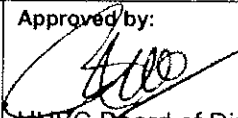
 <p>HAWAII HEALTH SYSTEMS CORPORATION "Touching Lives Everyday"</p> <p>Policy</p>	<p>Department: Corporate Finance</p>	<p>Policy No.: FIN 0026</p>
	<p>Issued by: Kelley Roberson COO & CFO</p>	<p>Revision No.: NA</p>
<p>Subject: Charge Description Master</p>	<p>Approved by:  HHSC Board of Directors By: Raymond Ono Its: Secretary/Treasurer</p>	<p>Effective Date: January 29, 2009</p>
		<p>Supersedes Policy: NA</p>
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- I. **PURPOSE AND SCOPE OF POLICY:** To establish and define the policy and responsibilities of HHSC relating to management and oversight of charge description masters (CDM).
- II. **DEFINITION:** Charge Description Masters ("CDMs") are computerized lists of charge codes for all available, chargeable services for hospitals or other providers, for which a separate charge exists. CDMs are used to generate patient bills. At minimum, CDM entries include hospital charge number, description of service provided, charge amount, general ledger number, CPT/HCPCS code and revenue code as established by the Center for Medicare and Medicaid Services (CMS)
- III. **STATEMENT OF POLICY:** It is the policy of HHSC that hospitals shall maintain current and complete CDMs that clearly describe all procedures and other items billed, that establish reasonable and adequate charge rates, that are continually current and compliant with Medicare and Medicaid codes and requirements, and that management of the HHSC Corporate Office and each HHSC Region shall seek and implement uniformity of descriptions, numbering and charge amounts, where practicable.
- IV. **OPERATING PRINCIPLES.** It is the policy that Management shall develop and implement procedures for the management and oversight of CDMs in accordance with several operating principles:
 1. **Compliance and Currency**
 - a. Management at Region and facility level shall develop procedures and act to ensure all CDMs shall be timely and accurately updated and maintained with procedure codes issued by CMS and the American Medical Association.
 - b. Management at Region and facility level shall develop procedures and act to ensure periodic updates are completed timely for portions of the CDMs, such as pricing for pharmacy items that must be updated monthly, and for

supply items, which are numerous and must be priced timely for billing to be timely and accurate.

- c. Management at Region and facility level shall develop procedures and act to ensure obsolete codes in CDMs are identified and purged as soon as practicable to avoid denied payments from incorrect billings.

2. **Coordination, Uniformity, and Unity**

- a. CDM coordinators shall be employed at the HHSC Corporate office and for each region as determined necessary by the region to assist its facilities in making timely and accurate updates to CDMs to achieve regulatory compliance and to ensure accurate and appropriate charging for all billable services. CDM Coordinators shall also educate staff and physicians about regulatory changes, coding and documentation requirements to support the CDM charges.
- b. **Uniformity and Efficiency.** System and regional leaders shall work together to ensure uniformity of CDM descriptions and numbering to minimize redundancy of workloads, facilitate appeals and negotiations with payers, and facilitate internal comparisons and auditing. First priority shall be given to uniformity in descriptions and numbering. Management and staff shall pursue opportunities for standardizing charge amounts across regions and facilities and report no less than annually to governance on these efforts. Updating and maintenance of CDM information shall be conducted at highest organization level practicable to achieve efficiency and uniformity.
- c. Management of each facility shall develop procedures and assign a CDM coordinator to work with corporate staff to ensure compliance with CDM policy and procedures. Facility CDM coordinators should be empowered to work with department managers to make decisions concerning the CDM to resolve coding and billing issues.

3. **Audit & Improvement.** Management shall develop procedures and ensure all departments annually conduct complete CDM reviews, report findings and correct errors. Management shall require occasional additional audits of CDMs as necessary to ensure compliance and accuracy.

4. **Reasonableness and Adequacy of Charges.** Management shall implement procedures to ensure charges in CDMs are equal to or higher than amounts authorized for payment by Medicare and Medicaid and other contracted third party payers, in order to avoid being paid less than full amounts otherwise authorized; said procedures and implementation shall comply with all applicable laws and regulations. CDM charges to Medicare or Medicaid programs shall not be "substantially in excess" of usual charges, unless there is documented "good cause" for the higher charge. Management at all levels shall exercise discretion in setting charges so that they meet the cost of

providing services but are not unreasonably high compared to costs and compared to customary charges in the industry.

5. **Transparency and Clarity.** Charge descriptions and charges for HHSC activities shall be clearly stated and pricing clearly presented so that patients and payers may understand HHSC billing information and pricing. Management shall implement procedures and act to ensure CDM entries are constructed to support efforts for transparency and clarity.

V. RESPONSIBILITIES. Management at every level of the HHSC system is responsible for designing and implementing procedures and internal controls appropriate for key business processes. Every employee is responsible to know and implement applicable internal controls appropriate to their position. HHSC Corporate Board of Directors shall hold HHSC system leadership accountable for compliance with this policy. Regional System Boards of Directors shall hold regional leaders accountable for compliance with this policy. Governance of other HHSC corporations and business ventures shall hold their management accountable for compliance with this policy.

VI. APPLICABILITY: All HHSC regions and activities and staff and all HHSC Corporate staff.

VII. Regional Policies. Regional System Boards of Directors and governance of other corporations and business ventures of HHSC are authorized to issue policies consistent with this policy.

VII. REFERENCE: HRS Chapter 323F