



THE POWER OF BEING UNDERSTOOD

PROVIDER RATIONAL (COST-BASED) AND STRATEGIC PRICING SERVICES

The financial environment in which providers operate today continues to be competitive with low or reduced operational margins. Providers constantly struggle with making sure their services are both reasonably priced and meet the financial commitments of their organizations. In addition, consumer awareness continues to rise and impact their usage of health care services.

RSM has created a very innovative strategy and methodology to help providers navigate the current price transparency concerns while managing their future financial operating needs.

Our goal is to help you effectively manage your price setting methodology and fiduciary responsibilities, while addressing potential price transparency for your organization.

Our approach to provider rational (cost-based) and strategic price services

Our pricing professionals utilize a combined market analysis, strategic payor contracting analysis, and cost or cost surrogate-based analysis to create a price methodology that supports the objectives for your provider. Key steps in our approach:

- Evaluate market data
- Assess current provider price sensitivity through review and application of the payor contract terms
- Evaluate use of cost accounting or cost surrogate (APC, lab, physician fee schedules) data
- Model financial implications based on market-driven parameters

We work closely with your management team to gather information through interviews, observation and review of existing formal price related documents such as market data, payor contracts, mark-up policies, etc. Our process includes the five phases outlined below:

- Phase 1—Planning, request list submission and review initiation to obtain a mutual understanding of the review plan and agree on scope, key objectives and deliverables.
- Phase 2—From a price perspective, where does your provider operate in its current market? (market leader, middle of the road or low in the market). We will perform a market analysis to define your organization's current market position compared to your peers. Peer consideration is given in regard to your provider: proximity, comparable size and provider type.
- Phase 3—Conduct internal interviews with financial, managed care contract, cost accounting and specific department management teams to gain an understanding of your provider's current pricing methodology and environment.
- Phase 4—Build a customized pricing model that strategically fits the needs of your organization. This methodology will incorporate both current and proposed pricing methodologies, so that your organization will be able to measure financial commitments and market pressures.
- Phase 5—Prepare and issue final deliverables, which includes proposed pricing methodologies, pricing model, proposed prices, financial gross and net revenue impact summaries.

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