Name of Policy: Charge Description Master (CDM) Policy and Procedure **Policy Number**: 3364-146-02 **Approving Officer**: Chief Executive Officer **Responsible Agent**: Chief Financial Officer **Scope**: The University of Toledo Medical Center	UTOLEDO HEALTH **Effective date:** 03/18/2025 **Original effective date**: 03/14/2014
Key words: Charge Description Master (CDM), Rate, Acquisition Cost, Policy, Revenue Code	

☐	New policy proposal	☐	Minor/technical revision of existing policy
☐	Major revision of existing policy	X	Reaffirmation of existing policy

(A) Policy statement

This policy is established to maintain the chargemaster accurately, to ensure competitive and consistent pricing, to ensure compliance with all pertinent billing and coding regulations, to ensure compliance with state rate-filing regulations, and to maintain integrity in system generated reports.

(B) Purpose of policy

To optimize reimbursement through effective chargemaster maintenance in all revenue-producing departments.

(C) Procedure

(1) Rate Review

(a) Rates (charges) in the chargemaster will be reviewed by Department Directors at least once a year. This review should be performed in such a timely manner that at the conclusion of the budget process a rate increase recommendation can be made in collaboration with Revenue Management Services (RMS) to the Director of Finance.

(b) Every effort will be made to maintain prices at competitive levels. However, there will be times when the needs of the organization will require rate increases above desired levels. Therefore, the final recommendation regarding rate increases by department will be made by the Director of Finance based upon budgetary considerations and approved by Senior Management.

(2) Rate Changes

(a) Prices will not be increased or decreased without support from RMS and approval from the Director of Finance.

(b) Rates in the chargemaster need to ensure competitive pricing. All rate reviews should include a review of the local market, current Medicare reimbursement, and comparative rates data available through online subscriptions and other available data.

(c) A minimum mark-up 1.5 times the Medicare fee schedule will be made. Further adjustments may be made to fall within the 50^{th} – 75^{th} percentile of charges listed in the available claim's comparison data. Other national and regional claims comparison data may be used to justify further adjustments.

(d) Any adjustment of a current price of greater than 20% utilizing the aforementioned comparison data must be approved by the Director of Finance.

(3) Timing - RMS Staff will abide by the following timelines:

(a) For rate filings that affect the entire chargemaster, there will be a 30-day lead time to complete data entry.

(b)For rate filings applied to an entire department, it will take one week to complete the data entry.

(c) For rate filings that are applied to single procedures, allow 24 hours for data entry.

(4) HCPCS/CPT Codes and Revenue Codes

(a) Coding has a direct impact on reimbursement rates from a variety of payers. Coding errors cannot only result in reduced reimbursement, but also insurance denials.

(i) CPT is the "Physicians' Current Procedural Terminology" which was developed by the American Medical Association. The CPT code is a 5-digit code with descriptive terms for reporting services performed by healthcare providers.

(ii) CPT codes are a subset of the HCPC codes. HCPC is the acronym for HCFA (Health Care Financing Administration) Common Procedure Coding System. This system is a uniform method for healthcare providers and medical suppliers to report professional services, procedures, and supplies.

(b) The description of a charge should closely resemble the description of the associated HCPCS/CPT code.

(i) The description is limited to thirty characters in length.

(ii) The CPT/HCPCS codes are used to allow providers to communicate their services consistently and to ensure the validity of profiles through standardized coding. The CPT/HCPCS code sets are the HIPAA compliant, standardized billing data set.

(c) HCPCS/CPT code updates are often received throughout the year.

(i) In addition, insurers communicate coding errors to the Patient Financial Services staff on a regular basis.

(ii) Because of the impact that it has on reimbursement, all changes to assigned CPT codes must be coordinated and approved by the Charge Description Master (CDM) Committee, or its delegate(s).

(d) Therefore, to the extent that the manager learns of required coding changes throughout the year, the manager should communicate those changes to the CDM Committee, or its delegate.

(i) Also, due to the critical nature of CPT coding, it is required that all managers review the CPT codes applicable to their individual departments annually, following publication of annual CPT code changes.

(ii) The Department Manager may be assisted by the Compliance Supervisor and/or the CDM Committee in completing this review utilizing all manually and electronically published information available.

(e) Procedures/charges are also assigned a Revenue Code.

(i) Expenses and revenues unique to certain departments must be billed under mandated revenue codes.

(ii) In those circumstances where the hospital has flexibility in the assignment of Revenue Codes, an effort will be made to direct charges to the department generating the revenue and expending the cost in rendering the service.

(f) Revenue code assignments and any requested revision to a revenue assignment will be reviewed and approved by the Director of Patient Financial Services.

(i) Detailed mappings of Revenue Codes to various departments and cost centers may be obtained from the Director of Finance.

(5) Concurrent Chargemaster Review

(a) Coding has a direct impact on reimbursement rates from a variety of payers. Coding errors cannot only result in reduced reimbursement, but also insurance denials.

(b) All CPT codes will be reviewed quarterly by the CDM Committee and updated as needed to meet the requirements of third-party payers. This review will be performed in cooperation with managers, medical records, payer requests, and other available resources.

(6) Same Service, Same Price

(a) Medicare regulations require that the same charge be recorded for all classes of payers for the same service.

(i) This means that the price charged Medicare patients needs to be the same charge as that recorded for any other patient.
(ii) The regulation does not prevent us from charging differing rates within different departments for the same service, although this practice is strongly discouraged.

(b) Differences in rates between departments should be supported by evidence of a significant distinction in services between the departments involved.

(c) Also, the Medicare regulation pertains only to the "retail charge." It does not preclude the organization from contracting with a variety of payers for discounted services.

(d) Review of the chargemaster will be made at least annually to assess for "same services" that have a variance in their charge between various departments. Such corrections that are necessary to reconcile the charges will be made in coordination with the manager, and the Director of Finance.

(7) Discounted Services/Contracts

(a) Contracts for discounted services are coordinated by the Director of Managed Care.

(b) All contracts, regardless of type, require the signature of the CEO or the Director of Supply Chain Management.

(c) To ensure proper coordination with the Contracts Committee and to ensure awareness by the Business Office and Accounting of contracts involving discounted services, contact the Director of Managed Care with any proposed contractual relationships.

(8) New Procedures/Services

(a) New charges and procedures will be presented to the CDM Committee or its delegates and requires approval from the CAO.

(b) The new charges should be presented timely to avoid coding, billing, and regulatory problems.

(c) All submissions for new charges must be made through the designated electronic mechanism.

(i) An exception may be made in the case of material management and pharmacy for items that require a significant amount of additional information.

(ii) This may be made on the designated paper form.

(iii) All such submissions must still follow the approval process as set forth by the CDM Committee.

(IV) Rates/charges should be established as discussed above utilizing available fee schedules and rate comparison data.

(9) Patient Chargeable Supplies

(a) Prices on patient chargeable supplies, whether issued by the Surgery Department(s) or Materials Management, are based upon the current cost of the supplies adjusted by established mark-up formulas.

(b) Prices for items issued by the pharmacy will be based on the average wholesale price but also adjusted using established mark-up formulas.

(c) Prices for those chargeable items paid under the OPPS as a "pass-through" item will be based on the APC reimbursement rate adjusted using established mark-up formulas.

(d) Because "cost" determines the retail price of the supply charges, it is necessary to update the chargemaster on a regular basis to reflect the escalating nature of supply costs. The managers should quarterly review the costs and mark-up formulas, with input and assistance from the Director of Supply Chain Management.

(10) Access

(a) There will be limited access made available to employees to ensure compliance regulations.

(b) The "view" access will be given to those employees/department directors that will be evaluating and recommending changes.

(c) The only individuals that will have access to make changes to the actual chargemaster are those that perform the technical coordination – that is, the staff in RMS and Information Technology.

(d) The changes will be made only if final approval has been demonstrated in compliance with this policy.

(11) Coordination with Information Technology

(a) The RMS Manager will coordinate as needed with the applicable revenue producing departments to ensure charges are entered timely and accurately.

(12) Relative Value Units

(a) Each department utilizing relative value units (RVU) is responsible for its own RVU system, its definition, and maintenance.

(13) Problems or Concerns

(a) All problems or concerns with the chargemaster should be referred to the Compliance Analyst/Supervisor.

Approved by: /s/ _____ Daniel Barbee Chief Executive Officer 3/18/2025 _____ Date /s/ _____ Troy Holmes Chief Financial Officer 3/17/2025 _____ Date *Review/Revision Completed by:* *Chief Financial Officer*	**Policies Superseded by This Policy:** Initial effective date: 03/14/2014 Review/Revision Date: 03/14/2014 05/01/2017 05/01/2020 03/18/2025 Next review date: 03/18/2028