

DATE:

TO: VP Finance – Region

FROM: Hospital/Tenet Facility CFO

SUBJECT: Cash Pay Rate Proposal for [TENET FACILITY]

[TENET FACILITY] would like to offer cash pricing to its uninsured patients at its outpatient imaging center. This is a practice common to outpatient imaging centers and is needed to service the community.

The [TENET FACILITY] team evaluated several Methods of setting a price but ultimately decided on keeping a simple rate schedule with varying prices based on whether contrast was used or not, and by modality. The team also decided to provide a global fee to include the radiologist's fee as well. This will allow us to better service our patient community and compete with free standing imaging centers.

Uncomplicated Pricing Schedule

The [TENET FACILITY] management team decided on a schedule that was both simple and comprehensive to quote prices in each major modality category. These prices could be easily identified, quoted and collected.

Professional Fee Payment Rate

The team decided that a flat percentage payment to the radiology group would be most practical from an administrative and maintenance perspective. We would know that payment was made when we forwarded the payment to the radiologists without having to track payment plans etc. Periodically, weekly or monthly, a report of cash pay collections will be generated and a check request will be created based on the radiologist percentage.

The team evaluated industry standards, current practice and Medicare comparisons to set the fee for a global cash pay cash price. A fair market value (FMV) study was established to validate the professional compensation to be 15%-18% of collections. This has been incorporated in the current radiologist service agreement.

Cash Pay Pricing Schedule

Attached is the Proposed Cash Pay Schedule for [TENET FACILITY] which will be used for all patients eligible per the Cash Pay policy. The schedule shows the combined global Medicare reimbursement (technical rate and pro fee), the estimated global cost, and the proposed Cash Pay Pricing rate. The proposed cash pay rate was set so that an incremental profit margin was achieved for each procedure. The final posted schedule will only include the global Cash Pay Price.

The proposed Cash Pay Pricing rate was established using the guidelines set forth by the Tenet Cash Pay Rate Policy. Under the policy, the cash pay rates must be set at or above "cost" and Medicare.

Description	Previous DIC Self Pay Rate	Medicare Rate (Avg)	Medicare Profee (Avg)	Total Medicare	Cost + Radiologist Fee	Proposed Flat Rate	Cost
MRI - WITHOUT CONTRAST		\$328	\$75	\$403	\$257	\$450	\$189
MRI - WITH CONTRAST		\$378	\$75	\$454	\$305	\$500	\$230
MRI - WITH & WITHOUT CONTRAST		\$484	\$108	\$593	\$342	\$640	\$246
CT - WITHOUT CONTRAST		\$176	\$58	\$235	\$96	\$250	\$58
CT - WITH CONTRAST		\$269	\$63	\$332	\$122	\$340	\$71
CT - WITH & WITHOUT CONTRAST		\$290	\$76	\$365	\$154	\$375	\$98
Ultrasound		\$96	\$37	\$132	\$115	\$135	\$95
X-Ray		\$58	\$15	\$73	\$67	\$85	\$54

***** Estimated Costs provided through Showcase (Fixed + Variable Cost Only) plus the professional cost component of 15% of the global rate**

I would appreciate your review and approval of the proposed pricing schedule for [TENET FACILITY'S] outpatient imaging center. Upon your acceptance we will proceed with implementation.