

# POLICY AND PROCEDURE

<b>POLICY NAME:</b> Cost -to-Charge Adjustments on Clean Claim / Itemized Bill Reviews	<b>POLICY ID:</b> CC.PI.06
<b>BUSINESS UNIT:</b> Corporate	<b>FUNCTIONAL AREA:</b> Payment Integrity
<b>EFFECTIVE DATE:</b> June 2014	<b>PRODUCT(S):</b> All
<b>REVIEWED/REVISED DATE:</b> March 2026, June 2025, September 2024, September 2023, May 2022, May 2021, June 2020, May 2019, March 2018, March 2017, March 2016, June 2015.	
<b>REGULATOR MOST RECENT APPROVAL DATE(S):</b>	

## POLICY STATEMENT:

This policy provides clarification on the facility billed charges that will be evaluated for cost-to-charge as part of the Clean Claim / Itemized Bill review process.

## PURPOSE:

The purpose of this policy is to define the requirements for the proper application of the cost-to-charge adjustments identified by Clean Claim / Itemized Bill reviews.

## SCOPE:

This policy applies to all directors, officers, and employees of Centene Corporation, its affiliates, health plans, and subsidiary companies (collectively, the "Company").

## POLICY:

It is the policy of the Company to comply with provisions set forth in federal and state guidelines. To comply with these provisions, the Company has the fiduciary obligation to review facility charges on a pre-pay or post-pay basis to help ensure that such charges are free of potential defects or improprieties. The Company is also obligated to verify whether facility charges comply with applicable billing standards.

One element of the Clean Claim / Itemized Bill reviews is identifying significant and material discrepancies between the amount billed and the underlying cost of an implantable supply item or pharmaceutical. This "Cost-to-Charge Discrepancy" evaluation calls attention to line items that appear to have been billed in error.

Sections 2202 and 2203 of the CMS Provider Reimbursement Manual specifically requires that each facility create and maintain "an established charge structure which is applied uniformly to each patient as services are furnished to the patient, and which is reasonably and consistently related to the cost of providing the services."

In order to ensure the Company only pays for those charges that "reasonably and consistently relate to the cost of providing the services," the Company has put into effect the following procedure.

## PROCEDURE:

1. The Clean Claim / Itemized Bill reviews will compare the amounts billed for implantable supply items against the objective data regarding the amounts facilities pay for such implantable supply items that is maintained in the ECRI Institute's database of medical/surgical supplies and implants. ECRI Institute is designated an Evidence-Based Practice Center by the U.S. Agency for Healthcare Research and Quality and listed as a federal Patient Safety Organization by the U.S. Department of Health and Human Services. In this database, hospitals populate with the amounts they actually pay for implantable devices.
2. The Clean Claim / Itemized Bill reviews will compare the amounts billed for pharmaceuticals against the AWP (average wholesale price) of such pharmaceuticals that is provided by the website [www.reimbursementcodes.com](http://www.reimbursementcodes.com), Medispan AWP or ECRI Institute's database. These tools provide Current AWP package pricing, Medicare Part B ASP and hospital APC/OPPS drug pricing information for FDA approved drug codes.
3. When a Clean Claim / Itemized Bill review identifies a significant "Cost-to-Charge Discrepancy," the Company will assign the allowable reimbursement to an amount that is 8 times the median amount the ECRI database indicates that facilities pay for the same implantable supply item or 8 times the AWP price listed for the same pharmaceutical.

This adjusted billed amount should allow for the provider to be reimbursed for the actual direct cost incurred to obtain the item, plus the indirect costs associated with the storage, maintenance and usage of identified items.

4. If a facility can provide documentation (i.e. invoices) demonstrating that it incurred a cost of greater than the allowed amount, the Company will review the documentation and respond as appropriate.

**REFERENCES:** CC.PI.04 Clean Claim / Itemized Bill Reviews  
 CC.PI.10 Unbundling Adjustments on Clean Claim / Itemized Bill Reviews

**ATTACHMENTS:**

**ROLES & RESPONSIBILITIES:** Payment Integrity manages the vendor(s) who conduct the Clean Claim / Itemized Bill reviews. Claims Operations processes payment of the member claim based on the findings identified in the Clean Claim / Itemized Bill reviews.

**REGULATORY REPORTING REQUIREMENTS:**

**REVISION LOG**

REVISION TYPE	REVISION SUMMARY	DATE APPROVED & PUBLISHED
New Policy Document		June 2014
Annual Review	Annual review/updating of terminology	June 2015
Annual Review	Annual review/updating of terminology	March 2016
Annual Review	Annual review/updating of terminology	March 2017
Annual Review	Annual review/updating of terminology	March 2018
Annual Review	No revision	May 2019
Annual Review	No revision	June 2020
Annual Review	Addition of PIRU reviews	May 2021
Annual Review	Eliminated mention of vendor and PIRU	May 2022
Ad Hoc Review	Updated template and change to cover all products	September 2022
Annual Review	Removed internal team PIRU from Roles & Responsibilities.	September 2023
Annual Review	No revision	September 2024
Annual Review	Clarifying language added	June 2025
Annual Review	Annual review/updating of terminology & clarifying language added	March 2026

**POLICY AND PROCEDURE APPROVAL**

The electronic approval retained in RSA Archer, the Company's P&P management software, is considered equivalent to a signature.