Pricing Analyzer™

Healthcare pricing is heavily scrutinized for how much hospitals are charging for procedures today. Independent research has shown that in some inpatient cases a price variance ranging from $5,300 to $223,000 is occurring for the same case, but at different hospitals. How is this possible? Ensuring that prices not only cover costs, but are also defensible, transparent and competitive is an ongoing challenge in healthcare.

The Problem

Hospitals are under intense scrutiny and pressure to develop transparent and defensible pricing, while at the same time maintain slim margins in increasingly competitive markets. To do so requires a balancing act by hospital financial teams to manage pricing strategies to improve visibility and transparency, enhance the revenue mix to better meet hospital financial goals, and reduce compliance risks.

When the pricing policy and rate schedules for a hospital are out of alignment, inconsistent, inaccurate, or non-compliant, it is virtually impossible for the hospital to realize and retain the net revenue to which it is entitled. Traditional 'across the board' rate increases oftentimes fail to meet the expected returns, and can cause unintended harm because of indefensible and undocumented processes. The result is underachieving financials, compliance risks, and a lack of competitiveness in the market.

The Solution: Pricing Analyzer™

Pricing Analyzer is a software solution that enables a hospital financial team to take total control of strategic pricing with an automated process that adapts to payor and competitive conditions. This enables hospitals to quickly and easily establish compliant, defensible and competitive pricing policies and rate schedules that increase net revenue for the organization. The benefit is that it turns ineffective pricing into a competitive market advantage and enables the hospital to continue to support its community with quality healthcare in increasingly uncertain and competitive times.

Key Capabilities

- Determining the impact of changing conditions, such as payor mix, volume, contract terms, and mergers and acquisitions
- Creating and comparing of multiple pricing models
- Calculating price sensitivity to identify where price changes will have the most impact
- Aligning CPT and HCPCS code prices to ensure that models are based on correct and consistent pricing
- Permitting items to be carved out during the modeling process
- Tracking all pricing models and providing detailed reporting on results for audits or other price comparisons as needed
- Helping determine appropriate pricing for new service lines and departments

Improving Net Revenue

Craneware's Pricing Analyzer simplifies and automates the processes for reviewing and establishing pricing models that meet the financial goals of the hospital. Pricing Analyzer builds the pricing model, factoring in regulatory, reimbursement, cost and market information to help establish pricing that is compliant, defensible and competitive.

Now, instead of reviewing pricing annually, or defaulting to across the board adjustments for lack of accurate data and time, hospitals can adapt quickly to changing market or reimbursement conditions, running multiple pricing models as needed. With Pricing Analyzer, hospitals have the ability to optimize financial performance and make strategic decisions in a transparent and timely manner.

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Increasing Operational Efficiency

With Pricing Analyzer, developing multiple spreadsheets with links, formulas and macros is no longer necessary. The solution enables the creation and comparison of multiple pricing models detailed down to the service level or aggregated to the facility. Pricing Analyzer calculates price sensitivity and defines payor mix to help easily identify price increases that will have the most impact on revenue. The solution also applies hospital and regulatory policies to ensure compliance.

Built-In Transparency, Defensibility

Whether price modeling is conducted internally or by a consultant, documentation supporting the pricing strategy may not be readily available. Consultants often use proprietary software and provide recommendations with little or no back-up. And, internally established pricing can be changed without direct knowledge or consideration of policies and planning parameters. Pricing Analyzer permits better control and management of price modeling processes. The solution tracks all pricing models and provides reports that detail each area modeled, changes in price and volume, and policies that have been applied. The reports can be retrieved for audits or for other price comparisons as needed.

Ensuring Competitiveness, Compliance

Understanding where prices fall in comparison to other hospitals in the market is essential to price modeling but adds to the complexity of the process. To help simplify this important step, Pricing Analyzer provides comparative pricing data, which indicates the market low, high and median charges. Staff can easily determine the market-sensitivity of prices, identifying greater reimbursement opportunities or potential compliance issues. The solution also incorporates Health Price Index and Consumer Price Index data to make certain pricing accounts for inflation. Additionally, the solution permits grouping by CPT code to ensure that all items with the same code are priced identically. Select items can also be carved out during the modeling process for further analysis.

Training and Support

Craneware provides a full range of award-winning training, implementation, technical support, and professional services. Training is offered onsite, live online, and via self-paced online courses on the Craneware Performance Center. The Craneware Professional Services team helps hospitals with project planning, rapid implementation, integration, and custom training programs to ensure best practices for sustainable benefits. In addition, Craneware offers a Pricing Analysis Review service designed to assist hospitals in creating a defensible pricing model, establishing a uniform pricing policy, and performing rigorous pricing reviews at the facility, department, payor, item-code, and customizable levels.

The Bottom Line

Pricing Analyzer is a powerful application designed to streamline and automate the strategic price modeling process to create transparent and defensible pricing that improves net revenue. Pricing Analyzer turns the current ineffective or inaccurate pricing process into a competitive market advantage so that a hospital can stay viable and continue to support its community with quality healthcare in increasingly challenging and uncertain competitive times.

About Craneware

Craneware (AIM: CRW.L) is the market leader in software and supporting services that help healthcare providers improve margins so they can invest in quality patient outcomes. The company's flagship solution, Chargemaster Toolkit®, has earned the KLAS No.1 ranking in Revenue Cycle – Chargemaster Management since 2006 and is part of our value cycle management suite, which includes Patient Engagement, Charge Capture & Pricing, Coding Integrity, Revenue Recovery & Retention, and Cost Analytics solutions. To learn more, visit craneware.com and thevaluecycle.com.

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FS-PA-20180305