Becker's Hospital Review
CIO and Revenue Cycle Forum 2016

Charge Master Management and Coding Compliance

Mary Rutan HOSPITAL

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Agenda

- Presenter Bios
- Charge Master Basics
- Overview – CDM Maintenance
- CDM Best Practices
- Operational Integration
- Q&A

Today's Presenters

David Kelly, MHSA, CHFP

- David is the Director of Revenue Cycle for Mary Rutan Hospital and an alumni of Deloitte Consulting. He has several years of healthcare industry experience ranging from acute care services to life sciences to consulting. His focus is hospital and health system Revenue Cycle Management and he has experience in improving patient collections, patient access workflow improvement and redesign, and EMR implementation. Successes at Mary Rutan include implementation of both a pre-service financial screening and assistance department as well as creation of a centralized denial management process, in addition to other key integration and process improvement endeavors. Prior roles included business development, physician and community relations, and market analysis responsibilities.
- David is an active member of HFMA, ACHE, and Rotary International. He also serves on the finance committee of the Logan County (Ohio) Chamber of Commerce.

Sherry Nardi

- Sherry has over 20 years of healthcare experience in revenue cycle operating, sales and supply chain roles.
- She provides charge integrity solution strategy expertise to providers in partnership with MedAssets Sales and Client Management, with a focus on consulting and web based solutions. Sherry works closely with Product Management to ensure charge integrity solutions are continually meeting the needs of our clients and are addressing healthcare industry changes.
- She has also previously led implementations for these solutions for MedAssets. Prior to joining MedAssets in 2000, Sherry was in charge of Supply Chain Purchasing/Contracting at Children's Healthcare of Atlanta.

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Charge Master Basics

The Charge Master (aka CDM)

When is it updated?

Once built and organized, the now-full shell of information does not stay static; the chargemaster is a living document. At minimum, it should be updated on a quarterly basis, but there is need for changes on a daily basis. Departments may need to add or remove charges, and a regulatory environment in flux demands updates. These "trigger events," such as new CMS guidelines or payer contract updates, can necessitate chargemaster changes beyond a scheduled quarterly review, says Mr. Pillittere.

Certain tools placed on top of the chargemaster will scan through the entire document, line item by line item, to identify necessary regulatory updates within a matter of minutes, according to Mr. Barry. This type of automated technology helps hosp
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***Becker's Hospital Review*: Deconstructing the enigmatic hospital chargemaster**

Written by Carrie Pallardy | September 04, 2015

What does it contain?

How this intricate pricing menu is developed and managed varies based on the size of the hospital or health system and the available resources. The ideal chargemaster leader is someone with a firm grasp of the clinical and financial. "Some of the strongest [chargemaster] leaders I have seen are nurses," says Mr. Barry. "When interpreting Medicare law, it is not often you find someone with a billing background that is qualified. The talent hospitals have to hire has gotten more expensive." Larger organizations are more likely to have the bandwidth to find someone with a foot planted in each sphere of healthcare, while smaller hospitals may assign someone from the financial side as a chargemaster coordinator.

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are ways to integrate price transparency. You can create a mock bill with current charges using the charge
pulling average charges from past claims data can produce a patient payment estimate. Transparency will also force hospital leadership to evaluate whether pricing is fair and competitive, particularly as value-based contracts proliferate.

Price transparency and value-based care are just a few of the changes reshaping healthcare. Given this dramatic level of evolution in the industry, could a time come when the hospital chargemaster loses relevance? Mr. Barry could envision the chargemaster becoming extraneous only if healthcare went to one payment methodology. This scenario is nearly unimaginable; the chargemaster will remain the bedrock of hospital cost structure for the foreseeable future.

Beckers Hospital Review – attached
Time article - http://time.com/198/bitter-pill-why-medical-bills-are-killing-us/?xid=emailshare

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Charge Master Overview

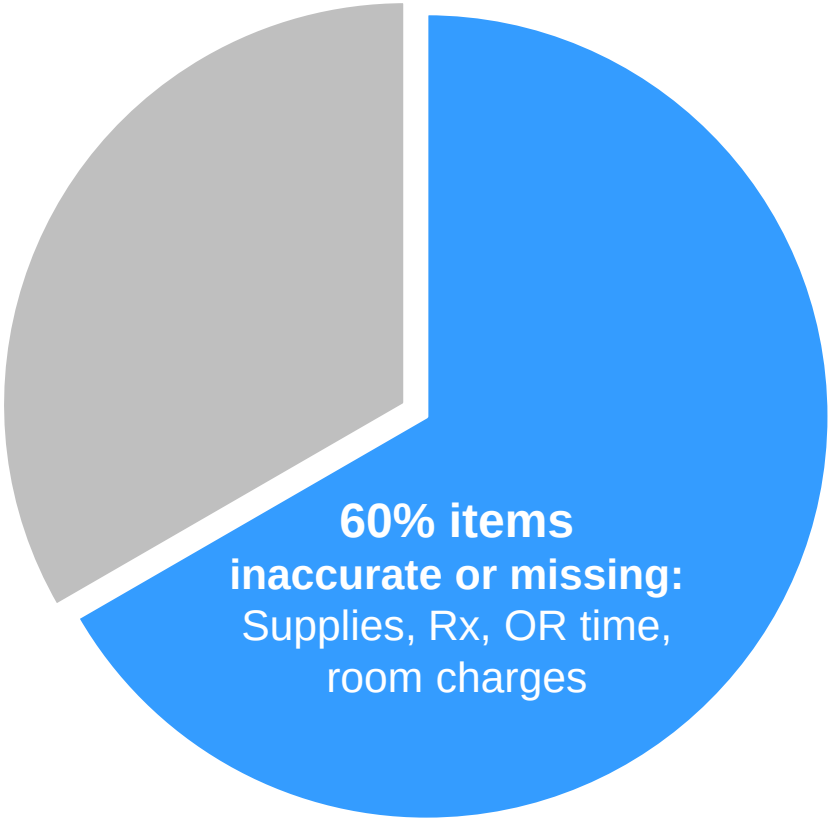
- A hospital's charge description master (often shortened to just CDM) is a database of all items, services, and supplies used in patient care with the associated prices. A typical charge master line item includes the following:
  - Department number
  - Procedure number (charge item number)
  - Procedure description
  - HCPCS (CPT, Level II, or Level III) codes
  - Revenue code
  - Price
- The procedure item number is what is posted to the patient's account and detailed on the itemized bill.
- The procedure item charge descriptions on the charge master are what appear on the claim form.
- The revenue generated from each line item flows into the hospital's accounting system for cost and utilization purposes.

Key chargemaster challenges faced by Health Systems

Labor-Intensive Process

- **Limited staff** – problem keeping up with 1,000s of line item updates
- **Compliance issues** – create payor denials and risk
- **Pricing transparency** – Difficulty estimating patient responsibility & providing defensible pricing

Chargemaster System Coverage



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Overview – CDM Maintenance

Where does CDM maintenance begin?

- CDM maintenance is an ongoing process to ensure services are accurately charged, that the hospital is compliant with Medicare regulations, and receives appropriate reimbursement.

- Team members should have a thorough understanding of coverage, payment and reporting issues.

- Ancillary staff should participate to ensure that codes and charges reflect services/procedures actually performed.

- Establish a Charge Master Team comprised of members from:
  - CDM Coordinator
  - Finance/Billing Personnel
  - Compliance Officer/Legal/Risk Manager
  - Ancillary Directors
  - Nursing Administration
  - Information Systems
  - HIM

Why is ongoing maintenance necessary?

- Ongoing CDM maintenance is necessary for:
  - New Procedures/Services
  - New supplies
  - Charge Revisions
  - Charge Deletions
  - Changes in hospital departments
  - CMS updates

- CDM maintenance provides accurate and complete data for:
  - Correct coding and charging
  - Ensures appropriate reimbursement for each procedure code
  - Enhances hospital's ability to report correct statistics to governmental agencies

A well designed and maintained CDM can also improve staff (coding, charging, and billing) productivity, reduce claim and line item denials, while minimizing recoupment and audit risk

CDM Best Practices

How do we begin working toward best practice?

- Establish a written protocol:
  - The process for submitting revisions, additions, and deletions/deactivations
  - The sequence for obtaining CDM change approvals
  - Turn-around time for changes to be implemented
  - Firmly establish controls on who has authority *and system access* to update the CDM

- Establish process(es) to ensure order entry system or manual charge tickets accurately reflect services provided and that all services in order entry or on charge tickets are reflected in the CDM.

- Establish guidelines for the frequency of CDM updates.

How often should we review, and in what ways?

- The charge master should be reviewed at minimum quarterly when the CMS updates occur.
- Each ancillary department should be responsible for conducting a brief monthly review of their department's CDM.
- The CDM should be updated as often as necessary for:
  - CMS/Fiscal Intermediary updates
  - New procedures or services
  - New supplies
  - Pricing changes
- Verify accuracy of CPT/HCPCS and revenue codes.
- Compare descriptions from CPT codes to the CDM description.

What should we monitor within our CDM?

- Review charge amounts against reimbursement amounts.
- Compare order entry/charge tickets with the CDM.
- Provide clarification of descriptions/charges/codes and discuss the following with the departmental staff:
  - Line items with unlisted codes
  - Procedures performed in the unit/department, and what supplies are included
  - Non-reportable charges
- Monitor claims or perform chart reviews for compliance, reimbursement, code acceptance.
- Identify and routinely validate the need for any:
  - Duplicate charges across the enterprise
  - Duplicate charges within a department
  - Zero-volume charges
  - Zero-dollar charges

Educate staff and communicate changes

- Education and training sources:
  - CMS regulations, changes and updates
  - FI bulletins
  - New services/procedures
- Communicate changes to appropriate personnel:
  - Department managers/staff
  - Physicians
- Periodic claims and chart monitoring for billing issues.
- Interim departmental CDM reviews and updates.

Operational Integration

Build a strong, integrated structure

- CDM Management can “live” in different areas based on your organization:
  - Compliance
  - HIM (under coding or charging)
  - Coding (broken out separately from HIM)
  - Patient Accounts/Patient Financial Services

- When several different structures are acceptable, evaluate based on:
  - Technology and system infrastructure
    - Patient Accounting platform
    - Surgical Systems platform
    - Radiology Systems platform
  - Reimbursement Considerations
    - Managed Care Contracts
  - Local practices

- Our recommendation is to have CDM management within a dedicated role, no matter how small the organization.

How can departmental (operational) managers help the charging process?

- Correct coding problems at the source.
  - Rejections due to CPT/HCPCS errors should be directed to the appropriate ancillary department or to the HIM department to ensure codes reflect services/procedures performed
  - Ask the business office to communicate departmental issues regarding repetitive claim denials

- "Own your charges":
  - Remain current on all CMS guidelines, FI provider bulletins, and local coverage policies
  - Ensure all codes assigned by HIM or hard-coded in the CDM are transferring properly to the claim
  - Regularly update the charge master with any coding or billing changes

- Ensure accurate and complete documentation in the medical record and use qualified personnel to assign the appropriate codes.

How can departmental (operational) managers help the charging process? (cont'd)

- Ensure continuing education is provided to the department directors/managers and staff.
- Ensure that department managers understand the billing process cycle and how it relates to their individual department.
- Ensure department managers understand the role of medical necessity in processing of claims.

Q&A