Assignment Exercise 4–1: Contractual Allowances

Physician office revenue for visit code 99214 has a full established rate of $72.00. Of ten different payers, there are nine different contracted rates, as follows:

Payer	Contracted Rate
FHP	$35.70
HPHP	58.85
MC	54.90
UND	60.40
CCN	70.20
MO	70.75
CGN	10.00
PRU	54.90
PHCS	50.00
ANA	45.00

Rates for illustration only.

Required

1. Set up a worksheet with four columns: Payer, Full Rate, Contracted Rate, and Contractual Allowance.
2. For each payer, enter the full rate and the contracted rate.
3. For each payer, compute the contractual allowance.

The first payer has been computed below:

Payer	Full Rate	(less)	Contracted Rate	(equals)	Contractual Allowance
FHP	$72.00		$35.70		$36.30

Example 4B: Revenue Sources and Grouping Revenue

Sources of healthcare revenue are often grouped by payer. Thus, services might be grouped as follows:

Revenue from the Medicare Program (payer = Medicare)
Revenue from the Medicaid Program (payer = Medicaid)
Revenue from Blue Cross Blue Shield (payer = Commercial Insurance)
or
Revenue from Blue Cross Blue Shield (payer = Managed Care Contract)