

# SUPPLY PRICING ANALYSIS

Hospitals are moving towards standardizing supply pricing across all departments and services, thus improving compliance issues associated with inconsistent charging practices. Although there is no right or wrong way to structure a markup formula for supplies, **PARA** recommends the following:

- Pricing should be developed using the actual cost basis to create a rational markup schedule
- Implants should have a separate markup to provide sensitivity to any contract terms that may have carve-outs
- Fixed Add-On and Minimum Charges should be utilized to compensate for any additional use of departmental resources for handling the supply

The purpose of the **PARA Supply Pricing Analysis** is to create a rational, cost-based supply markup using the concepts above.

The **PARA Supply Pricing Analysis** deliverables include an identification of non-billable supply items and gross revenue impact, proposed markup, gross and net revenue projections, an item-specific detailed spreadsheet proposed changes, and a full write-up of techniques and findings.

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Select Charge Quote Charge Process Claim/RA Contracts Pricing Data Pricing **Rx / Supplies** Filters CDM Calculator Advisor Admin RAC CAT PARA

Pharmacy **Supplies**

Base Schedule  
Current MU - May 2013

Acquisition Cost Revenue Code Patient Charge

Comparison Schedule  
Proposed MU - May 2013

Schedule Revenue  
Base \$1,429,276.61  
Comparison \$2,406,366.87

Average Charge Revenue  
Total \$1,982,548.53  
Items With Cost \$1,982,548.53

View Excel Comparison Report  
View All Schedules

Level	Low	High	Minimum	Multiplier	Fixed Add On
1	0.01	0.25	1.00	6.50	0.00
2	0.26	0.50	0.00	6.50	0.00
3	0.51	1.00	0.00	6.00	0.00
4	1.01	2.00	0.00	5.50	0.00
5	2.01	5.00	0.00	5.00	0.00
6	5.01	10.00	0.00	4.75	0.00
7	10.01	20.00	0.00	4.50	0.00
8	20.01	40.00	0.00	4.25	0.00

Level	Low	High	Minimum	Multiplier	Fixed Add On
1	0.01	15.00	1.00	7.50	0.00
2	15.01	50.00	112.50	6.50	0.00
3	50.01	250.00	325.00	5.75	0.00
4	250.01	500.00	1,437.50	5.25	0.00
5	500.01	1,000.00	2,625.00	4.25	0.00
6	1,000.01	5,000.00	4,250.00	3.25	0.00
7	5,000.01	10,000.00	17,500.00	3.25	0.00
8	10,000.01	999,999.99	32,500.00	3.00	0.00

**Contact your PARA Account Representative to learn more about PARA's Supply Pricing program!**

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