

# PHARMACY PRICING ANALYSIS

Hospitals are moving towards standardizing pharmacy 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 pharmacy, **PARA** recommends the following:

- Self-Administered Drugs (SAD) should have lower markups to comply with Medicare billing standards
- Pricing should be developed using a nationally recognized cost basis or actual acquisition cost
- Fixed Add-On and Minimum Charges should be utilized to compensate for any use of additional departmental resources for handling or compounding the medication

The purpose of the **PARA Pharmacy Pricing Process** is to create a rational, cost-based pharmacy markup using the cost basis and charge categories as determined by the client to meet the guidelines listed above.

The **PARA Pharmacy Pricing Process** deliverables include a proposed markup, gross and net revenue projections, an item-specific detailed spreadsheet proposed changes, and a full write-up of techniques and findings.

PARA Data Editor - [Contact Support](#) | [Log Out](#)

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

**Pharmacy** | Supplies

**Establish Schedule**  
 Default Query Schedule: Current MU- September 2012- AWP/Client Categ

**NDC Lookup**  
 Enter NDC Code: Acquisition Cost:     
 Select a category from the Default Query Schedule: COMP  
 Hospital Charge Description:   
 FDB Drug Name:   
 FDB Route:   
 Multiplier: Add On Fee: Patient Charge:

**Financial Analysis**  
 Comparison Schedule: Proposed MU- November 2012- AWP/Clier   
 Avg Charge - all items: 19,227,002.29  
 Avg Charge - all items: 19,227,002.29  
 Avg Charge - all items w/ AWP: 19,226,672.29  
 Avg Charge - all items w/ AWP: 19,226,672.29  
 AWP Markup - all items w/ AWP: 13,234,488.51  
 AWP Markup - all items w/ AWP: 20,817,715.23  
[View Excel Comparison Report](#)  
[View All Schedules](#)

Current MU- September 2012- AWP/Client Categories					
Category	Low	High	Minimum	Multiplier	Fixed Add On
COMP	0.01	999,999.99	0.00	4.20	5.00
IV	0.01	999,999.99	0.00	10.24	12.00
IVCAR	0.01	999,999.99	0.00	9.75	12.00
IVTPN	0.01	999,999.99	0.00	1.00	0.00
LIQUIDS	0.01	999,999.99	0.00	3.15	2.00
NCMED	0.01	999,999.99	0.00	.00	0.00
NOCHARGE	0.01	999,999.99	0.00	.00	0.00
UD INJ	0.01	999,999.99	0.00	3.31	15.00
UD SOLIDS	0.01	999,999.99	0.00	3.15	2.00

  

Proposed MU- November 2012- AWP/Client Categories					
Category	Low	High	Minimum	Multiplier	Fixed Add On
COMP	0.01	999,999.99	0.00	2.50	10.00
IV	0.01	999,999.99	0.00	5.00	75.00
IVCAR	0.01	999,999.99	0.00	5.00	75.00
IVTPN	0.01	999,999.99	0.00	1.00	0.00
LIQUIDS	0.01	999,999.99	0.00	2.50	5.00
NCMED	0.01	999,999.99	0.00	.00	0.00
NOCHARGE	0.01	999,999.99	0.00	.00	0.00
UD INJ	0.01	999,999.99	0.00	5.00	75.00
UD SOLIDS	0.01	999,999.99	1.00	2.50	0.00

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

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