

Pharmacy ChargeLink®

Ever-rising drug costs and ever-changing payor regulations make it very difficult for hospitals to receive proper reimbursement for the pharmaceuticals they administer to patients¹. The problem is complicated by the disparate data systems used to manage pharmacy purchases and patient billing. Gaps in data inevitably occur as it moves between these systems. When pharmacy reimbursement codes are absent, incomplete or incorrect, reimbursement will be denied, lowered or delayed. Additionally, the hospital may increase its compliance risk.

Hospitals that have audited this issue have discovered that, not only are they not billing enough, they are not billing at all for some drugs they have purchased and administered to patients. At a presentation before the American College of Hospital Executives, the speaker told of a University Health Care (Utah) panel that discovered \$4 million in potentially lost revenue over three years – with \$800,000 coming from just one drug that was under-billed.²

Optimize Reimbursement

Pharmacy ChargeLink® establishes and maintains a link between your hospital's chargemaster and your purchase history for codable drugs. It then applies Craneware's comprehensive coding and compliance database to what it finds. By doing that, the software fills the data and process gaps that are preventing accurate reimbursement for the drugs you administer. Among the discrepancies that Pharmacy ChargeLink detects are:

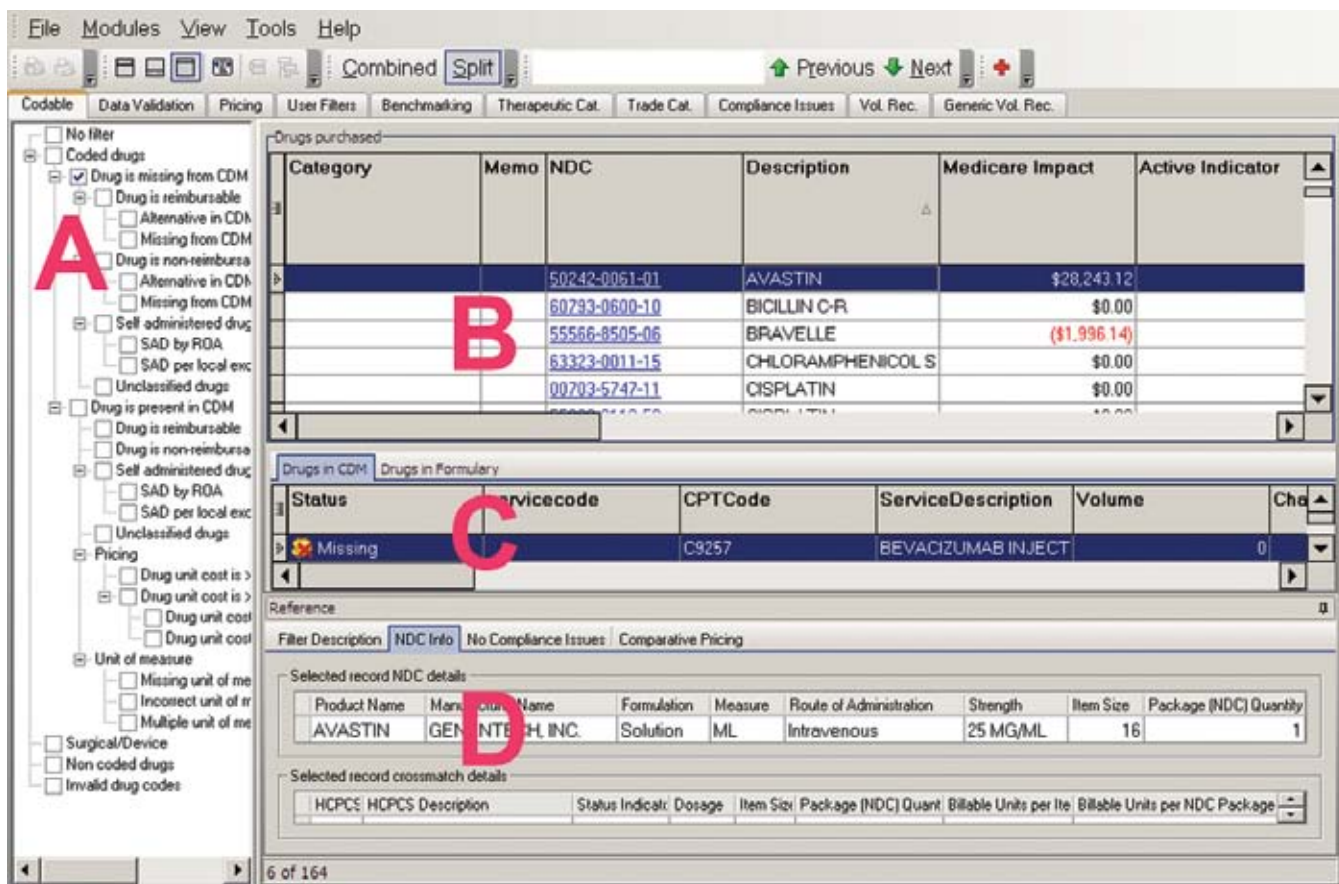
- Drugs that were purchased but are missing from your chargemaster
- Drugs that cost more than your hospital can expect to be reimbursed
- Drugs that were purchased but are missing CPT, HCPCS or revenue codes in the chargemaster
- Drugs with invalid National Drug Code (NDC) values in the spend file
- Variances where the purchased volume differs materially from the billed volume – which may signal issues with charge capture
- Variances in actual pricing versus the pricing defined by your approved pricing policies

The Volume Reconciliation feature has been expanded to let you compare either a single NDC or an entire dispensing-equivalent group. The Generic Volume Reconciliation feature groups all drugs and their generic equivalents and routes of administration, and then compares the



“One of the tool's most compelling findings was the volume reconciliation variance between our drug spend, and our revenue and usage data. We identified an annual gross revenue variance in excess of \$10 million.”

Kathy Lytal MBA
Director of Revenue Integrity
Parkview Health Ft. Wayne, Indiana



Some of the primary components of every Pharmacy ChargeLink screen include: (A) filters; (B) list of all problem items that each filter identifies; (C) data needed to correct each error; and (D) reference data.

purchased and billed volumes of the two groups. By comparing the purchased and billed volumes across all generics, a hospital can readily flag possible charge capture issues. Another way Pharmacy ChargeLink optimizes reimbursement is with its Pricing Policy Manager. Once your approved markup algorithms are loaded in the tool, it monitors pricing to ensure that actual prices conform to your established pricing policies.

And, one of Pharmacy ChargeLink's exclusive capabilities is providing the information needed to help work through Medicaid's more stringent NDC reporting requirements.

Control drug expenditures

Although most drug costs are based on contracts between your group purchasing organization (GPO) and your wholesale distributor, you still have opportunities to reduce your drug expenditures. Pharmacy ChargeLink gives you tools to do just that.

- The software shows potential savings you could enjoy by using less costly generic alternatives.
- You can compare your drug costs with a number of cost benchmarks, including:
 - The Craneware National Average that other Craneware clients pay
 - The Average Sales Price
 - The Average Wholesale Price

- The Federal Upper Limit used in some state Medicaid payment calculations
- The Wholesale Acquisition Cost that wholesalers pay before manufacturer adjustments
- The Suggested Retail Price
- The Direct Price provided by the manufacturer
- The Corporate Cost Analysis function allows multi-facility health systems to compare the costs their facilities actually pay for identical or dispensing-equivalent drugs. The software examines the purchase volume of the drugs and calculates the potential savings if all facilities buy the drug at the lowest cost.

Pharmacy ChargeLink uses pharmacy data from the Thomson Red Book™ database³, the industry-leading source for information and pricing on prescription drugs and over-the-counter medications. This comprehensive library, paired with Craneware's proven financial expertise, gives you confidence that the data is accurate and actionable.

Increase operational efficiency

Most organizations recognize that the connectivity between financial and pharmacy information systems is deficient. Some have tried to compensate by using manual pharmacy charge audits or outside consultants to monitor costs against reimbursement. Or, they laboriously research current CMS regulations and ever-changing coding requirements. They have quickly learned that those outdated methods are time-consuming, difficult to manage and lead to inaccuracies.

Using dispensing cabinets doesn't solve the problem, either. As many hospitals have learned, they help with charge capture and stock control. But they do not discover or fix errors in the systems that manage coding, compliance or pricing.

By automating the process, Pharmacy ChargeLink strengthens the integrity of your pharmacy billing policies and procedures, providing full visibility from purchasing all the way to reimbursement. And it frees up your staff for other initiatives. Using Pharmacy ChargeLink, you gain a heightened ability to manage costs, keep up to date with regulatory and coding requirements, minimize compliance risk, monitor internal pricing policies, and recover appropriate revenues.

Pharmacy ChargeLink's many features bring simplicity to otherwise complex tasks. The software supports change-request workflow, allowing pharmacy staff, for example, to automatically submit updates for review and approval by reimbursement and pricing specialists. Whatever specific procedure you use for managing chargemaster changes, Pharmacy ChargeLink strengthens your communication and collaboration.

With Pharmacy ChargeLink, ongoing system-to-system mapping processes are not necessary for codable drugs. Separately reimbursable items are detected and automatically mapped – starting on the first day you use the software. And when Pharmacy ChargeLink identifies a drug that hasn't been entered into your billing system, you will have all the data needed to enter the drug into your system electronically – you access it with a simple click of the mouse.

As with all Craneware software solutions, Pharmacy ChargeLink analyzes tens of thousands of line items in just seconds and flags the inconsistencies that require your attention. This saves valuable time. The software then identifies the approximate financial impact of those anomalies, allowing you to prioritize your work to achieve the maximum benefit. The Craneware Financial Impact Ratings help you along the way by using your own payor and patient mix to estimate the likelihood that effort spent on a given line item will yield tangible results.

Minimize compliance risk

One hospital CFO told us of an incident that is all too common – and one that could have been avoided. The hospital had over-billed its payors for an anti-cancer

drug. When the Office of Inspector General pointed out the error, the pharmacy and the patient accounts departments spent months untangling what had happened. The hospital paid back over \$1 million to Medicare and other payors, and was levied an \$850,000 fine. "All that could have been avoided if we had Pharmacy ChargeLink," the CFO acknowledged.

Pharmacy ChargeLink helps hospitals avoid under- and over-reporting units of the drugs they administer by rigorously examining correct conversion of units of measure (UOMs) – starting with the purchased UOMs that arrive at the receiving dock, to the dosages administered to patients, to the billable units that should be reported on claims. While the software checks for valid, complete and current codes, it also identifies drugs that are in the chargemaster with missing or incorrect UOMs. When it finds them, it applies the appropriate multipliers and divisors to those drugs as necessary.

The software also identifies self-administered drugs not covered by standard reimbursement and which should be billed to the patient rather than to Medicare. Some drugs that are usually self-administered, however, do qualify for Medicare reimbursement, based on the determination of your local Medicare contractor. Pharmacy ChargeLink can be localized so that you are aware of such local exceptions.

Pharmacy ChargeLink® Implementation

To help ensure that best practices and processes are in place for receiving optimal benefits from Pharmacy ChargeLink, Craneware Professional Services provides

About Craneware

Craneware (AIM: CRW.L, OTC: CRWRY) is the leader in automated revenue integrity solutions that improve financial performance for healthcare organizations. Craneware's market-driven, SaaS solutions help hospitals and other healthcare providers more effectively price, charge and code for services and supplies associated with patient care. This optimizes reimbursement, increases operational efficiency and minimizes compliance risk. By partnering with Craneware, clients achieve the visibility required to identify, address and prevent revenue leakage. To learn more, visit craneware.com.

a companion implementation service designed to help facilities achieve a fast, sustainable return on investment.

Every Professional Services engagement includes these elements:

- Review of the previous 12 months' pharmacy purchase history and the chargemaster's pharmacy data
- Design of a custom business process for the most effective use of Pharmacy ChargeLink
- Onsite user training
- Onsite data review with the chargemaster manager and pharmacy department
- Interim reports and a final report that includes analysis of high-risk areas and trend graphs

Craneware: Vendor of Choice

Pharmacy ChargeLink is a product of Craneware, Inc., whose Chargemaster Toolkit® KLAS ranks as healthcare's No. 1 chargemaster-management product. You will enjoy the same industry expertise, service and support that have made that product the industry leader.

To further optimize your reimbursement, add Craneware's Bill Analyzer. Pharmacy ChargeLink helps ensure that reimbursable drugs appear in your chargemaster, and are correctly coded and priced. Bill Analyzer takes that a step further: When you submit claims for the procedures that involve specific types of drugs, Bill Analyzer checks to make sure that those drugs actually appear on your claims, when and where appropriate. And, to automate uploads of chargemaster changes to your patient accounting system, add Craneware's Interface Scripting Module. Chargemaster Toolkit, Bill Analyzer and Interface Scripting Module all carry the assurance of HFMA Peer Review.

All Craneware clients have access to the Craneware Performance Center, where Craneware software and industry training resources are centrally located.

Call 877-624-2792 today to begin a discussion of how Pharmacy ChargeLink can help your hospital best achieve revenue integrity.

1. F. Randy Vogenberg, Understanding Pharmacy Reimbursement, (American Society of Health-System Pharmacists, Inc., 2006), pp. 29-37.
2. James Jorgenson, John Long, "The Business of Pharmacy through the C-Suite Prism," (webcast, American College of Healthcare Executives, October 22, 2008).
3. Red Book™ is a trademark of Thomson Healthcare Inc.



Craneware's Chargemaster Toolkit® is ranked No. 1 in the Revenue Cycle - Chargemaster Management market category in the "Top 20 Best in KLAS Awards" report, published December 2009. www.KLASresearch.com. Data © 2009 KLAS Enterprises, LLC. All rights reserved.



Healthcare Financial Management Association staff and volunteers determined that Craneware's Chargemaster Toolkit®, Chargemaster Corporate Toolkit®, Bill Analyzer, Online Reference Toolkit®, and Interface Scripting Module have met specific criteria developed under the HFMA Peer Review Process. HFMA does not endorse or guarantee the use of these products.



Email: info@craneware.com

Toll-free: 1-877-624-2792

craneware.com