



# The HFMA-Strata L7 Cost Accounting Maturity Model



	<b>ACCURATE: Components of Cost Model</b>	<b>COMPREHENSIVE: Scope and Use of Cost</b>
<b>7</b>	<p><b>Levels 1-6</b></p> <ul style="list-style-type: none"> <li>+ Use of Patient-Specific Timestamp Detail to allocate &gt;35% of Direct Labor Cost + Rebates are Applied at the Patient Level for every applicable Supply or Drug</li> <li>+ Cost for Professional Services Using Patient-Specific Time Stamp Detail to allocate &gt;25% of Direct Cost</li> <li>+ Integrating Outside Medical Expense Claim Detail + Cost at a Real Time/Near Real Time Basis</li> </ul>	<p>All Services Provided to Patients &amp; Members</p> <p>Established Data Standardization &amp; Mature Data Governance</p> <p>Real Time Cost Utilization &amp; Predictive Analytics</p>
<b>6</b>	<p><b>Levels 1-5</b></p> <ul style="list-style-type: none"> <li>+ Use of Patient-Specific Timestamp Detail to allocate &gt;25% of Direct Labor Cost + Payor Discount Programs (e.g.: 340B) Reflected in Drug and Supply Cost</li> <li>+ Cost for Professional Services Using Timestamp Detail to allocate &gt;5% of Direct Cost</li> </ul>	<p>All Services Provided to Patients</p> <p>Established Data Standardization &amp; Mature Data Governance</p> <p>Patient Utilization, Pop Health &amp; VBC Analytics</p>
<b>5</b>	<p><b>Levels 1-4</b></p> <ul style="list-style-type: none"> <li>+ Use of Patient-Specific Timestamp Detail to allocate &gt;15% of Variable Direct Labor Cost + Patient-Specific Acquisition Cost for Non-Chargeable Supplies at Item Level + Patient-Specific Acquisition Cost to allocate &gt;75% of Direct Drug Cost</li> <li>+ Labor Cost for Professional Services Attributed Directly to Providers</li> <li>+ Comprehensive Use of Activity Codes Identifying Variation Not Captured by the CDM</li> </ul>	<p>Hospitals + Physician Groups + Post-Acute Care</p> <p>Established Data Standardization &amp; Mature Data Governance</p> <p>Patient Utilization, Pop Health &amp; VBC Analytics</p>
<b>4</b>	<p><b>Levels 1-3</b></p> <ul style="list-style-type: none"> <li>+ Use of Patient-Specific Timestamp Detail to allocate &gt;5% of Direct Labor Cost + Patient-Specific Acquisition Cost to allocate &gt;75% of Supply Direct Cost + Patient-Specific Acquisition Cost to allocate &gt;50% of Direct Drug Cost</li> <li>+ Cost for Professional Services Based on 80% CMS RBRVS and 20% Directly to Providers</li> <li>+ Limited Use of Activity Codes Identifying Variation Not Captured by the CDM</li> </ul>	<p>Hospitals + Physician Groups</p> <p>Established Data Standardization &amp; Mature Data Governance</p> <p>Hospital &amp; Professional Service Line Analytics</p>
<b>3</b>	<p><b>Levels 1-2</b></p> <ul style="list-style-type: none"> <li>+ Use RVUs to allocate &gt;75% of Variable Direct Labor Cost + Patient-Specific Acquisition Cost to allocate &gt;50% of Direct Supply Cost + Standard Cost, RVU or % Markup to allocate &gt;25% of Direct Drug Cost</li> <li>+ Cost for Professional Services using CMS RBRVS + Cost is Maintained on a Monthly Basis</li> </ul>	<p>Hospitals + Physician Groups</p> <p>Expanding Data Governance</p> <p>Hospital &amp; Professional Service Line Analytics</p>
<b>2</b>	<p><b>Level 1</b></p> <ul style="list-style-type: none"> <li>+ Use RVUs to allocate &gt;50% of Direct Labor Cost + Standard Cost or Percentage Markup to allocate &gt;25% of Direct Supply Cost</li> <li>+ Cost for Professional Services Utilizing RCC</li> <li>+ Detailed Cost Components for Supply and Labor</li> </ul>	<p>Hospitals + Physician Groups</p> <p>Foundational Data Governance</p> <p>Hospital Service Line Analytics</p>
<b>1</b>	<ul style="list-style-type: none"> <li>Use RVUs to allocate &gt;25% of Direct Labor Cost + Use RVUs to allocate &gt;50% of Direct Supply/Drug Cost</li> <li>+ Simultaneous Overhead Allocation + Cost is Maintained on a Semi-Annual Basis</li> </ul>	<p>Limited to Hospitals &amp; No Data Governance</p> <p>Utilization Driven Analytics</p>
<b>0</b>	<ul style="list-style-type: none"> <li>Use a Basic RCC Methodology for Labor, Supply/Drug and Overhead Expenses</li> </ul>	<p>Limited to Hospitals &amp; No Data Governance</p> <p>Used for Medicare Cost Reporting Only</p>