An Overview of the Central Pricing Office

Health System Description and Statistics

- A not-for-profit health system with hospitals in multiple counties, ambulatory surgical centers, independent diagnostic testing facilities, and urgent care centers.

- Net operating revenues: approximately $1.5 billion

What is the Central Pricing Office?

- An office that streamlines communication, reduces confusion, and eliminates inconsistencies between all operating facilities concerning:

- **Pricing** – Standardizes quotes to self-pay patients throughout the health system

    - Self-pay pricing quotes generally include the facility and hospital-based physicians (anesthesia, pathology, and radiology)

- **Insurance Verification** – Provide estimates of patient out-of-pocket costs (co-payment, co-insurance, and deductibles) to pre-registration departments for up-front collection

- **One-time case agreements** – Offer pricing on a one-case basis to non-contracted health plans as determined by the managed care department policies

Why Was it Created?

- Initially created in March 2001 to develop standardized pricing for self-pay patients

- To have a centralized point of contact for physicians and internal staff to allow for consistent self-pay price quotes

    - Prior to 2001, there were approx. 30 areas quoting self-pay prices

- The office is open Monday through Friday, 9 a.m. – 5 p.m., with 24/7 after-hours coverage

- Initially staffed by 2 professionals, today staffed by 5 full-time professionals

- Due to positive feedback by CPO users, expertise of the CPO staff and the trend toward greater patient out-of-pocket costs, the CPO since mid-2004 expanded its services to include the following:

- Calculating and quoting to pre-registration staff the patient portion (co-payments, co-insurance, and deductible) to be collected up-front
- Negotiating one-time case agreements with non-contracted health plans

Other Benefits of the CPO

- Ensure consistency and that price quotes cover costs

- Reduce bad debt by collecting more patient out-of-pocket costs prior to the service

  - This is extremely important as benefit designs continue to push more and more financial responsibility to the patient

- Ensure collection from non-contracted health plans by providing one-time written case agreements

- Avoid miscommunications

- Refer patients in need of financial assistance to the Charity Care/Financial Assistance Program for further evaluation

Staffing Allocated for the CPO

- Five seasoned financial analysis professionals having extensive background in:

  - Health care, managed care, insurance benefits, medical terminology, medical coding, and healthcare-related information technology systems, with a strong focus on customer service

  - Staff members on average have 15 years of healthcare experience; most staff members have master's level degrees in a healthcare-related field

Tools Allocated for CPO Office

- **Self-Pay Pricing**

  - Homegrown web-based application
    - Tracks price quotes
    - Generates standardized patient self-pay agreement letters
    - Communicates electronically with staff

  - Trendstar
    - Decision-support tool used to develop price quotes based on historical data

  - Market studies are performed to determine market rates

  - Utilization and medical records assist with clinical coding

  - Hospital policy dictates that the CPO is the only authorized pricing office

- **Insurance verification (estimating patient out-of-pocket costs)**

  - Homegrown web-based application
    - Tracks insurance verification calculations
    - System being enhanced to:
      - Generate standardized patient notification letters
      - Communicate electronically with staff

  - Trendstar
    - Decision support tool used to determine average charges by procedure to assist in determining co-insurance amounts

  - Access to on-line patient eligibility and benefit information tools

  - Access to managed care contracts

- **One-time case agreements**

  - Homegrown web-based application
    - Tracks price quotes
    - Tracks volume by non contracted healthplans
    - Generates standardized one-case agreement letters
    - Communicates electronically with staff

  - Trendstar
    - Decision support tool used to develop price quotes based on historical data

  - Facilitates negotiation of terms based on standardized parameters for non-contracted health plans

- A policy requiring a one-case agreement through CPO prior to the delivery of service, for all elective services provided to members of non-contracted health plans, even if an authorization is obtained

Communication about CPO

- Rolodex cards with CPO contact information are routinely circulated to:
  - Physician offices
  - Internal departments

- In-services are provided throughout the facilities and medical staff offices

- CPO is routinely advertised in health system newsletters

- Annual surveys of CPO users are conducted
  - Helps determine effectiveness
  - Assists with continuous improvement

Enhancements to the CPO

- As the market progresses, we continue to enhance and improve the tools, expand CPO services, and anticipate adding additional FTEs (currently two are budgeted)

CPO Statistics

- Current average number of monthly self-pay price quotes: 1,300

- Current average number of monthly insurance verification calculations: 600

- Current average number of monthly one-time case agreements: 25

Visit the Patient Friendly Billing web site at www.patientfriendlybilling.org for more information about Patient Friendly Billing processes and tools, or e-mail info@patientfriendlybilling.org for additional information.