Developing Defensible Pricing for the CDM

Provider Profile

TRINITY HOSPITAL TWIN CITY

- Location: Dennison, OH
- Hospitals: 1
- Beds: 25
- Employees: 240
- Founded: 1912
- HIS System: CPSI

"PMMC ONLINE ANALYTICS RightPricer allowed me to lower prices and increase prices while seeing the impact. This saved me time. I was very impressed."

Halli Sell
Director of Revenue Cycle
Bethesda Health

PMMC Solutions Used
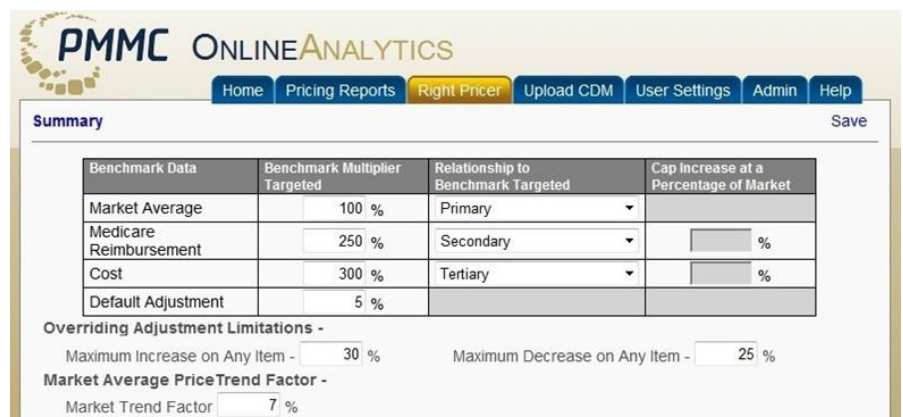
» ONLINE ANALYTICS

The Challenge

Over recent years, the hospital experienced financial difficulties including bankruptcy and several changes in the Chief Financial Officer position. The hospital is now under new management, and there is limited organizational memory of strategy behind previous pricing decisions. It appears the hospital has been raising charges with across the board price increases for several years. Now, some patients have complained about the cost of services compared to other facilities.

Ms. Halli Sell is the Director of Revenue Cycle with responsibility for Patient Financial Services and the Charge Description Master (CDM). The hospital's new CFO recently tasked her with developing defensible pricing for the CDM while developing the next year's budget. "We wanted to get pricing in line with local competitors, especially for price sensitive items that are common," says Ms. Sell. After looking at several different CDM products, the hospital chose to purchase PMMC ONLINE ANALYTICS with the RightPricer functionality. "There were other sources for the data, but none gave us a tool that made charts or new pricing for the charge master."

The Solution

Ms. Sell liked that ONLINE ANALYTICS is an intuitive tool that worked with the ease of point and click. "It was good just to get a price for everything. We looked at Ohio as a whole, then our local market, and lastly we looked at four other Critical Access facilities." Ms. Sell reports that she and the CFO came up with the appropriate market definition, and "then, I uploaded Revenue and Usage with the CDM. I was able to lower prices and increase prices while seeing the impact."

The adjacent screenshot shows RightPricer's intuitive design. Users can upload their CDM and set benchmarks, all with the ease of point-and click. Users can easily define define a custom market and RightPricer will trend the data to the current time period.

Charge Code	Charge Description	CPT®	CPT® Description	Units	Current Unit Price	90% of Market Charge	200% of Medicare Rate	300% of Cost	Target Unit Charge	Current Total Charges	Target Total Charges	Percent Change	Driver / Limit
5452126	CT SPINE CERV-W	72126	Ct neck spine w/dye	1	$1,381.35	$2,637.07	$543.13	$1,243.23	$1,519.49	$1,381.35	$1,519.49	10 %	Market / Max Cap
Radiology Subtotal:										**$11,921,518.20**	**$12,976,530.34**	**9 %**	
Clinical Service: Respiratory													
2711135	FUNCTIONAL RESIDUAL CAP.	94240	Residual lung capacity	67	$259.00	$264.00		$233.10	$264.00	$17,353.00	$17,687.75	2 %	Market
2710118	DRUG NEB TRT SUBSEQUENT	94640	Airway inhalation treatment	38	$100.10	$126.80	$53.71	$90.09	$110.11	$3,803.80	$4,184.18	10 %	Market / Max Cap
5941142	PULM EVAL COMP	94799	Pulmonary service/procedure	14	$374.25	$147.06	$93.55	$336.84	$355.54	$5,239.50	$4,977.53	-5 %	Market / Min Cap
2710111	VOLUME VENT SUBSEQ DAY	94003	Vent Mgmt Inpat Subq Day	12	$2,186.40	$1,647.95	$388.29	$1,967.76	$2,077.08	$26,236.80	$24,924.96	-5 %	Market / Min Cap
2710164	PFT LIMITED	94060	Evaluation of wheezing	6	$368.40	$402.58	$178.57	$331.56	$402.58	$2,210.40	$2,415.47	9 %	Market
2710006	VOLUME VENT INITIAL	94002	Vent Mgmt Inpat Init Day	2	$1,355.50	$1,431.23	$388.29	$1,219.95	$1,431.23	$2,711.00	$2,862.46	6 %	Market
2310154	ED/ENDOTRACHEAL INTUBATI	31500	Insert emergency airway	1	$442.75	$808.38	$282.12	$398.49	$487.03	$442.75	$487.03	10 %	Market / Max Cap
2710021	NASOTRACHEAL SUCTIONING	31720	Clearance of airways	1	$167.15	*	$53.71	$150.45	$158.79	$167.15	$158.79	-5 %	Medicare / Min Cap
Respiratory Subtotal:										**$58,164.40**	**$57,698.16**	**-1 %**	
Weighted Totals													
Weighted Totals Totals:										**$22,284,435.00**	**$23,948,231.85**	**7 %**	

RightPricer Benchmarking Report

The Results

Ms. Sell produced results for each department and for the entire hospital. She ran several iterations to test various scenarios, and she was able to complete the CDM pricing project in a couple of hours. The speed of the output is important to hospital employees like her who are responsible for multiple things besides the CDM.

"I was very impressed with the tool as a whole." She exported some of the exhibits and gave a presentation to the CFO. Ms. Sell said the CFO "was over the moon" with satisfaction that she could give him such good detail and perspective.

ONLINE ANALYTICS gave the hospital leadership more content than they had previously known, and RightPricer solved some real problems in a short period of time.

"RightPricer reports are generated in seconds. I was able to see each of the benchmark prices and the new target price," says Ms. Sell.

The analysis explains which benchmark driver led to the proposed change and whether the change hit a cap limit. Proposed changes are presented at the charge code level. RightPricer also presents results based on unit volumes. In addition, it provides summaries for each Clinical Service and the entire facility.

About Trinity Hospital Twin City

Trinity Hospital Twin City is a locally-operated, not-for-profit, Catholic, critical access hospital. The hospital provides a full range of acute care services, including a group physician practice known as Trinity Medical Group. The hospital is fully accredited and equipped with the latest in digital state-of-the-art healthcare technology to meet patient needs. The hospital is a ministry of Sylvania Franciscan Health, sponsored by Catholic Health Initiatives (CHI).

About PMMC

PMMC provides industry leading revenue cycle solutions to more than 400 hospitals and 21,400 physician clients. By finding additional cash and creating more efficient workflow processes, PMMC helps healthcare providers improve their margins so they can focus on serving their patients.

PMMC is a Microsoft-certified provider and has earned the Healthcare Financial Management Association (HFMA) Peer Review designation for its CONTRACT PRO and ESTIMATOR PRO solutions, meeting an objective third-party assessment of overall effectiveness, quality, and value.

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