Seven Must-Dos to Ensure Charge Description Master (CDM) Success

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As seen in Becker's Hospital Review.

If revenue is the lifeblood of any health care provider organization, the charge description master (CDM) is its financial heart.

What is a CDM?

The CDM contains the official rate charged by a health care health system (AKA hospital chargemaster), hospital or clinic for individual procedures, services and goods. A CDM allows organizations to generate the claims that are in turn submitted to payers for reimbursement.

Failure to effectively manage the CDM leads to incorrect bills and missed reimbursement opportunities, as well as potential compliance and regulatory risks and lower patient satisfaction scores. All of these items can cost an organization millions or even tens of millions of dollars annually. When a CDM is out of date and does not contain current procedures, services and products, it prevents the organization from billing for these items. A typical health

care system may easily have up to 500 CDM change requests annually, resulting in thousands of CDM record changes.

Why a Quality CDM Matters

Far from simply a "price sheet," a CDM contains all chargeable professional (e.g. physician fees) and facility/technical charges, (e.g. room fees, procedures, drugs, lab tests, etc.), as well as 15 to 25 associated fields including billing descriptions, codes such as HCPCS (health care common procedure coding system) or CPT (current procedural terminology), revenue codes (rev codes), modifier codes, units of measure and department associations. A typical health care system CDM may contain 15,000 to 25,000 entries.

All health care claims created and submitted to payers must be validated against the CDM in order to assign the correct codes and prices included on each health care insurance claim.

Key CDM Challenges

Organizations face several challenges with making sure their CDM is current:

- **Change management.** As new products and services are added, departments and service lines must ask the CDM team to add these items immediately. This requires staying on top of these changes and communicating about them clearly. An ongoing dialogue is important to ensure that providers are correctly charging for their services.
- **Compliance.** The CDM team needs to stay compliant with CMS standards for Medicare and Medicaid billing, including government programs such as 340B and payer contracts. This includes compliance specific to HCPCS and CPT codes, billing modifiers, pharmacy units of measure, etc.
- **Pricing accuracy.** Annual pricing updates, typically requiring CFO and board approval, need to be quickly determined and processed to reflect market and competitive conditions and costs. Correctly understanding the costs associated with each service or product is a critical part of accurate pricing.
- **Payer maps.** Creating and maintaining CDM maps that translate certain CDM records and codes to different CDM entries when claims are created. These mapping rules are dictated by each payer's contract, depending on their processing rules and requirements.
- **"Explosion sets."** Creating and maintaining CDM explosion sets to ensure accuracy. These sets identify new codes that are added to claims based on the primary codes. For instance, one procedure code may expand or "explode" to include billing for all of the chargeable items associated with performing that procedure.

Seven CDM Success Strategies

Here are seven key strategies for ensuring that organizations get the best results and financial performance from their CDMs:

1. **Implement new CDM software**. New software tools have emerged over the last few years that allow health care organizations to more effectively manage their CDMs. These products provide functionality that applies edit rules to make sure the CDM is compliant, offer transparency to enable each department to view the part of the CDM related to their services, and give access to updated government regulation information and software to quickly manage CDM change requests.
2. **Organize for success**. Make sure your CDM team is staffed at appropriate levels and with the right skills. Segment CDM team roles and responsibilities. Align the CDM team around departments or service lines, technical and professional fees. Make sure your team develops and has access to CDM information and trends specific to their assigned areas (e.g., radiology, pharmacy, supplies, etc.).
3. **Develop CDM governance**. Create a CDM steering committee, including representation from patient financial services, revenue integrity, and clinical and administration departments. Make sure department roles and responsibilities specific to the CDM (and charge capture) are defined, communicated and enforced. Develop service level agreements for certain types of CDM change requests, which permits revenue integrity team members to be more responsive to departments and allows them to become experts in specific service lines. Make sure the CDM for high-volume/high-revenue departments is reviewed at least once every six months, annually for all other departments, and immediately after major legislative or compliance changes.
4. **Add CDM analytics**. New dashboards and analytics can provide valuable insights to assist in dedicating potential problems or areas of CDM improvement. For instance, dashboards can help identify CDM records targeted for price updates. CDM analytics help organizations navigate the relatively large CDM data set to determine where CDM records need to be updated or inactivated.
5. **Develop a CDM synchronization strategy**. Develop a strategy and schedule for making sure that ancillary CDM systems, such as the pharmacy description master (PDM), are synchronized with the billing system CDM. Failure to keep CDM systems in-sync can cause delays in getting claims submitted to payers. Analytics and dashboards can play a major role by identifying the specific records in each ancillary system and CDM system that are out of sync.
6. **Create CDM standardization**. Large health systems use software enabling them to maintain one corporate CDM standard and then link each individual hospital's CDM to the enterprise CDM in a parent/child relationship. The advantage of this approach is to minimize maintenance costs and enforce a standard across the enterprise. In this scenario, the enterprise CDM becomes the standard for the entire organization. This will also help improve CDM analytics. Each participating hospital or organization then leverages the products and services of the enterprise CDM to define its own individual CDM.

7. **Enable CDM-driven price transparency**. Some states, such as California, require health systems to upload a portion of their CDM annually to a state-run Web site for consumer review. Health systems should download and compare the CDMs and prices of their competition annually to compare and contrast their most frequently charged items and their corresponding prices.

Conclusion

CDMs are important in a fee-for-service or value-based reimbursement model. The steps above can help you improve your CDM, optimize your healthcare revenue cycle, and better use the data available. With consumers driven to learn more about their health care costs, the CDM is a focal point for an organization's positive health.

