


<b>Name of Policy:</b> <u>Rate Setting</u> <b>Policy Number:</b> 3364-146-01 <b>Department:</b> Revenue Cycle <b>Approving Officer:</b> Chief Financial Officer - UTMC <b>Responsible Agent:</b> Manager Revenue Management Services & Managed Care <b>Scope:</b> The University of Toledo Medical Center	 <b>Effective Date:</b> 06/01/2020 <b>Initial Effective Date:</b> 6/1/2009
<input type="checkbox"/> New policy proposal <input type="checkbox"/> Major revision of existing policy	<input type="checkbox"/> Minor/technical revision of existing policy <input checked="" type="checkbox"/> Reaffirmation of existing policy

**(A) Policy Statement**

Charge Description Master (CDM) rates will be established in a compliant manner and they will be consistently applied and maintained throughout the University of Toledo Medical Center.

**(B) Purpose of Policy**

To ensure rates are consistently and uniformly established and maintained.

**(C) Procedure**

Chargeable Supply Threshold

Supply Acquisition Cost

\$0.00-\$2.00

\$2.01-\$4.00

\$4.0146.00

\$6.01-\$20.00

\$20.01-\$100

\$100.01-\$1,000

\$1,001-\$5,000

\$5,001-\$10,000

\$10,001 and above

*Take home supplies only (patient pay)*

Mark-up % or Rate

0% (do not charge)

\$5.00

\$7.00

350%

300%

250%

200%

150%

1 00%

50%

Example: Acquisition cost of Chargeable Supply Item = \$150.00

CDM Rate = (\$150.00 x 2.5) + \$150.00 = \$525.00

For inpatients that are implanted with a heart assist system, the costs applicable to the revenue codes listed below will be marked up as follows:

Revenue Code

0274

0278

Markup %

250%

250%

- 1) Institutional goal is to minimally be positioned at the 50th percentile of the local market with the long term goal of rates being positioned at the 75th percentile of CMS Outpatient Data benchmark information.
- 2) Rates will not be lower than UTMC's APC payment rate amount for the current calendar year.
- 3) Rate will minimally cover total costs.

Annual Rate Increase Process

\* Annual rate increase percentage is provided to Revenue Management Services Manager by Executive Leadership early spring for the upcoming fiscal year, effective July 1 of every year.

- The annual rate increase is not an overall application.
- Letters must be sent to contracted payers apprising them of the price increase 30 days in advance of the effective date.
- Each CDM is compared to CMS local benchmark data and adjusted accordingly.
- The fiscal year volume of each CDM is considered.
- Each CDM rate will be compared to the then current APC payment rate. If below APC payment rate, the CDM rate will be increased to cover cost.
- Each CDM rate will be compared to the total cost of providing the service and the rate will be set to cover cost plus a margin.
- o The final rate assignment is contingent upon all of the above factors.
- Package pricing is subject to the annual percentage increase amount and the Surgery department and UTP must be notified in writing of the changes.
- o Update the package pricing fee schedule.
- From time to time, rate changes shall be made based on analysis and review of new programs.

CDM Lists with new rates are available in HBI.

Rate Changes due to cost changes throughout the FY

- Department Managers/Administrators are responsible in notifying the Revenue Management Services Team when cost for supplies they stock either increase or decrease by 10%.
- o Resource Utilization and Rate Change forms are completed and submitted to Revenue the departments' assigned Revenue Services Analyst.

<p><b>Approved by:</b></p> <p><u>/s/</u> _____ <u>05/21/2020</u> Troy Holmes Date Chief Financial Officer - UTMC</p> <p><u>/s.</u> _____ <u>05/28/2020</u> Rick Swaine Date Chief Executive Officer - UTMC</p> <p><i>Written by: Carol A. Schaaf, RN, MPA</i> <i>Review:</i> <i>Revision Completed By: Troy Holmes</i></p>	<p><b>Review/Revision Date:</b> 3/14/14 5/1/17 03/01/2020</p> <p><b>Next Review Date:</b> 03/01/2023</p>
<p><b>Policies Superseded by This Policy:</b> None</p>	