Answering your questions on charging

A column on managing the OR revenue cycle.

How to charge for OR time and services is a frequent source of questions from OR directors and business managers. In this column, Keith Siddel, MBA, answers questions about charging posed by members of the OR Business Management Listserv. Siddel is CEO of HRM Consulting, Creede, Colorado.

How should we charge for procedures performed in the OR and also performed in other areas of the hospital such as interventional radiology (eg, abdominal aortic aneurysm grafts, stent placements) and cath lab (eg, pacemaker and implantable cardiac defibrillator placements)? The OR bills for time and supplies, and the other areas bill for the procedure and supplies.

Siddel: That’s a good question because in these hybrid procedures, the OR may send staff, supplies, and even equipment to another area. The challenge is who should charge for these resources. One of the basic principles of charging is that expenses need to be allocated to the same area as revenue.

The challenges typically are: 1) only one department can charge for a single service, and 2) you need to be sure that the expenses for the resources used are assigned to the area where the charge is.

What normally happens is that the area that incurs most of the costs charges for them. For example, if the OR sends a couple of staff members to another department, which provides the supplies, equipment, and space, then that department should charge for the services. However, you also need to come up with an internal way for the OR to bill the other department for the costs of the resources the OR provided. On the other hand, if the OR provides most of the staff, supplies, and equipment, and the other area provides the space, then the OR should charge. The other department should then bill the OR for the space it provided.

There is no one right way to do this; it varies by hospital. Some hospitals, for example, might make the cath lab a subdepartment of the OR. Then all of the costs are in one area, and the OR can charge. The key to compliance is that no matter how your facility handles this, just make sure your expenses are with your revenue.

How should we charge for regional blocks performed in the preoperative holding area prior to surgery? At present, the anesthesia charge is activated in synch with the start of the OR procedure. Would it be acceptable to start the anesthesia charge for regional blocks when the patient is being prepped for surgery in the preop area?
Siddel: The answer is yes. There is no rule saying that the anesthesia time must match the OR time. Anesthesia time should match the anesthesia documentation time. So if you are documenting that you are starting the anesthesia block when the patient is being prepped, and you are providing services during that time, then absolutely, it is appropriate to bill for that.

Keep in mind that anesthesia time billed by the hospital (this does not include critical access facilities) is not audited a lot because there is no reimbursement for it, at least from the technical component or the hospital side.

The other part of the question is how you bill for regional blocks. Most hospitals have a series of anesthesia charges, including general anesthesia, spinal, regional, etc. These are billed on a time charge. For example, for regional anesthesia, you would have a regional anesthesia time charge that starts when the regional anesthesia services begin and stops when that ends.

Make sure you have good documentation for the start and stop times and for what services are being provided during the time you are billing.

Q How should medical imaging be charged in conjunction with surgery? We were told that the radiology department could not bill for any surgery-related cases.

Siddel: This is a challenge. There is a lot of misinformation out there. Hospitals can’t bill separately for equipment like C-arms any longer regardless of whether the equipment comes from the radiology department or the OR. But that’s not to say that the equipment cost shouldn’t be built into the OR time charge. Some hospitals set up a separate level of OR time charge for procedures that use radiology equipment or other specialized equipment to reflect the added cost. That is the optimal way to do it.

Radiology equipment should be treated no differently than other pieces of equipment. The cost allocation should be bundled into the procedures in which the equipment is used.

Q What can be charged for during a preadmission testing visit?

Siddel: The short answer is that you can charge only for the tests that are performed. You may not bill for the visit. That is true even though the patient is occupying space, receiving nursing care, and so forth. Still, the only things that can be charged for are the tests.

The theory is that when patients come in for tests, such as lab work and an ECG, the nursing care, the room charge, etc, are all built into the test charges, even though in reality, from a financial perspective, that doesn’t always work out.

Keith Siddel will present a breakout session titled Capturing Revenue and Taming the Chargemaster at the Managing Today’s OR Suite Conference September 28 to 30 in Chicago. Register online at www.ormanagerconference.com

Have a question on the OR revenue cycle?

Keith Siddel will respond to questions in the column. Send your questions to editor@ormanager.com

You can also reach Siddel at ksiddel@hrmlc.com.