6.8 HOSPITAL TECHNICAL CHARGE CODE MAINTENANCE

A. Overview

The Reimbursement Office of LSU Health Sciences Center in Shreveport is responsible for implementing additions and/or revisions to the hospital technical patient revenue charge code item master. Requests for charge code additions and/or updates should be initiated by the applicable department head responsible for service provision and revenue generation. All requests for charge code changes must be initiated in writing, using the applicable form (as discussed below). Also, this policy addresses only hospital technical charges; physician professional charge code maintenance procedures are excluded. The Medical Center has a fiscal and ethical obligation to ensure patients are appropriately charged for services rendered.

B. Determination of Applicable Charge

The Item Master report contains all patient charge codes for each revenue generating department. The applicable charge for each item should be based on the actual costs associated with the service provided. Therefore, the cost of specific supplies and equipment utilized should be determined by the department responsible for capturing the corresponding revenue utilizing the attached form. Non-billable supplies (usually unstickered) should be considered in arriving at actual costs associated with the service provided. Billable supplies (usually stickered) currently provided by CMS should not be included in the total charge for the ancillary procedure; such inclusion would duplicate an existing patient supply charge. Also, in some cases, personnel costs should be included in the determination of the total cost of providing the ancillary service. For those departments that have a basic charge (for example, inpatient routine nursing or outpatient clinics), labor costs should not be factored into routine procedure charges. If additional labor is required to perform the service, above normal patient care, the average wage rate should be applied for the duration necessary to render the service. Ordinary patient care activity labor costs are currently absorbed in the overhead costs of operation.

C. Establishing New Ancillary Procedure Codes

Upon determination of the specific line items to be included in the new patient charge, the "New/Revised Procedure Code" request form should be initiated as soon as possible by the patient care department head, or his/her designee. The item description, limited to 30 characters, and the itemized components, with unit costs, must be provided.

D. Revising Existing Ancillary Procedure Codes

Due to technological advancement, changes in patient care delivery, modification in the utilization of supplies, changing costs, etc., it may be necessary to alter the patient
charge to reflect current conditions. In such cases, the patient care department head, or his/her designee, should initiate a “New/Revised Procedure Code” request. Again, the applicable item description should be provided, limited to 30 characters, as well as an itemized list of supplies, equipment, and labor (if applicable), and their associated unit costs.

E. Authorization for Item Master Changes

1. The establishment of a new patient procedure charge code requires the authorization of Hospital Administration. The department head should submit the Request for New/Revised Procedure Code worksheet to the appropriate Hospital Administrator for preliminary review. Hospital Administration will send this form to the Reimbursement Office for workup of the total charge. Reimbursement Office will send this form to the Hospital Administrator for final review and approval prior to Reimbursement Office entering the new charge into the Item Master.

2. Hospital Administration and Business and Reimbursement Management will ensure the consistency of charging throughout the institution.

3. For revisions to existing charge codes, authorization by the department head responsible for revenue generation is acceptable.

4. For hospital technical charges generated by departments within the School of Medicine, authorization for the establishment of new charges should be initiated by the Department Chairman, or designee; however, final approval for new patient charge codes must be provided by Hospital Administration.

F. Item Master Changes

If a patient charge has an associated physician professional charge, an applicable notation should be made on the request form. For all ancillary departments, please notate on the form if the service is orderable. The Reimbursement Office will coordinate with the office of Physicians’ Billing the establishment of the professional charge. It is the responsibility of each patient care department to ensure applicable charge documents are revised to reflect the charge revisions.

G. Education and Training

Education and training is the responsibility of the department heads and Hospital Administration. Adequate staff training should be conducted at the department level to ensure accuracy and consistency in the application of the new or revised charge codes.
COST DETERMINATION

DIRECT COSTS

LABOR:

<table>
<thead>
<tr>
<th>Position Title</th>
<th>Time Spent on Procedure (Minutes/Hours)</th>
<th>Hourly Wage (To be provided by Reimbursement Office)</th>
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SUPPLIES:

<table>
<thead>
<tr>
<th>Items</th>
<th>Cost</th>
<th>Direct Purchase or Warehouse</th>
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<tbody>
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<td>(not stickered CMS items)</td>
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X Mark-Up Factor (to be provided by Reimbursement Office)

Total Cost of Supplies

$ 

EQUIPMENT

<table>
<thead>
<tr>
<th>Original Cost</th>
<th>Date of Purchase</th>
<th>Estimated # procedures per year</th>
<th>Annual Depreciation</th>
<th>INDIRECT COST FACTOR</th>
<th>TOTAL CHARGE FOR PROCEDURE</th>
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ADMINISTRATION:

Approved: ____________________________
Input Date: _________________________
Item Master # Assigned: ____________

REIMBURSEMENT OFFICE

Approved: ____________________________
Input Date: _________________________
Item Master # Assigned: ____________

Request for New/Revised Procedure Code

LSUHSC-S 6471
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