Impact of Pricing
Quantity Conversion
Factors

Process Improvement Initiative
Presented By:
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Lafayette General Health
Over 100 Years of Healing
Mission Statement –
To Restore, Maintain, and Improve Health

Vision Statement –
To build a regional healthcare system that always delivers excellence in care and outcomes
Revenue Management Department

Mission Statement –
To Grow LGH’s Financial Future

3 Charge Auditors
1 CDM Analyst

1 Managed Care Analyst
2 Denials Analysts

1 Department Supervisor
1 Pricer

1 Director
RMD Net Profitability 2013

2013 Goal $ 1,430,000
2013 Actual YTD $ 7,421,937
Above Goal by $ 5,991,937

Annualized Net Profitability per FTE

$ 1,349,443
Process Improvements accounted for a large portion of our net profitability

2013 Goal $1,280,000
2013 Actual YTD $5,601,557

TOP 5 Process Improvements FY 2013 –

• Accudose Charge Capture $1,364,498
• Alpha Billing $505,417
• Surginet Revenue $224,547
• LOPA $124,660
• Blood Administration $103,043
P = Plan

Through the process of reviewing our Pharmacy Formulary, we identified an issue with the build of Docetaxel in our PharmNet system which resulted in incorrect bills being sent out for this drug.

We ran usage on these CDMs for a specified time frame remaining within our payors timely filing limits.
PDCA:
Docetaxel J9171
20mg and 80mg vials

D = Do

We ran usage on each CDM for the time frame in question to identify all accounts still within timely filing limits and to quantify additional reimbursement potential

We notified Pharmacy, PFS, I.S. and Compliance of our findings
C = Correct

We worked closely with the Informatics Pharmacist to correctly add a QCF of 20 and 80 respectively, then began the process of correcting our databases to generate re-bills on 26 accounts
A = Act

We audited each account then entered all corrections into Charge Services.

Our next step was to coordinate rebills of $1.7 million Blue Cross claims with Patient Financial Services.
As a result…

A multidisciplinary Pharmacy Charge Group was established to monitor all updates for drugs assigned with Jcodes

**Group membership includes:**
- Pharmacy
- Information Systems
- Patient Financial Services
- Revenue Management
- Compliance
We worked really hard on this project so we wanted to ensure we would receive the proper credit we deserved…

After researching and working with Terri and Patty, we discovered that we should be Pricing all drugs based on the QCF; not just x1!

We originally billed the managed care payor $235,308
Docetaxel 80mg Example:

Blue Cross Fee Schedule reimburses $495 per unit. There are 80 billable units for each vial of Docetaxel which allows us to bill for the entire single use vial of medication at a cost of $39,600.

By pricing each unit, we captured an additional $39,105 in additional net revenue variance on each account we re-billed.
The subsequent re-bills of 26 accounts captured an additional 

$1,487,292

in additional reimbursement!
So what can you do to increase your reimbursement on such high cost drugs?

Begin with a review all high cost drugs in your Pharmacy formulary

Remember that if Revenue Code 636 is used a HCPCS code is required

Review drug charges in your CDM that do not have HCPCS codes and determine if a J code should be added
Verify that the correct number of units are appearing on the Final UBs so that you obtain maximum allowable reimbursement.

Ensure that the Jcodes and/or Jcode descriptors are accurate.

In addition, validate correct CPT hierarchy when determining injection and infusion administration codes for such high cost drugs when given in the Outpatient settings.
Last, but certainly not least…

Remember that any changes in coding in the CDM and any changes in the Pharmacy builder tool should also be made on corresponding Charge Services programs so that your changes to the drug information will ultimately be accurately reflected on the final UB as it goes out for reimbursement.
Contact Information and Resources:

- Wendy Reaux: wreaux@lgmc.com
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Resources:
LGMC 2012 Community Report
LGMC “100 Years of Healing”