

A solution for the new realities of CDM pricing

Today's reality:

Recently, hospital charging practices have come under increasing scrutiny. It began with prominent stories in TIME magazine and the New York Times that have generated discussions about pricing at countless hospital board meetings. Looking ahead, we can expect to see many more conversations about the growing influence of consumer-driven utilization of healthcare services and price transparency.

Today, hospitals need to protect themselves from inappropriate accusations concerning their CDM prices. In the current environment, a hospital will not be able to defend itself from criticism that their prices are inappropriate by identifying the "right" or even the "reasonable" price for each hospital service. It is likely that no patient price will be considered reasonable on its face.

At the same time, a hospital's patient prices can continue to have a significant impact on its bottom line. So it is important for hospitals to balance both aspects when they establish patient charges.

Today's solution:

To begin addressing this complex issue, SunStone recommends that hospitals implement a range of policies and procedures, including revising charity policies, and implementing systems to estimate patient liability prior to service. But, we believe a crucial task is for hospitals to develop and implement a carefully thought-out, structured CDM pricing methodology.

To arrive at this goal, we can help you perform pricing reviews that lead to the development of a refined charging methodology and CDM line item charges that will protect your net revenue stream while being sensitive to the local market, facilitate your ability to explain detailed patient prices, and be in compliance with all regulations and guidelines.



The methodical, defensible CDM pricing solution

Our years of personal, hands-on experience give us the ability to deliver innovative approaches to rate setting. We have performed hundreds of pricing analyses for hospitals from 35 beds to 1,250 beds, including academic medical centers, major teaching hospitals, for-profit and not-for-profit health systems, community hospitals, and small rural hospitals.

With our wealth of experience, and our familiarity with the new realities of healthcare we can help you establish patient prices with an entirely new degree of confidence.

For more information contact:

Leonard Brauner, Senior Principal
(717) 319-4341

leonardbrauner@sunstoneconsulting.com

Frank Tokic, Principal
(913) 335-4621

franktokic@sunstoneconsulting.com

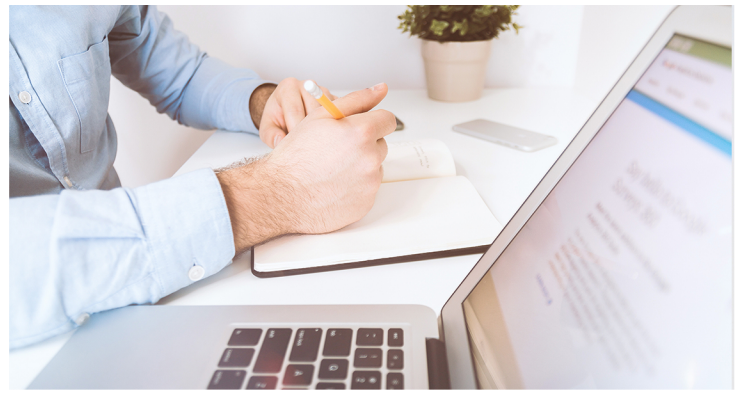
Greg St.Clair, Managing Principal
(717) 329-2140

gregstclair@sunstoneconsulting.com

Learn more at www.sunstoneconsulting.com



A different way to put our CDM expertise on your side: Pretium®



Now, we have made our decades of CDM experience available in a powerful new web-based CDM pricing solution. Pretium®.

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Those are not simple goals to balance, but Pretium® delivers a high degree of confidence in your CDM pricing, because it is based on SunStone's sophisticated pricing methodology that can be customized for each hospital's specific circumstances and pricing philosophies. Other pricing software frequently provides the user with volumes of information (e.g., market information, fee schedules, etc.), but ultimately leave the identification of the actual CDM price to individual judgment. But Pretium® actually calculates and recommends a specific CDM price for each item. While some other pricing tools do identify a price, they hide the actual calculation from the user hospital, which is of no help when a hospital is required to explain how a specific patient price was determined. Pretium® provides comprehensive documentation that describes exactly how each price was determined.

CDMs are complex, with a large amount of internal relational logic. Many patient services have their own specific pricing issues. So we have designed Pretium® to let users incorporate these unique pricing considerations into the pricing calculation methodology. Pretium® also has a Pricing Review Screen that allows the user to revise any proposed price and to see immediately the estimated impact on gross and net patient revenue.

This ensures that the calculated proposed prices make sense in the context of the hospital's overall pricing philosophy. The review screen allows a user to quickly and easily identify CDM prices that protect the hospital's net revenue stream, while being sensitive to the local market, the hospital's costs, and other benchmarks. Pretium® allows hospitals to explain their detailed patient prices, and keeps users in compliance with all regulations and guidelines. To fit your needs even more closely, our clients can use Pretium® with as little or as much assistance from our expert consultants as is needed.

For more information contact:

Leonard Brauner, Senior Principal at (717) 319-4341 or leonardbrauner@sunstoneconsulting.com

Frank Tokic, Principal at (913) 335-4621 or franktokic@sunstoneconsulting.com

Greg St.Clair, Managing Principal at (717) 329-2140 or gregstclair@sunstoneconsulting.com

Learn more at www.sunstoneconsulting.com

