

POLICY AND PROCEDURE

POLICY NAME: Cost to Charge Adjustments on Clean Claim Reviews	POLICY ID: CC.PI.06
BUSINESS UNIT: Corporate	FUNCTIONAL AREA: Payment Integrity
EFFECTIVE DATE: 9/1/22	PRODUCT(S): All
REVIEWED/REVISED DATE:	
REGULATOR MOST RECENT APPROVAL DATE(S):	

POLICY STATEMENT:

This policy provides clarification on the facility billed charges that will be evaluated for cost-to-charge as part of the clean claim review process.

PURPOSE:

The purpose of this policy is to define the requirements for the proper application of the cost-to-charge adjustments identified by clean claim reviews.

SCOPE:

This policy applies to all directors, officers, and employees of Centene Corporation, its affiliates, health plans, and subsidiary companies (collectively, the "Company").

POLICY:

It is the policy of the Company to comply with provisions set forth in federal guidelines and the contract with the state in which they operate and meets or exceeds all requirements and timeframes outlined in the contract. To comply with these provisions, the Company has the fiduciary obligation to review facility charges prior to payment to help assure that such charges are free of potential defects or improprieties. The Company is also obligated to question whether facility charges comply with applicable billing standards.

One element of the clean claim reviews is identifying significant and material discrepancies between the amount billed for and the underlying cost of an implantable supply item or pharmaceutical. This "Cost-to-Charge Discrepancy" evaluation calls attention to line items that appear to have been billed in error.

Section 2203 of the CMS Provider Reimbursement Manual specifically requires that each facility create and maintain "an established charge structure which is applied uniformly to each patient as services are furnished to the patient and which is reasonably and consistently related to the cost of providing the services."

In order to ensure the Company only pays for those charges that "reasonably and consistently relate to the cost of providing the services," the Company has put into effect the following procedure.

PROCEDURE:

1. The clean claim reviews will compare the amounts billed for implantable supply items against the objective data regarding the amounts facilities pay for such implantable supply items that is maintained in the ECRI Institute's database of medical/surgical supplies and implants. ECRI Institute is designated an Evidence-Based Practice Center by the U.S. Agency for Healthcare Research and Quality and listed as a federal Patient Safety Organization by the U.S. Department of Health and Human Services. In this database, hospitals populate with the amounts they actually pay for implantable devices.
2. The clean claim reviews will compare the amounts billed for pharmaceuticals against the AWP (average wholesale price) of such pharmaceuticals that is provided by the website www.reimbursementcodes.com, Medispan AWP or ECRI Institute's database. These tools provide Current AWP package pricing, Medicare Part B ASP and hospital APC/OPPS drug pricing information for FDA approved drug codes.
3. When a clean claim review identifies a significant "Cost-to-Charge Discrepancy," the Company will adjust the billed charge to an amount that is 8 times the median amount the ECRI database indicates that facilities pay for the same implantable supply item or 8 times the AWP price listed for the same pharmaceutical. This adjusted billed

amount should allow for the provider to be reimbursed for the actual direct cost incurred to obtain the item, plus the indirect costs associated with the storage, maintenance and usage of item identified.

4. If a facility can provide documentation (i.e. invoices) demonstrating that it incurred a cost of greater than the allowed amount, the Company will review the documentation and respond as appropriate.

REFERENCES: CC.PI.04 Clean Claim Reviews
 CC.PI.10 Unbundling Adjustments on Clean Claim Reviews

ATTACHMENTS:

ROLES & RESPONSIBILITIES: Payment Integrity manages the vendor(s) who conduct the clean claim reviews. Payment Integrity also manages the internal team (Payment Integrity Review Unit – PIRU) who also conduct clean claim reviews. Claims Operations processes payment of the member claim based on the findings identified in the clean claim reviews.

REGULATORY REPORTING REQUIREMENTS:

REVISION LOG

REVISION TYPE	REVISION SUMMARY	DATE APPROVED & PUBLISHED
New Policy Document		June 2014
Annual Review		June 2015
Annual Review		March 2016
Annual Review		March 2017
Annual Review		March 2018
Annual Review		May 2019
Annual Review		June 2020
Annual Review		May 2021
Annual Review		May 2022
Ad Hoc Review	Updated template and change to cover all products	September 2022

POLICY AND PROCEDURE APPROVAL

The electronic approval retained in RSA Archer, the Company’s P&P management software, is considered equivalent to a signature.