

Atrium Health

December 17, 2020

Atrium Health utilizes Epic as its third-party information system for patient billing, which houses its payer contract information. Atrium Health is using Epic's standard output as the content for most of the facility-specific machine-readable standard charges files.

Due to limitations in presenting complicated and differing contracted rate methodologies in a standardized way, the contracted rate (i.e., payer-specific negotiated charges) in the machine-readable files will not always reflect the contracted rate that applies in an individual patient's case. As described below, there are variables that exist by patient and/or health insurance plan that must be taken into account to arrive at contracted rates applicable for specific items and services.

If there is a discrepancy between a payer-specific negotiated charge listed in the machine-readable file(s) and the contracted rate applicable to a specific patient claim, the terms of the payer contract will control, so the machine-readable file(s) may be of limited benefit to our patients. We recommend Atrium Health patients use our Price Estimation tool for personalized cost estimates for Atrium Health hospital services.

Examples of potential contracted rate differences include but are not limited to the following:

Payer contracts based on DRG reimbursement

Some payers base rates on diagnosis related group (DRG) reimbursement with additional payment terms. In some cases, a payer-specific negotiated charge provided in the machine-readable file(s) may not always be applicable to an individual case due to differences in negotiated rate methodology that depend on the mix of items and services on a claim. Epic's calculation methodology reflects rates based on a median patient account for each DRG and may not factor in all applicable contract terms. For example, differences in length of stay and calculation methods may result in a payment rate for some patient claims that vary from the payer-specific negotiated charges reflected in the machine-readable file(s). Furthermore, because of Epic's logic, the median account chosen to represent the historical gross charge may be a different median account chosen to represent the payer-specific negotiated rate. This may lead to a situation where the negotiated rate looks to be higher than the gross charge when, in reality, the negotiated rate is typically capped at billed charges.

Per diem rates

Per diem rates in the machine-readable file(s) were calculated based on the length of stay for the median account. Rates in an individual case will depend on the patient's actual length of stay.

Payers with negotiated charges based on age category

Some payers have negotiated charges that are based on age category (for example, adult and pediatric). Epic calculates the contracted rate in the machine-readable file(s) based on a single median account. Rates in the machine-readable file(s) may be calculated based on an adult or a pediatric case.

Medicare Advantage health insurance plans and other payers using Medicare methodology

For Medicare Advantage health insurance plans and payer rates based on Medicare methodology, contracted rates in the machine-readable file(s) may not reflect the rate applicable to every individual case, because Epic's methodology calculates the contracted rate without factoring in service location, provider group, rate hierarchy and other pricing calculations applicable to Medicare payment methodologies.

Medicare rates are typically updated annually on October 1, for inpatient rate updates, and January 1, for outpatient rate updates. Medicare may make retrospective rate changes that are not reflected in the machine-readable file(s) because the file was created before Atrium Health received notification of the rate change.

Please consult publicly available Medicare rates for additional rate information.

Charges and Negotiated Rates in effect as of December 2020

Payers with varying rate terms

Some payer contracts have varying rate methodologies. In some cases, a payer-specific negotiated charge provided in the machine-readable file(s) may not be applicable to an individual case due to differences in negotiated rate methodology that depend on the mix of services on a claim. Differences in service type and location could affect the rates that apply in an individual case.

Multiple procedure reductions

If more than one procedure is performed during a single visit, the contracted rate for the secondary and subsequent procedures could be lower than a single procedure rate, depending on the payer contract terms. The machine-readable file(s) contains the single procedure rate, which may be higher than any applicable multiple procedure rate.

Hierarchy

When a payer contract has multiple negotiated rate methodologies, the contracted rate for some services can take precedence over rates for other services, depending on the mix of services on a claim. The machine-readable file(s) will reflect the contracted rate for a single service, which may be different from the actual rate if multiple services are provided to an individual.

Pharmacy charges

Inpatient and outpatient pharmacy gross charges for items provided from the central hospital pharmacy subsystem are **not** maintained in the hospital's chargemaster (CDM). Pharmacy charges are treatment- and dose-specific and are calculated at the patient-encounter level based on charge algorithms contained within the pharmacy information system. Since standard pharmacy gross charge amounts are not contained in the CDM, there are no payer-specific negotiated charge or discounted cash price calculations at the individual line-item charge level on the primary tab in this file.

The gross charges for inpatient DRG-based service packages listed on the primary tab, however, do contain historical central hospital pharmacy charges for the median account used to calculate rates for each DRG.

Certain drug charges are maintained in the CDM and are therefore included on the primary tab of each file. The payer-specific negotiated charges for each hospital are shown for drugs that are contained in the CDM, although these drugs are not a comprehensive representation of all drugs contained in a hospital's pharmacy system.

Plan names

Health insurance plan names have trailing numbers in parentheses which are internal Epic indicators but are meaningless to the end-users of the machine-readable file(s) and should be ignored.

Physician and advanced practice provider professional services

When multiple services are billed during a single visit to a physician or advanced practice provider, contracted rates for the secondary and subsequent services could be reduced, depending on the contract terms/payer policies. Contracted rates in the machine-readable file are for physician services. The contracted rates are based on a single service and do not contain any discounting for multiple services. Contracted rates will also not reflect any discounts from physician rates which may be applicable to services performed by advanced practice providers, such as physician assistants and nurse practitioners.

Out-of-network insured patients

Discounted cash rates are reflective of patients without insurance coverage, and do not apply to patients with health insurance plans for which the hospital is out-of-network.