


Name of Policy: Rate Setting Policy Number: 3364-146-01 Approving Officer: Chief Financial Officer Responsible Agent: <u>Admin Director, Finance and Reimbursement Manager Revenue Management Services and Managed Care</u> Scope: University of Toledo Medical Center		 Effective date: 03/05/2025 Original effective date: 06/01/2009	
Key words: Charge Description Master (CDM), Rate, Acquisition Cost, Policy, Revenue Code			
<input type="checkbox"/>	New policy proposal	<input checked="" type="checkbox"/>	Minor/technical revision of existing policy
<input type="checkbox"/>	Major revision of existing policy	<input 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

- (1) Chargeable Supply Threshold is per table below built in EPIC:

	Lower Limit Cost	Upper Limit Cost	Markup %	Add'l Fee	Min Charge
1	0.00	2.00	0.00		
2	2.01	4.00	0.00		
3	4.01	6.00	0.00		
4	6.01	20.00	0.00		
5	20.01	100.00	150.00		
6	100.01	1000.00	150.00		
7	1000.01	5000.00	250.00		
8	5000.01	10000.00	250.00		
9	10000.01		310.00		
10					

Charge is calculated in EPIC based on imported cost and Markup %.

Supply Acquisition Cost

~~\$0.00-\$2.00~~

~~\$2.01-\$4.00~~

~~\$4.01-\$6.00~~

~~\$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)~~
~~-0% (Do not charge)~~
~~-0% (Do not charge)~~

~~350% 0% (unless HCPCS)~~
~~300% 150%~~
~~250% 150%~~
~~200% 250%~~
~~150% 250%~~
~~100% 310%~~
~~50%~~
~~Example: Acquisition cost of Chargeable Supply Item = \$150.00~~
~~CDM Rate = (\$150.00 x 1.5) + \$150.00 = \$ 375.00~~

- (2) ~~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 UTMCI's APC payment rate amount for the current calendar year.~~

~~3) Rate will minimally cover total costs.~~

(a) Annual Rate Increases -will be determined by evaluating competitive market positioning, financial objectives, and defensibility. This approach ensures consistent pricing across departments, aligns with regulatory requirements, and enhances patient satisfaction.Process:

~~(i) * 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.~~

~~(ii) The annual rate increase is not an overall application.~~

~~(b) Letters must be sent to contracted payers apprising them of the price increase 30 days in advance of the effective date.~~

~~(c) Each CDM is compared to CMS local benchmark data and adjusted accordingly.~~

~~(i) The fiscal year volume of each CDM is considered.~~

~~(ii) 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.~~

~~(d) 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.~~

~~(i) The final rate assignment is contingent upon all of all the above factors.~~

~~(e) Package pricing is subject to the annual percentage increase amount and the Surgery department and UTP must be notified in writing of the changes.~~

~~(i) Update the package pricing fee schedule.~~

~~(f) From time to time, rate changes shall be made based on analysis and review of new programs.~~

~~(g) CDM lists with new rates are available in HBI. _Rate Changes due to cost changes throughout the Fiscal Year (FY)~~

~~(h) Department Managers/Administrators are responsible in notifying the Revenue Management Services Team when cost for supplies they stock either increase or decrease by 10%.~~

~~(i) Resource Utilization and Rate Change forms are completed and submitted to Revenue the departments' assigned Revenue Services Analyst.~~

<p>Approved by:</p> <hr/> <p>Troy Holmes Chief Financial Officer</p> <hr/> <p>Date</p> <hr/> <p>Name <u>Admin Director, Finance and Reimbursement</u> Manager, Revenue Management Services & Managed Care</p> <hr/> <p>Date</p> <p><i>Review/Revision Completed by:</i> Manager, Revenue Management Services and Managed Care <u>Admin Director, Finance and Reimbursement</u></p>	<p>Policies Superseded by This Policy: N/A</p> <p>Initial effective date: 06/01/2009</p> <p>All Review/Revision Dates: 03/14/2014 05/01/2017 03/01/2020 03/05/2025</p> <p>Next review date: 03/05/2028</p>
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