility	0.00	1.29	0.43	3X
084 - Professional	0.00	3.20	0.80	3X
088	1.03	4.76	2.07	2X
Average	1.13	11.52	3.08	

How to Create a Patient-Centric, Defensible Pricing Strategy

4. Research individual CDM codes where the multiplier is identified as a significant outlier in comparison to the departmental average
 - a. Significant outliers may be indicative of fee errors such as transposed numbers or misplaced decimals.
 - b. Outliers can skew averages that may result in overpriced or underpriced department averages.
- **Action Step: Review outliers and reprice if necessary to correct errors. Re-establish an average multiplier and apply the appropriate markup. Identify any codes with a mark up less than 1.00 or greater than 5.00 for potential re-bill or customer service opportunity.**

How to Create a Patient-Centric, Defensible Pricing Strategy

5. Compare fees to commercial contracts
 - a. Payor “Lesser of” language may be negatively impacted by significant fee adjustments.
 - b. Percent of charge payments may also have potential negative impacts.
 - c. Payors may have contract language prohibiting fee changes that exceed some percentage of previous-year fees.
- **Action Step: Adjust assigned fees to provide a uniform and consistent pricing structure that maximizes reimbursement, while respecting patient impact and providing for profitability. Review commercial contract language to understand applicable contractual constraints. Contact the payor directly should the contractual language be unclear.**

How to Create a Patient-Centric, Defensible Pricing Strategy

6. Incorporate charge code utilization into pricing analysis
 - a. Utilization for the previous 12 months will provide clarity surrounding the impact to Gross Revenue.
 - b. The new price structure must make sense for each department.
 - c. Review the utilization data for potential charge issues or missing codes.
 - d. Involve departmental leadership in the utilization review and final price structure.
- **Action Step: A final review should be undertaken. Compare new estimated gross charges to previous 12 months' gross charges for each department. Significant variances (positive or negative) may indicate an error somewhere in the process. If the facility is contractually constrained, combine departments (positive and negative impact) to allow for the greatest impact and value. Do not forget about the impact to your customers. Finalize pricing when all reviews are satisfied.**

Procedure Code	Description	Dept	Rev Code	HCPCS	Charge	APC	Comm	MCR	Self Pay	PEIA	MCD	Other Gov	Total Units	Current Gross	Gross at 3X APC	Variance to Current
1800240	ID SUB Q ABSCESS SIMPLE	1.3231	450ER	10060	\$226.50	\$93.33	8	3	22	2	22	1	58	\$13,137.00	\$16,239.42	\$3,102.42
1800245	ID SUB Q ABSCESS COMPLEX	1.3231	450ER	10061	\$226.50	\$93.33	1	2	3		6		12	\$2,718.00	\$3,359.88	\$641.88
1800250	ID PILONIDAL SIMPLE	1.3231	450ER	10080	\$226.50	\$93.33						1	1	\$226.50	\$279.99	\$53.49
1800150	FB REMOVAL SUB Q SIMPLE	1.3231	450ER	10120	\$226.50	\$180.26				2	2		4	\$906.00	\$2,163.12	\$1,257.12
1800155	FB INCISIONAL REMOVAL COMPLEX	1.3231	450ER	10121	\$875.50	\$1,050.17					1		1	\$875.50	\$3,150.51	\$2,275.01
1800260	ID HEMATOMA	1.3231	450ER	10140	\$700.50	\$832.03					1		1	\$700.50	\$2,496.09	\$1,795.59
1800390	AVULSION NAIL PLATE	1.3231	450ER	11730	\$142.00	\$54.70			1		2	2	5	\$710.00	\$820.50	\$110.50
1800270	ID SUBUNGUAL HEMATOMA	1.3231	450ER	11740	\$65.50	\$27.63	1	1					2	\$131.00	\$165.78	\$34.78
1800400	EXCISE INGROWN NAIL	1.3231	450ER	11750	\$437.75	\$295.69					1		1	\$437.75	\$887.07	\$449.32
1800405	NAIL BED REPAIR	1.3231	450ER	11760	\$236.50	\$227.34					1		1	\$236.50	\$682.02	\$445.52
1800745	REPAIR SIMPLE TO 2.5 CM T,E,S,	1.3231	450ER	12001	\$255.25	\$86.70	19	6	7	5	28	7	72	\$18,378.00	\$18,727.20	\$349.20
1800745	REPAIR SIMPLE TO 2.5 CM T,E,S,	1.3231	450ER	12001	\$255.25	\$86.70	1	1			1		3	\$765.75	\$780.30	\$14.55
1800750	REPAIR SIMPLE 2.6-7.5 CM T,E,S	1.3231	450ER	12002	\$255.25	\$86.70	2	3	7	1	8	1	22	\$5,615.50	\$5,722.20	\$106.70
1800755	REPAIR SIMPLE 7.6-12.5 CM T,E,	1.3231	450ER	12004	\$236.50	\$86.70	1	2	1				4	\$946.00	\$1,040.40	\$94.40
1800695	REPAIR SIMPLE TO 2.5 CM F,E,E,	1.3231	450ER	12011	\$236.50	\$86.70	19	16	16	10	33	4	98	\$23,177.00	\$25,489.80	\$2,312.80
1800705	REPAIR SIMPLE 2.6-5.0 CM F,E,E	1.3231	450ER	12013	\$255.25	\$86.70	3	5	3	4	12	4	31	\$7,912.75	\$8,063.10	\$150.35
1800705	REPAIR SIMPLE 2.6-5.0 CM F,E,E	1.3231	450ER	12013	\$255.25	\$86.70		1					1	\$255.25	\$260.10	\$4.85
1800710	REPAIR SIMPLE 5.1-7.5 CM F,E,E	1.3231	450ER	12014	\$255.25	\$86.70	4	3	2		0	1	10	\$2,552.50	\$2,601.00	\$48.50
1800715	REPAIR SIMPLE 7.6-12.5 CM F,E,	1.3231	450ER	12015	\$255.25	\$86.70	1	1	2		1		5	\$1,276.25	\$1,300.50	\$24.25
1800670	LAYER CLOSURE 2.6-7.5 CM S,A,T	1.3231	450ER	12032	\$236.50	\$227.34		1	1				2	\$473.00	\$1,364.04	\$891.04
1800675	LAYER CLOSURE 7.6-12.5 CM S,A,	1.3231	450ER	12034	\$236.50	\$86.70			1		1		2	\$473.00	\$520.20	\$47.20
1800635	LAYER CLOSURE TO 2.5 CM N,H,F,	1.3231	450ER	12041	\$236.50	\$86.70			0		1		1	\$236.50	\$260.10	\$23.60
1800640	LAYER CLOSURE 2.6-7.5 CM N,H,F	1.3231	450ER	12042	\$236.50	\$86.70					1		1	\$236.50	\$260.10	\$23.60
1800600	LAYER CLOSURE 2.5 CM LIP, MU MB	1.3231	450ER	12051	\$236.50	\$86.70	0		1				1	\$236.50	\$260.10	\$23.60
1800605	LAYER CLOSURE 2.6-5.0 LIP, MUMB	1.3231	450ER	12052	\$236.50	\$86.70	2						2	\$473.00	\$520.20	\$47.20
1800610	LAYER CLOSURE 5.1-7.5CM LIP, MU	1.3231	450ER	12053	\$236.50	\$86.70			2				2	\$473.00	\$520.20	\$47.20
1800615	LAYER CLOSURE 7.6-12.5CM LIP, M	1.3231	450ER	12054	\$236.50	\$86.70	1			1			2	\$473.00	\$520.20	\$47.20
1800585	REPAIR CMX 1.1-2.5 CM TRUNK	1.3231	450ER	13100	\$352.00	\$292.68			1				1	\$352.00	\$878.04	\$526.04

Procedure Code	Description	Dept	Rev Code	HCPCS	Charge	APC	Commercial	Current Commercial Gross	Commercial Gross at 3X APC	Variance to Current
1800240	ID SUB Q ABSCESS SIMPLE	1.3231	450ER	10060	\$226.50	\$93.33	8	\$1,812	\$2,240	\$428
1800245	ID SUB Q ABSCESS COMPLEX	1.3231	450ER	10061	\$226.50	\$93.33	1	\$227	\$280	\$53
1800250	ID PILONIDAL SIMPLE	1.3231	450ER	10080	\$226.50	\$93.33		\$0	\$0	\$0
1800150	FB REMOVAL SUB Q SIMPLE	1.3231	450ER	10120	\$226.50	\$180.26		\$0	\$0	\$0
1800155	FB INCISIONAL REMOVAL COMPLEX	1.3231	450ER	10121	\$875.50	\$1,050.17		\$0	\$0	\$0
1800260	ID HEMATOMA	1.3231	450ER	10140	\$700.50	\$832.03		\$0	\$0	\$0
1800390	AVULSION NAIL PLATE	1.3231	450ER	11730	\$142.00	\$54.70		\$0	\$0	\$0
1800270	ID SUBUNGUAL HEMATOMA	1.3231	450ER	11740	\$65.50	\$27.63	1	\$66	\$83	\$17
1800400	EXCISE INGROWN NAIL	1.3231	450ER	11750	\$437.75	\$295.69		\$0	\$0	\$0
1800405	NAIL BED REPAIR	1.3231	450ER	11760	\$236.50	\$227.34		\$0	\$0	\$0
1800745	REPAIR SIMPLE TO 2.5 CM T,E,S,	1.3231	450ER	12001	\$255.25	\$86.70	19	\$4,850	\$4,942	\$92
1800745	REPAIR SIMPLE TO 2.5 CM T,E,S,	1.3231	450ER	12001	\$255.25	\$86.70	1	\$255	\$260	\$5
1800750	REPAIR SIMPLE 2.6-7.5 CM T,E,S	1.3231	450ER	12002	\$255.25	\$86.70	2	\$511	\$520	\$10
1800755	REPAIR SIMPLE 7.6-12.5 CM T,E,	1.3231	450ER	12004	\$236.50	\$86.70	1	\$237	\$260	\$24
1800695	REPAIR SIMPLE TO 2.5 CM F,E,E,	1.3231	450ER	12011	\$236.50	\$86.70	19	\$4,494	\$4,942	\$448
1800705	REPAIR SIMPLE 2.6-5.0 CM F,E,E	1.3231	450ER	12013	\$255.25	\$86.70	3	\$766	\$780	\$15
1800705	REPAIR SIMPLE 2.6-5.0 CM F,E,E	1.3231	450ER	12013	\$255.25	\$86.70		\$0	\$0	\$0
1800710	REPAIR SIMPLE 5.1-7.5 CM F,E,E	1.3231	450ER	12014	\$255.25	\$86.70	4	\$1,021	\$1,040	\$19
1800715	REPAIR SIMPLE 7.6-12.5 CM F,E,	1.3231	450ER	12015	\$255.25	\$86.70	1	\$255	\$260	\$5
1800670	LAYER CLOSURE 2.6-7.5 CM S,A,T	1.3231	450ER	12032	\$236.50	\$227.34		\$0	\$0	\$0
1801130	ER INTERMEDIATE	1.3231	450ER	99283	\$240.00	\$136.70	581	\$139,440	\$238,268	\$98,828
1801130	ER INTERMEDIATE	1.3231	450ER	99283	\$240.00	\$136.70	14	\$3,360	\$5,741	\$2,381
1801130	ER INTERMEDIATE	1.3231	450ER	99283	\$240.00	\$136.70	1	\$240	\$410	\$170
1801135	ER EXTENDED	1.3231	450ER	99284	\$545.75	\$217.91	337	\$183,918	\$220,307	\$36,389
1801135	ER EXTENDED	1.3231	450ER	99284	\$545.75	\$217.91	23	\$12,552	\$15,036	\$2,484
1801135	ER EXTENDED	1.3231	450ER	99284	\$545.75	\$217.91	6	\$3,275	\$3,922	\$648
1801140	ER COMPREHENSIVE	1.3231	450ER	99285	\$992.25	\$323.90	43	\$42,667	\$41,783	-\$884
1801140	ER COMPREHENSIVE	1.3231	450ER	99285	\$992.25	\$323.90	34	\$33,737	\$33,038	-\$699
1801140	ER COMPREHENSIVE	1.3231	450ER	99285	\$992.25	\$323.90	4	\$3,969	\$3,887	-\$82
1801145	CRITICAL CARE 30-74 MIN	1.3231	450ER	99291	\$1,561.50	\$485.39	4	\$6,246	\$5,825	-\$421
1801145	CRITICAL CARE 30-74 MIN	1.3231	450ER	99291	\$1,561.50	\$485.39		\$0	\$0	\$0
1801145	CRITICAL CARE 30-74 MIN	1.3231	450ER	99291	\$1,561.50	\$485.39	1	\$1,562	\$1,456	-\$105
							2,093	\$565,727	\$720,834	\$155,107
							% Increase		27%	

Description	Dept	Rev Code	HCPCS	Charge	APC
ID SUB Q ABSCESS SIMPLE	1.3231	450ER	10060	\$226.50	\$93.33
ID SUB Q ABSCESS COMPLEX	1.3231	450ER	10061	\$226.50	\$93.33
ER COMPREHENSIVE	1.3231	450ER	99285	\$992.25	\$323.90
CRITICAL CARE 30-74 MIN	1.3231	450ER	99291	\$1,561.50	\$485.39

% of Total ER Utilization

Comm	MCR	Self Pay	PEIA	MCD	Other Gov	Total Units
8	3	22	2	22	1	58
1	2	3		6		12
43	121	55	16	110	14	359
4	32	11	1	7	5	60
1,811	2,417	2,146	666	3,951	461	11,452
16%	21%	19%	6%	35%	4%	

Current Gross	Gross at 3X APC	Variance to Current
\$13,137.00	\$16,239.42	\$3,102.42
\$2,718.00	\$3,359.88	\$641.88
\$356,217.75	\$348,840.30	(\$7,377.45)
\$93,690.00	\$87,370.20	(\$6,319.80)
\$3,157,015.75	\$4,143,254.70	\$986,238.95
% Increase		31%

Description	Dept	Rev Code	HCPCS	Charge	APC
REPAIR SIMPLE 2.6-5.0 CM F,E,E	1.3231	450ER	12013	\$255.25	\$86.70
THORACENTESIS W/ INSERT TUBE	1.3231	450ER	32002	\$476.50	
ER COMPREHENSIVE	1.3231	450ER	99285	\$992.25	\$323.90
CRITICAL CARE 30-74 MIN	1.3231	450ER	99291	\$1,561.50	\$485.39

% of Total IP Utilization

Comm	MCR	Self Pay	PEIA	MCD	Other Gov	Total Units
	1					1
			1			1
4	49	3	5	5		66
	4	1				5
38	576	53	23	107	15	812
5%	71%	7%	3%	13%	2%	

Current Gross	Gross at 3X APC	Variance to Current
\$255.25	\$260.10	\$4.85
\$476.50	\$0.00	(\$476.50)
\$65,488.50	\$64,132.20	(\$1,356.30)
\$7,807.50	\$7,280.85	(\$526.65)
\$252,111.75	\$271,063.46	\$18,951.71
% Increase		8%

Description	Dept	Rev Code	HCPCS	Charge	APC
REPAIR SIMPLE TO 2.5 CM T,E,S,	1.3231	450ER	12001	\$255.25	\$86.70
STRAPPING SHOULDER	1.3231	450ER	29240	\$132.50	\$71.64
ER COMPREHENSIVE	1.3231	450ER	99285	\$992.25	\$323.90
CRITICAL CARE 30-74 MIN	1.3231	450ER	99291	\$1,561.50	\$485.39

% of Total OP Utilization

MCR	Self Pay	PEIA	MCD	Other Gov	Total Units
1	1		1		3
1	0	0			1
34	108	14	5	33	194
1	1	1		2	5
244	600	131	38	297	4 1,314
19%	46%	10%	3%	23%	0.3%

Current Gross	Gross at 3X APC	Variance to Current
\$765.75	\$780.30	\$14.55
\$132.50	\$214.92	\$82.42
\$192,496.50	\$188,509.80	(\$3,986.70)
\$7,807.50	\$7,280.85	(\$526.65)
\$453,976.75	\$477,633.93	\$23,657.18
		5%

How to Create a Patient-Centric, Defensible Pricing Strategy

7. Develop Policies and Procedures
 - a. Ensure all future codes are priced consistently, based on your established policy, to ensure a healthy and accurate CDM.
 - b. Better understanding of pricing allows for an educated and informed Self-Pay policy.
 - c. Published policies and procedures remove guesswork and provide support to staff.
- **Action Step: Create a Pricing Policy stating that all new charge codes must be priced using the base fee schedule and department accepted multiplier. Create a procedure outlining the steps for compliance to the policy. Create a Self Pay Policy and Procedure recognizing the established fees, and acceptable payment structure for self pay patients, including payment plans where applicable. Develop scripting responses for staff in advance of customer queries.**

How to Create a Patient-Centric, Defensible Pricing Strategy

8. Identify staff responsible for providing fees and quotes for patients
 - a. Clinical staff are frequently asked to address financial concerns.
 - b. They do not have access or ability to provide consistent and accurate price quotes.
 - c. Patient access to educated staff who are trained to provide accurate and consistent responses will provide quality customer service and strengthen the facility standing in the community.
- **Action Step: Educate clinical staff to refer questions to appropriate staff. Educate and empower dedicated staff to address concerns, answer questions and develop payment plans where appropriate. Combine your use of policy and people to create a culture of best practice customer service.**

How to Create a Patient-Centric, Defensible Pricing Strategy

9. Create talking points for customer interaction
 - a. Clinical staff need guidance.
 - b. Financial Advocates and Customer Service need tools to reduce stress, stay on message, and ensure a consistent and compliant process.

➤ **Action Steps:**

- **Provide talking points to clinical staff to ensure effective and clear communication. Talking points should:**
 - **Acknowledge concern**
 - **Demonstrate empathy**
 - **Advise patients that they do not have access to pricing, but will refer to appropriate staff for review**
 - **Refer each patient to the department staff or counselor equipped to respond to concerns**
 - **Follow up to ensure that the customer concern is addressed**

How to Create a Patient-Centric, Defensible Pricing Strategy

9. Create talking points for customer interaction – continued..

➤ Action Steps:

- Provide talking points to Customer Service, Financial Counselors and all others designated to respond to questions
- Provide details to clearly explain pricing in a manner determined by management
- Offer to set up payment plans within the structure approved by administration
- Ask patients if they have Health Savings Accounts, such as Flexible Spending Accounts or Health Safety Accounts, and offer to set up payment plans consistent with deposits into their respective Health Savings Account.

How to Create a Patient-Centric, Defensible Pricing Strategy

10. Review the chargemaster quarterly to ensure that the pricing methodology defined in the policy are implemented and maintained
 - a. Errors should not be perpetuated. Document issues and identify the root cause.
 - b. Reviews allow for periodic review of staff understanding and adherence to P&P.
 - c. Payor contract changes may necessitate additional review based on “lesser of” pricing changes.
- **Action Step: Establish a consistent time period and format for a quarterly pricing review. Complete the steps to identify the multipliers employed and review outliers. Correct any errors. Re-assert expectations if policies and procedures are not followed. If changes are required to a department’s multiplier, remember to update the policy to reflect the new reality.**

Thank You

- Stroudwater Revenue Cycle Solutions was established to help our clients navigate through uncertain times and financial stress. Increased denials, expanding regulatory guidelines and billing complexities have combined to challenge the financial footing of all providers.
- Our goal is to provide resources, advice and solutions that make sense and allow you to take action.
- We focus on foundational aspects which contribute to consistent gross revenue, facilitate representative net reimbursement and mitigate compliance concerns. Stroudwater Revenue Cycle Solutions helps our clients to build processes which ensure ownership and accountability within your revenue cycle while exceeding customer demands.
- **Contact us to see how we can help.**

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