

Six strategies to keep your health system out of the pricing headlines

There are a growing number of health care price transparency initiatives emerging at the federal and state levels that impact how health systems, payers and patients consume pricing data. These public and private resources provide varying levels of success in supporting consumer decision-making because they offer such a wide range of detail on price and quality information.

For example, in spring 2013 the U.S. Department of Health and Human Services began publishing hospital charge data—without context—to the public. This created controversy and confusion primarily because consumers are typically not aware of the difference between hospitals' list "charges" and the negotiated "price" for services with specific payers.

From a health system perspective, the question is: What should we be doing now to begin to get ahead of the consumers' increased needs for pricing information and guard against any potential unintended consequences?

1. Minimize patient bill surprises

Transparent pricing for patients is more than just posting the average cost of a procedure on your website. Providing an accurate bill estimate during scheduling and at the point of service is an important part of patient satisfaction. It's crucial that payer contracted rates are included in the bill estimate equation.

2. Require consistency across facilities and departments

A key issue is inconsistency across facilities and departments for the same item or service. An important strategy here is to use chargemaster reports to compare specific items in various departments and drive consistency.

3. Take a good look: Compare your charges to your costs

Link your item master and pharmacy formulary to your chargemaster to get a complete picture of your pricing strategy in action. Analyze your acquisition costs against target markups and actual charges. The comparison should include billable and non-billable items, along with supplies and pharmaceuticals. By automating the process of mapping the item and pharmacy masters to the chargemaster, this strategy is simplified and ongoing maintenance of that linkage is supported. If your organization doesn't have the resources or expertise to sustain this, services are available to review your comparison each month and provide recommended updates.



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4. Take another look: Compare yourself to your peers

Stay competitive in your market by comparing your pricing data to that of your peers. Publicly available data can be a starting point, but the value increases tremendously when your analysis is based upon more current data that includes inpatient and outpatient information that can be customized to your needs.

5. Align physicians with spend policy

A key strategy in reducing the variable costs per case for procedures – and keeping actual costs in line with published averages – is a collaborative strategy for physician preference items. By engaging with physicians to identify opportunities for improvement without compromising quality, the supply chain savings can be significant and patients experience a more consistent procedure cost.

6. Establish a culture of defensibility

Set a regular schedule for reviewing your prices and making adjustment as needed. At the least, this exercise should be done annually. Also, create a workflow that accounts for adding new items to the chargemaster and includes approvals for the related codes, pricing and benchmarks for comparison.



Deploy these six strategies

today to help keep your health system out of the pricing headlines.



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