

**Hospital Billing and  
Pharmacy**  
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 Hospital Pharmacy Management

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**Types of Reimbursement**

- Fee Schedule
  - CPT (Common Procedure Terminology) Codes
    - Fees based on what procedure was performed
  - DRG (Diagnosis Related Groups)
    - Independent of Charges and LOS
  - Fee Schedules/Allowables
    - No matter what you charge, pay the lessor
  - Private Payors
    - BC/BS
    - Aetna
    - United, etc

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**Types of Reimbursement**

- Charge Based
  - Cost Based, AWP, Manually
  - Percentage of Charged amount
    - MCR see-saw (% of cost report)
  - Private Pay

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Types of Reimbursement

- Cost Based
- MCR Cost Report
  - Cost + 1%
  - Reimbursable vs Non-Reimbursable costs
  - Allowable vs Unallowable

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Reimbursable Costs

- |             |                         |
|-------------|-------------------------|
| • Med/Surg  | • PT/OT                 |
| • OR        | • Speech                |
| • Lab       | • Swingbed              |
| • Pharmacy  | • Supplies              |
| • ER        | • Provider based clinic |
| • Radiology | • Rural Health clinic   |

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Non-Reimbursable Costs

- Home Health
- Hospice
- SNF
- Non-Provider based clinics
  - RN Diabetes educator clinic
  - RPh Coumadin clinic
- Wellness Centers
- Assisted Living

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Allowable Costs

- Must be for patient care
  - IBU 200mg for staff use
  - Employee OutPt Rx
  - Lobbying
  - Advertising
- In Excess of established amounts
  - Reasonable limits on staff/physician pay
- Non-pt revenue offset against "Cost"
  - Outpt Rx
  - Cafeteria

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Overhead Allocation

- Total up all the Reimbursable costs Allowable
- MCR wants to allot how much of your Costs are attributable to their MCR patients
  - Movable Equipment (portable X-Ray)
  - Laundry costs (MCR % vs MCR Patient Days %)
  - Square Footage Allocation
    - Goal is to use as much square footage as possible for MCR patients
    - OB/Med/Surg Flex Rooms
- Eventually you end with Dept specific Percentages for costs that get applied to how they reimburse

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Cost Pay in VS Pay out

- Once you get a final number for the costs and percentages you "settle up"
  - IF reimbursement > costs, You owe money
  - IF reimbursement < costs, You get money
  - Ideally, it's like paying income tax. Your goal is to break even, maybe get a little refund.
  - Hospital Cash Flow
  - Expense changes (increase in drug prices)
    - Inadequate reimbursement throughout the year

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“It doesn’t matter, we’re Cost+”

- NO NO NO NO NO
  - Only if you were 100% MCR
  - In General: you get a flat amount per day, no matter what you spend
    - High Dose Influenza separately billable
    - Inpt Chemo
  - What you can collect and bill before the cost report affects cash flow
    - Get \$1000/day, spend \$500/day on drugs = \$500/day cash flow
    - Get \$1000/day, spend \$200/day on drugs = \$800/day cash flow
  - Cost Report Time: ex: 70% of Rx dept costs are Cost+
    - Take all your drug costs x 0.7 and that (+1%) is what you get from MCR during settle up
    - The other 30% of your patients (BCBS/Private Pay,etc) you need to make up 29% of your costs just to break even.

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CAH Inpt Strategies

- Mindset
  - Do everything you can possibly do for pt’s health
  - Do what is required to get the pt to discharge
- Formulary Control
  - Cheapest drug to get the job done
  - Inlanz vs Merrem
  - Inhalers
  - Staying on Contract

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CAH Inpt Strategies

- Formulary
  - Autosubs – minimize non-formulary
  - Call the prescriber, explain the cost differences
  - Inpt Formulary vs Outpt formulary
    - Inlanz Vs Merrem
    - Orbactiv Vs Vancomycin
- Shift unreimbursable Inpt costs to reimbursable outpt costs
  - OB postpartum Depo-Provera
  - Vaccines
    - Influenza/Pneumococcus no longer a quality measure
  - Prolia and Procrit
    - Ask if they can be delayed until outpt

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Billing Integrity

- Periodically Review your J-Codes
- Periodically Review your Multipliers
- Review your charges for appropriateness

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CAH Outpt Strategies

- Review your reimbursements
- Look for classes and margins
  - Procrit vs Aranesp
  - Neupogen vs Granix
  - Vancomycin vs Orbactiv
  - Prolia vs Boniva vs Reclast
  - Orenzia vs Remicade
  - IVIG brands
  - Worth a call to the specialists office
- Precert
  - If the drug is new to you, contact pt accounts first

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Allowables

- <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/McrPartBDrugAvgSalesPrice/2017ASPFiles.html>
- <https://www.kmap-state-ks.us/Provider/PRICING/RefCode.asp>

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