

CASE STUDY

CHRISTUS SPOHN HEALTH SYSTEM

PROVIDER PROFILE | **TYPE:** *Not-For-Profit* | **SIZE:** *6 Hospitals/1,000 Beds*

SITUATION

Facing increased competition and a sharper public focus on pricing transparency, CHRISTUS Spohn Health System needed a better way to set rational, yet defensible, prices and determine the impact of potential changes to its chargemaster.

Previously, the system relied on a series of spreadsheet calculations to model proposed pricing changes. Unfortunately, this method was extremely time consuming, often taking weeks to model a single pricing scenario for just one service item and limiting the hospitals' ability to adjust charges for highly competitive services such as outpatient imaging or physical therapy.

As a result, CHRISTUS Spohn was forced to make annual "across-the-board" price increases, missing opportunities to capture additional revenue for some procedures and inadvertently overpricing others.

RESULTS

In early 2007, the system turned to Accuro, a MedAssets company, adding Accuro Pricing to its arsenal of revenue cycle management tools, which also includes Accuro's CodeCorrect Knowledge, CodeCorrect CDM and RevenueDashboard® products.

With Accuro Pricing, CHRISTUS Spohn can now measure the net revenue impact of individual price adjustments in a matter of minutes. Using the system's own managed care contracts and internal cost data, the Web-based tool allows users to quickly model multiple pricing scenarios for an entire department or drill down to an individual procedure or service item.

According to Christopher Janik, CHRISTUS Spohn's executive director of reimbursement and decision support, the tool is especially helpful in ensuring the system's charges are directly tied to its costs.

"We wanted a transparent chargemaster where all of our prices accurately reflected our costs," he said. "Because the across-the-board price adjustments we had done in the past did not take into account changes in payor contracts or expenses, we found a number of areas where this wasn't the case. This tool helped us develop a pricing strategy to quickly and easily bring charges in line with costs while identifying other opportunities for optimal reimbursement."

In addition to adjusting prices to cover expenses in some areas, the tool helped identify others where prices could be reduced, providing CHRISTUS Spohn with a competitive advantage in services where price is a consideration. The system further benefited from the ability to access price data for peer hospitals and conduct side-by-side comparisons.

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“Because we now have the ability to determine the financial impact of reducing prices, we can better position ourselves to compete for certain services,” said Janik. “Accuro Pricing has given us the ability to be more strategic in setting fair and rational prices while providing us with the assurance that we aren’t making dangerous financial decisions.”

The tool also has helped the system standardize its chargemaster by setting consistent prices for services offered by multiple departments. Also helpful are the automatic Informants® in CodeCorrect Knowledge, which, together with Accuro Pricing, assist users in identifying possible reimbursement and compliance issues and adjusting services that are subject to “lesser of” contract clauses. This enables the hospital to avoid underpayments for services rendered.

Today, CHRISTUS Spohn can accurately calculate and anticipate net revenue changes as a result of pricing adjustments – improving its ability to forecast and plan. Better yet, the system has achieved impressive financial results while strengthening its position with consumers and payors through fair and rational prices.

Just six months after implementing the tool, CHRISTUS Spohn completed its annual price adjustment, reducing charges in some areas and raising them in others to cover previously untracked costs. As a result, the system is on track to exceed its net revenue target by more than \$300,000. Even more impressive is the fact that they achieved this goal with an average price increase that was one-third less than the previous year’s adjustment.

“The process of setting prices and modeling potential changes is night and day compared to our old system,” concludes Janik. “The tool is so user friendly that we now have the ability to make adjustments more than just once a year. We see this as an ongoing process that we believe will have a significant long-term impact on our financial success.”

ABOUT ACCURO, A MEDASSETS COMPANY

Accuro’s revenue management solutions help providers achieve optimal financial results in an era of diminishing resources and expanding regulatory complexities. Our Web-based tools help maintain an accurate chargemaster to improve reimbursement and ensure compliance; calculate expected payment; address transparent pricing issues with rational, yet optimum prices; monitor and manage payer performance and deliver pioneering business analytics, including denials management.