The Chargemaster and Your Revenue Cycle: Critical Components for Success Part 2

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Goals for Today's Conversation

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At the conclusion of this webinar, participants will be able to:

- Ensure that the chargemaster is an administrative priority
- Implement a process centered on communication and expectation
- Comprehend the impact of 2019, 2020, and 2021 Pricing Transparency Requirements
- Instill a process of quality control
- Utilize the chargemaster as a competitive advantage
- Cite case studies and "Issues from the Field"

Concepts from Our Last Conversation

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- Revenue Cycle Culture within a facility is strong
- Culture impacts every component of the revenue cycle
- All of the issues, concerns, and excuses within the revenue cycle repeat.
- In our experience, revenue cycle cultures fall into one of 4 categories.

The False Start

The Treadmill

The Excuse Maker

The Doer

Focus on Expectations

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- The success of the revenue cycle is directly proportional to the level of administrative expectation
- What do you expect of your revenue cycle?
- When queried, many hospital administrators do not have an immediate response
- Only after prompting they list:
  - Customer service
  - Low denial rates
  - Low Accounts Receivable (AR) days
- Best practice revenue cycle operations are based on clear, concise administrative guidelines and expectations
- This is where administration makes customer service, quality, people and education a priority
- Hospitals struggle where there is ambiguity, lack of direction and lack of clarity
- In order to be effective, administration must understand, support and empower their revenue cycle

Set an expectation of excellence

Focus on Expectations – Where Do You Start

- To move forward, hospitals must:
  - Create a mission statement for all revenue cycle teams
    - The mission statement should clearly identify why they are meeting and the goal that they are trying to attain
      - Customer service
      - Quality
      - Empowerment
      - Accountability
      - Ownership
      - Financial viability
  - Set clear departmental revenue cycle process expectations—chargemaster ownership, process accountability, participation….
  - Measure these items and hold the teams accountable for the results
  - Set an expectation for and a culture focused on Quality

REVENUE CYCLE QUALITY

Focus on Quality

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- Every facility must have a zero-defect mentality
- Within business operations, quality must be an obsession
- Demanding quality in the revenue cycle takes time, direction and constant action
- Quality is a competitive weapon
- Quality impacts every operational area and employee

Focus on Quality - Continued

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- Every facility must design a process that demands:
  - A relentless pursuit of perfection
  - High standards
  - Customer focus
  - Unrelenting/unapologetic attention to detail
  - Consistency
  - Focus on outcomes/results
  - Doing things right the first time, every time

Focus on Quality - Further

- Quality is about doing things right the first time, every time
- The pursuit of quality has the goal of exceeding customer expectations
- Attention to quality lowers costs, increases margins, facilitates consistency of results and empowers internal accountability and ownership
- Quality is about focusing on all aspects of revenue cycle operations from start to finish

Focus on Quality - More

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Quality operations illustrate:

- Organization
- Diligence to detail
- Preparedness
- Consistency
- Accountability
- Ownership

Low-quality operations illustrate:

- Messy workstations
- Wasted meetings
- Inability to act
- Lack of communication
- Non representative chargemasters
- Us-vs.-Them mentality

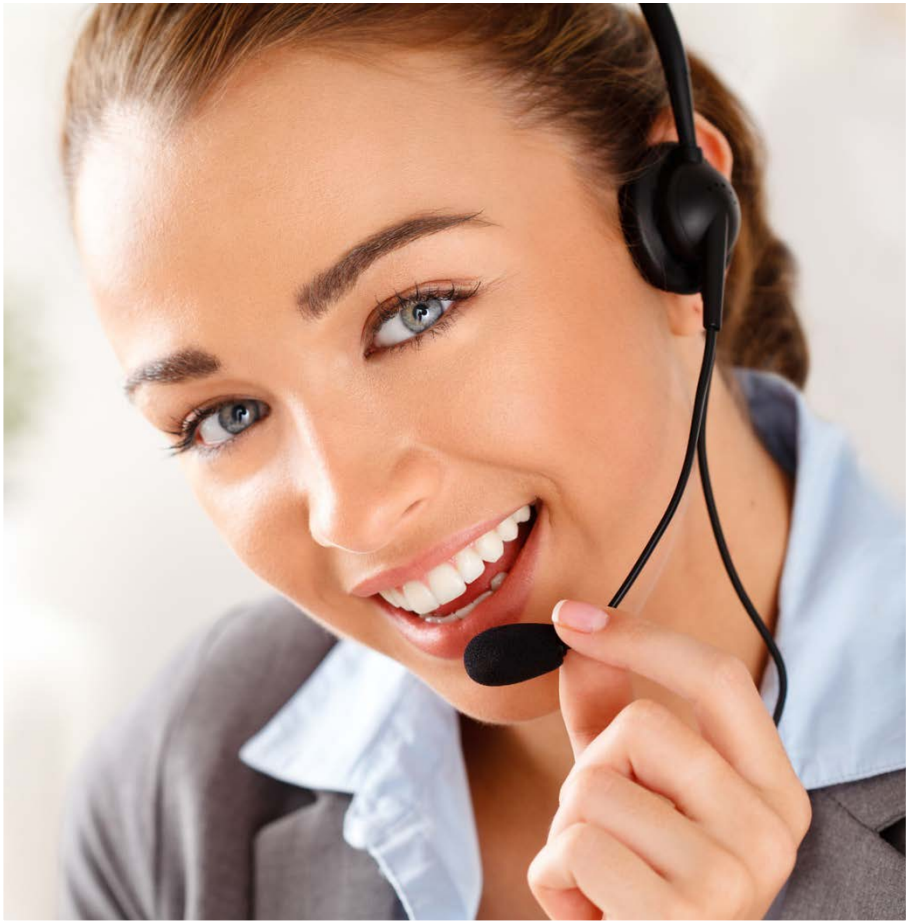
Focus on Quality - Final

Focus on Quality – Where to Start

- There is no one-way, all-solving process to address quality concerns
- Design mechanisms to measure revenue cycle quality
- Define what revenue cycle quality means in your facility
- Facilities will have different areas of importance
- Some will define quality:
  - Denial rate
  - First pass claim submission rate
  - Customer service measurements
  - Successful procedural quoting process
  - Total revenue capture
  - Full and complete provider documentation
  - Knowledge of and adherence to all payor guidelines
  - Each of these components reflect the quality of your chargemaster

Focus on Quality - Benefits

- Your commitment to quality will have an immediate and long-lasting impact
  - Patients will experience it through:
    - Accurate and reliable billing statements
    - Consistent customer service
    - Attention to detail
    - Ease of scheduling / registration
    - Efficient process design
  - Employees will experience it through:
    - Administrative commitment
    - Process consistency
    - High standards
    - Attention to operational detail
    - Accountability
    - Ownership
- A central component of quality is a commitment to education



REVENUE CYCLE EDUCATION

Focus on Education - Where Do You Start

- To move forward hospitals must:
  - Decide what skills, practices and resources revenue cycle staff need to facilitate the highest quality outcomes
    - What do they need to know?
    - How do they find the information?
    - How do they stay informed?
    - How is the information delivered?
  - Identify what resources to trust? How do they obtain the training?
    - Do we take advantage of local groups?
    - Do we take advantage of national publications?
      - HIMSS News and Insight from the Healthcare Community
      - AHIMA Advocacy and Public Policy Website
      - HFMA Newsletters

Focus on Education – Where Do You Start

- To move forward hospitals must:
  - Understand and be wary of information overload
  - Create a systematic delivery apparatus to ensure the right people get the right access at the right time
  - Understand that it is not enough to report the news or data—they need to understand
    - What is the solution? Focus on the reason or need for the education or training
    - What are you trying to resolve?
  - Once training is provided, staff must be empowered with an expectation of action

Focus on Education – Real Time Feedback

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- Query staff on the creation and utilization of Telehealth Codes and COVID 19 Laboratory Testing
- For example - Compare your current setup for COVID 19 Laboratory testing to the following:
  - AMA CPT Effective March 16, 2020
    - 87635 - Infectious agent detection by nucleic acid (DNA or RNA); severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) (Coronavirus disease [COVID-19]), amplified probe technique
    - Potential CDM description:
    - IADNA SARS-COV-2 COVID-19 AMPLIFIED PROBE TQ
  - HCPCS Effective April 1, 2020
    - U0001 – CDC Lab testing COVID 19 (SARS COV-2)
      - Medicare reimbursement $36.00
    - Potential CDM description:
    - SARS-COV-2 COVID-19 CDC AMPLIFIED PROBE TQ
    - U0002 – Non-CDC lab testing COVID 19 (SARS COV-2)
      - Medicare reimbursement $51.00
    - Potential CDM description:
    - SARS-COV-2 COVID-19 NON CDC AMPLIFIED PROBE TQ
  - Use Revenue Code 302 for all three codes

PRICING TRANSPARENCY

Pricing Transparency - Continued

- 2019
  - Hospitals required to publish chargemaster or some other form of prices on website in machine readable file
  - Include Diagnosis-related groups (DRGs).1
  - Update Annually
- 2020 - Delayed to 2021
  - Hospitals required to publish reimbursement rates for all commercial payors
  - Display their standard charges for shoppable services (service package that can be scheduled by a healthcare consumer in advance)
  - 300 primary shoppable service with the ancillary services customarily provided by the hospital
    - 70 CMS-specified
    - 230 hospital selected

Pricing Transparency - Further

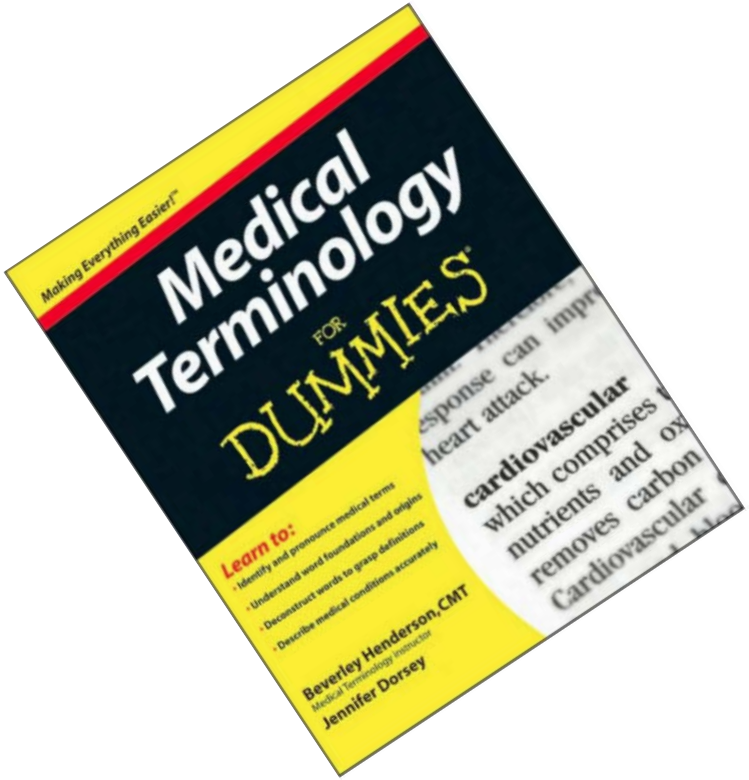
- The Centers for Medicare and Medicaid (CMS) indicates hospitals are encouraged to undertake efforts to engage in consumer-friendly communication to help patients understand their potential financial liability
  - Enable patients to compare charges for similar services across hospitals

Pricing Transparency – Once More

- This presents both an opportunity and a challenge to develop compliant, cost-effective processes that add value for patients, and promote fair and accurate comparisons.
- Prepare to assist patients through this change and mitigate any damage to revenue or reputation

Pricing Transparency - Descriptions

- Patients must understand the service to understand the price
- Chargemaster descriptions should make sense to an average, non-medical person



Pricing Transparency - CDM Descriptions

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- What do your current descriptions tell patients?

CDM#	Description	CPT	Fee
	LEVEL III	99283	$454.00
	LEVEL IV	99284	$700.00
	LEVEL II	99282	$267.00
	LEVEL V	99285	$987.36
	LEVEL I	99281	$167.00
	KUB	74000	$254.83
	IVP	74400	$702.34
	HERNIA REPAIRS IN LOWER ABDOMEN	00830	$1,038.16
	VENTRAL AND INCISIONAL HERNIAS	00832	$1,427.47
	VENTRAL AND INCISIONAL HERNIAS	00832	$624.00
	HERNIA REPAIRS IN LOWER ABDOMEN	00830	$1,297.70

Pricing Transparency Challenges

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- Chargemaster data can be confusing to patients.
- A direct interpretation of charge description master (CDM) pricing is misleading, since many payors bundle charges and reimburse contractual allowed amounts rather than retail prices.
- Patients are responsible for the copay, deductible or coinsurance
  - Based on the allowed amounts for commercial payors
  - Based on charges for Medicare in critical access hospitals (CAHs)
- The published chargemaster will not provide this information to your patients.
- Outdated pricing or sliding scale markups can also contribute to confusion for your patients and their families.

Pricing Transparency – DRG Challenges

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- How are DRG:
  - Prices/payments determined
  - Displayed on your website?
  - Explained to patients?

CMS 2017 Inpatient Charge Data DRG Definition	Provider Name	Average Covered Charges	Average Total Payments	Average Medicare Payments
062 - ISCHEMIC STROKE, PRECEREBRAL OCCLUSION OR TRANSIENT ISCHEMIA W THROM	PROVIDENCE HEALTH CENTER	$43,732.45	$10,924.36	$9,819.18
092 - OTHER DISORDERS OF NERVOUS SYSTEM W CC	UNITED REGIONAL HEALTH CARE SYSTEM	$20,938.85	$6,662.69	$5,695.77
101 - SEIZURES W/O MCC	VHS HARLINGEN HOSPITAL COMPANY LLC	$40,261.70	$5,919.85	$4,869.74
103 - HEADACHES W/O MCC	EAST TEXAS MEDICAL CENTER	$52,352.09	$4,632.22	$3,222.00
177 - RESPIRATORY INFECTIONS & INFLAMMATIONS W MCC	VALLEY REGIONAL MEDICAL CENTER	$208,872.41	$15,731.47	$13,685.41
190 - CHRONIC OBSTRUCTIVE PULMONARY DISEASE W MCC	TITUS REGIONAL MEDICAL CENTER	$16,509.46	$7,691.34	$6,455.55
191 - CHRONIC OBSTRUCTIVE PULMONARY DISEASE W CC	LONGVIEW REGIONAL MEDICAL CENTER	$46,045.59	$5,232.28	$3,974.57
193 - SIMPLE PNEUMONIA & PLEURISY W MCC	CITIZENS MEDICAL CENTER	$36,412.37	$7,512.03	$6,813.21
194 - SIMPLE PNEUMONIA & PLEURISY W CC	HILL REGIONAL HOSPITAL	$28,442.75	$6,661.83	$5,796.17
291 - HEART FAILURE & SHOCK W MCC	TYLER COUNTY HOSPITAL	$12,305.95	$10,048.36	$9,431.73

Pricing Transparency Challenges - Supplies

- How are supplies reported?
  - Medically necessary only?
  - Convenience items?
- How do they look in the CDM?
  - Sliding scale mark up
  - Accurately priced at “each”

Pricing Transparency Challenges - Again

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- Chargemasters shared between prospective payment system (PPS) and non-PPS (CAH hospitals) tend to meet the needs of the parent hospital
- Medicare coinsurance at CAH is based on charges
- How does pricing affect patient perception?
- How does pricing affect patient reality?

Pricing Transparency - Patient Questions

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- The “menu” provided online doesn’t necessarily answer patient questions
  - What are “hidden” add-on costs?
  - What is ***my*** cost??
  - How does this compare to other facilities?

Pricing Transparency - June 2016 MedPac Report

- "Medicare beneficiary coinsurance at CAHs is based on charges and the Medicare program's reimbursement to CAHs is cost-based, the relationship between costs and charges is critical. If the growth in charges outpaces the growth in costs, the coinsurance burden increases for beneficiaries"

- *NEED FOR A POLICY CHANGE FOR BENEFICIARY COINSURANCE*

Tales from the Field – CT Scan & MRI

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- Assumes 50% Cost to Charge Ratio: ((Fee*.5)*.2)

CPT	DESCRIPTION	CHARGE	Potential CAH COINS	OPPS PAYMENT	OPPS COINS
70460	CT HEAD W CONTRAST	$1875.00	$187.50	$201.74	$40.35
70470	CT HEAD W WO CONTRAST	$2400.00	$240.00	$201.748	$40.35
72196	MRI PELVIS	$2300.00	$230.00	$385.88	$77.18
73720	MRI LOW EXT NON-JT W WO RIGHT	$1725.00	$172.50	$385.88	$77.18
73721	MRI LOW EXT JOINT RT	$1700.00	$170.00	$230.56	$46.12
73723	MRI LOW EXT JOINT RIGHT W/WO	$2100.00	$210.00	$385.88	$77.18
74181	MRI ABD WO CONTRAST	$2000.00	$200.00	$230.56	$46.12
74183	MRI ABD WO AND W CONTRAST	$2400.00	$240.00	$385.88	$77.18

Tales from the Field - ER

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- Assumes 50% Cost to Charge Ratio: ((Fee*.5)*.2)

CPT	DESCRIPTION	CHARGE	Potential CAH COINS	OPPS PAYMENT	OPPS COINS
39225	ECG MONITOR	$551.00	$55.10	$106.48	$21.30
41252	RPR LAC TONGUE >2.6CM	$1,193.00	$119.30	$206.14	$41.23
41250	RPR LAC MOUTH <2.5CM	$520.00	$52.00	$106.48	$21.30
31605	TRACHEOSTOMY	$1,290.00	$129.00	$206.14	$41.23
30905	CONTROL NASAL HEMMORG INIT	$723.00	$72.30	$106.48	$21.30
27750	CLSD TIB SHAFT FX WO MANIP	$1,152.00	$115.20	$225.09	$45.02
12057	LYR CLOSURE FACE 30.00CM	$1,750.00	$175.00	$314.08	$62.82

MedPac Report

- Diagnostic Radiology, CT Scan, and MRI have the greatest regional variation in coinsurance Cost to Charge Ration (CCR)
- The Western States consistently have the lowest percentages
- Northeast and South the highest
- CT Scans show the sharpest decrease in visits
- Most CAHs report CT and MRI as Diagnostic Radiology on the Cost report

Tales from the Field

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Represents recent pricing reviews from 10 CAHs

- 6 departments noted with prices set at $0.00
- 64, or 52%, of departments noted with prices set lower than Medicare rates
- 98, or 79%, of departments noted with prices set lower than 2X Medicare
- 92, or 74%, of departments noted with prices set higher than 5X Medicare rates

Overall:

- 8.77% of all codes examined were set lower than Medicare
- 19.31% of all codes examined were set lower than 2X Medicare
- 27.01% of all codes examined were set higher than 5X Medicare

Pricing Transparency - Fallout

- Medicare is already advertising the benefits of having elective procedures at ambulatory surgery centers (ASCs) vs. outpatient prospective payment system (OPPS) hospitals
- Will they do the same to CAHs?
- How will you measure up?
- What will your message be? Are you prepared?

Pricing Transparency - Procedure Price Look-up

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Pricing Transparency - CDM Review

- Review viability and consistency of the current pricing methodology employed
- Examine the contents of your chargemaster to include areas such as pricing, description, inclusion of deleted codes, etc.
- To identify pricing variability payable codes can be compared to published Medicare rates

Pricing Transparency - Again

- Patients seek clarity from staff with which they have the most contact, but who may be the least prepared to answer financial questions:
  - Medical staff
  - Technicians
  - Nurses
- The best person for patients to speak with is a Financial Counselor.

Pricing Transparency- Next steps

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- Still time to get it right
- Per statement from CMS Administrator Seema Verma on Thursday, January 10, 2019
  - The agency has no means of enforcing its new price transparency rule
- 2020 proposes evaluating complaints made by individuals or entities to CMS, reviewing individuals' or entities' analysis of noncompliance, and auditing hospitals' websites.
- Proposing $300.00/day penalty in 2020
- Publishing non-compliance on CMS website

Pricing Transparency - Next Steps, Continued

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- Review and clean up CDM
  - Implement a patient centric, defensible pricing methodology
  - Update CDM to reflect current service provision
  - Review chargemaster and pricing through the patient's eyes
- Use website to guide patients to Financial Counselors
  - "Itemized charges may not reflect the payor or patient responsibility for services or supplies provided as part of a service or surgical package. Bundled rates apply that reflect significant discounts. Patients are encouraged to contact a Financial Counselor to review expected services and to obtain an accurate quote."
  - Contact Financial Counselor Link to Financial Counselor email and/or extension
  - Frequently Asked Questions Link to FAQs page
- Educate staff to refer all questions to Financial Counselors
- Train Financial Counselors
  - How to read the CDM
  - Know payor guidelines
  - Understand reimbursement structures
  - Create effective and accurate estimates

Pricing Transparency - Website Design

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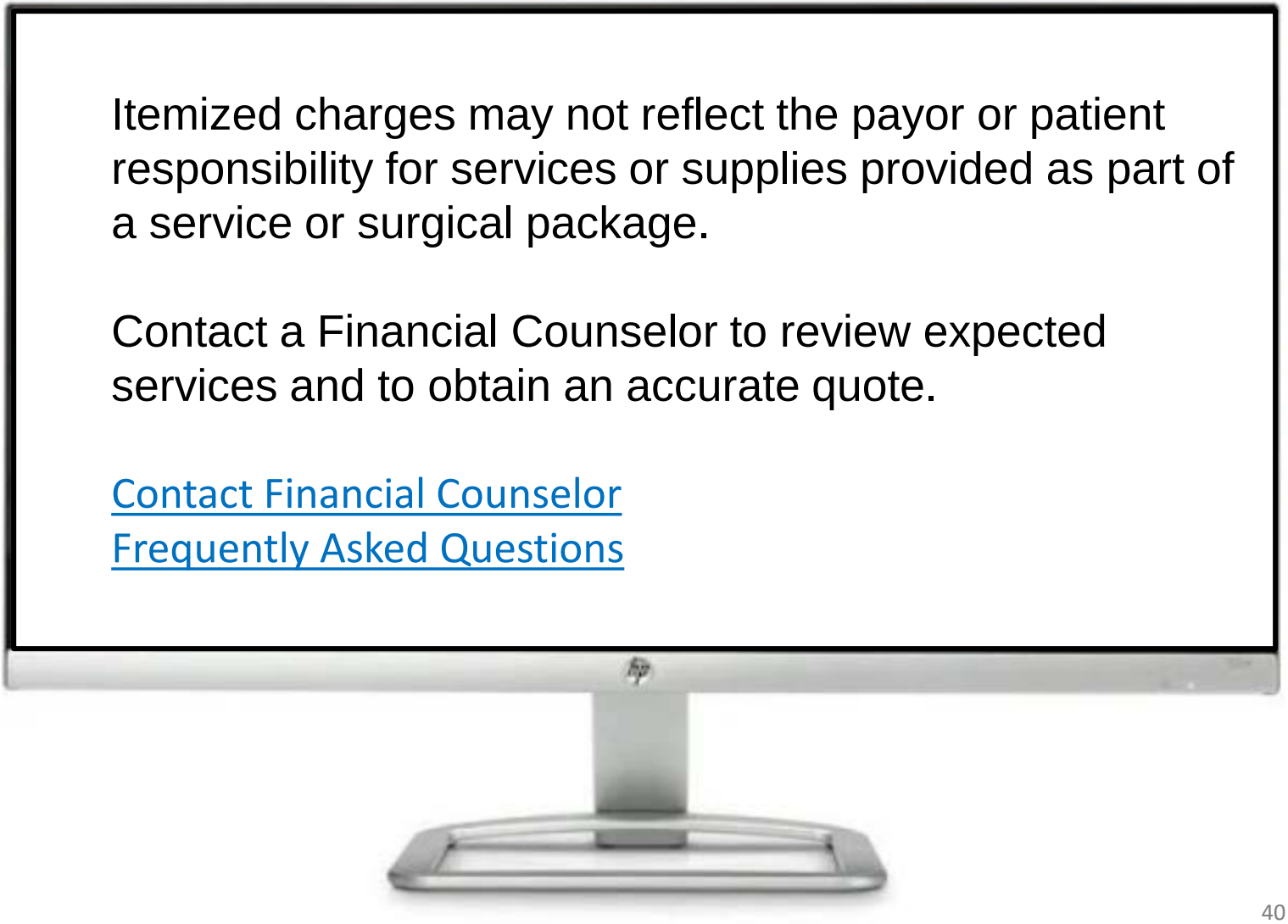
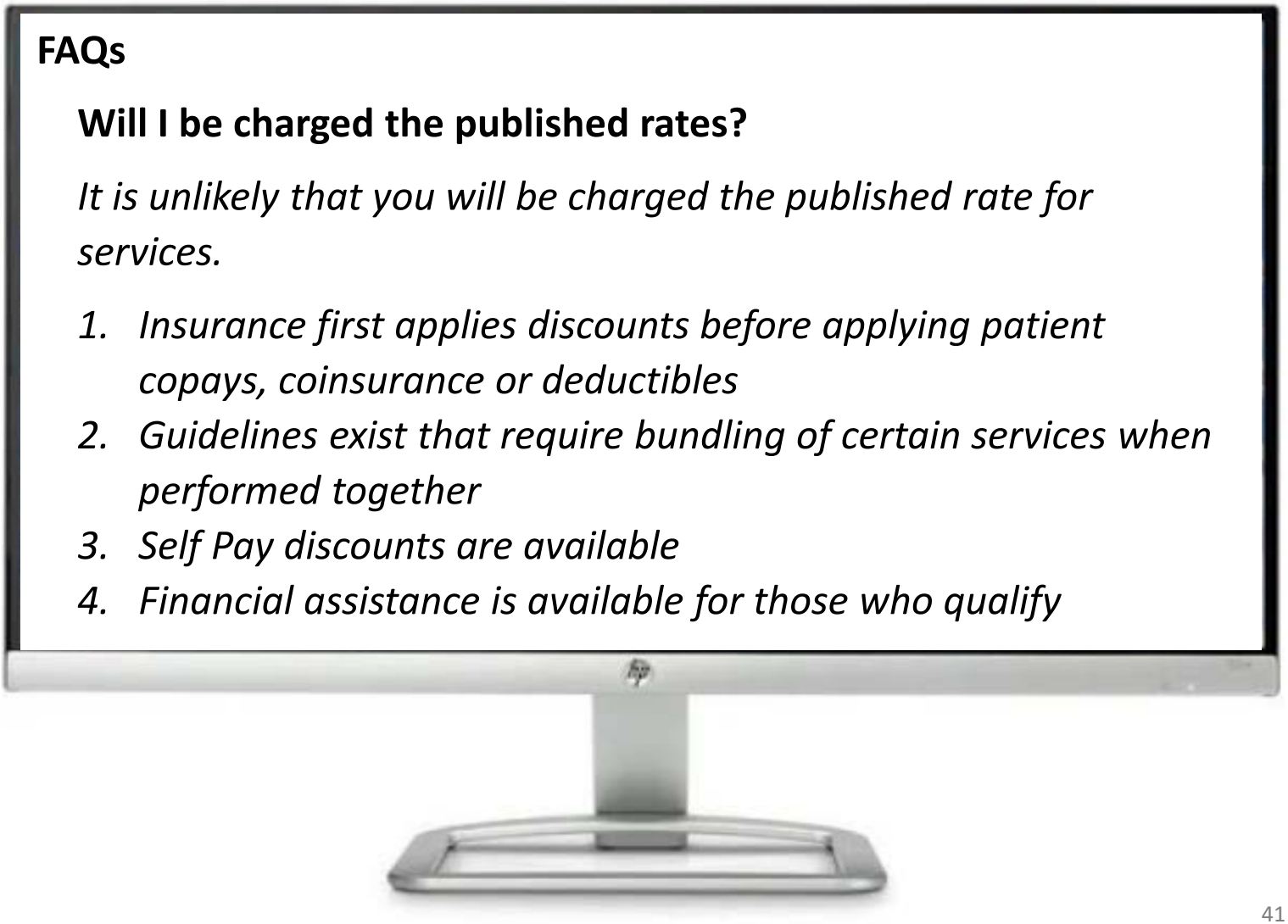
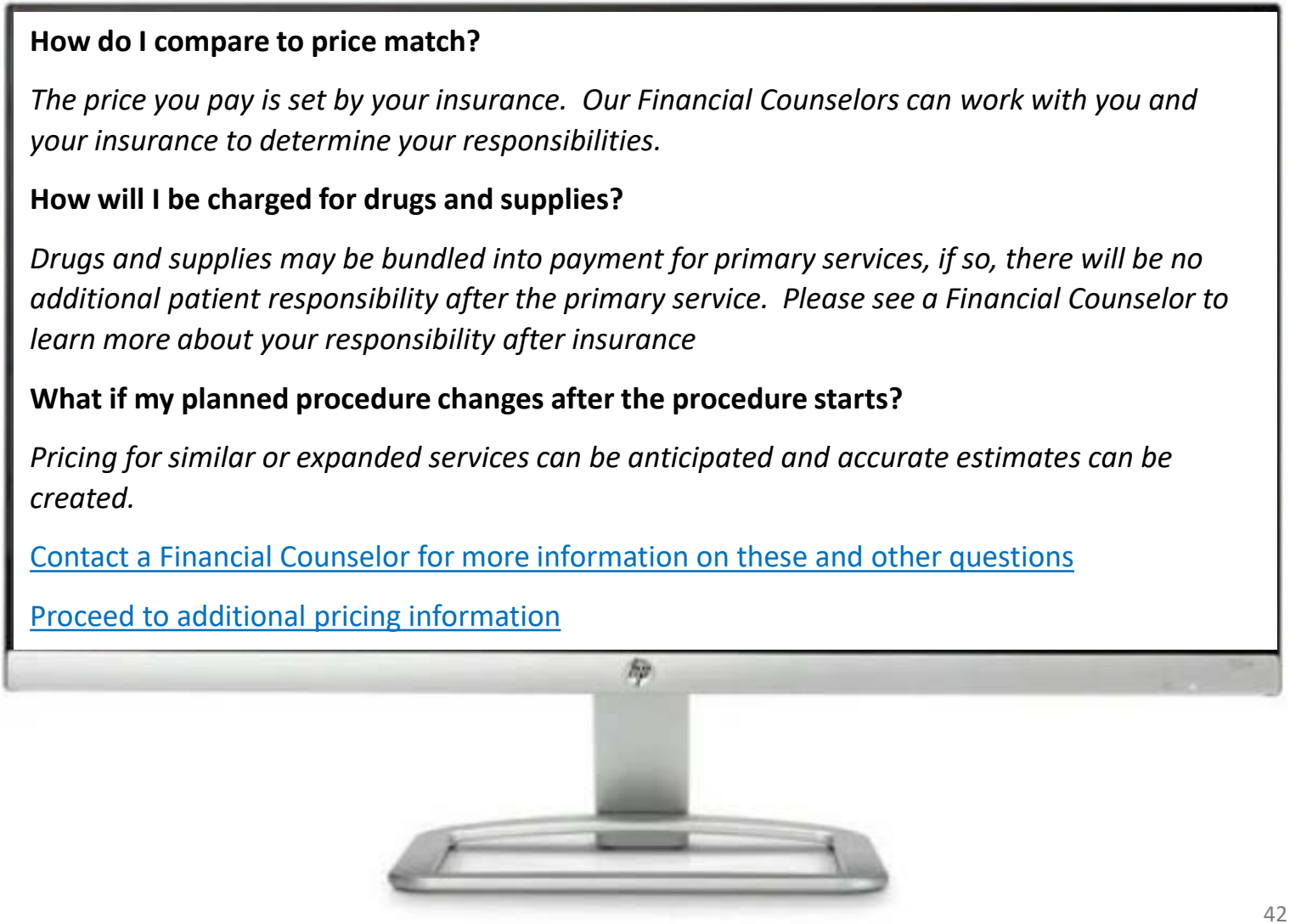
Pricing Transparency - Sample Language



Pricing Transparency - FAQ Page



Pricing Transparency - FAQ Page, continued



Pricing Transparency - Summary

- Administration must make the revenue cycle, and more specifically, the chargemaster, a priority
- The revenue cycle culture must be seen through the patient's eyes and focus placed upon expectation, quality and education
- The entire revenue cycle should take every opportunity to scrutinize and review the CDM
- Ensure the facility employs a patient centric and defensible pricing policy
- Review the chargemaster to ensure contents are accurate, reflect current service provision, priced consistently and appropriately
- Create understandable descriptions
- Evaluate DRG explanations and pricing
- Steer patients to Financial Counselors
- Train Financial Counselors – allow them to be your revenue cycle ambassadors
- Prepare for the annual update process
- Success is not an accident
- Daily, informed action is the key

Questions?

Resources

- http://www.medpac.gov/docs/default-source/reports/june-2016-report-to-the-congress-medicare-and-the-health-care-delivery-system.pdf?sfvrsn=0

- http://www.medpac.gov/docs/default-source/contractor-reports/medicare-copayments-for-critical-access-hospital-outpatient-services-update.pdf?sfvrsn=0

What Is Stroudwater Revenue Cycle Solutions?

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- **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.

- 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 their revenue cycle while exceeding customer demands.

- Our goal is to provide resources, advice and solutions that make sense and allow our clients to take action.

- To assist with the rapidly changing COVID-19 guidance, we have created a coding hotline. Send questions to codingsupport@Stroudwater.com. We will respond to questions individually or in FAQ format for similar topics.

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