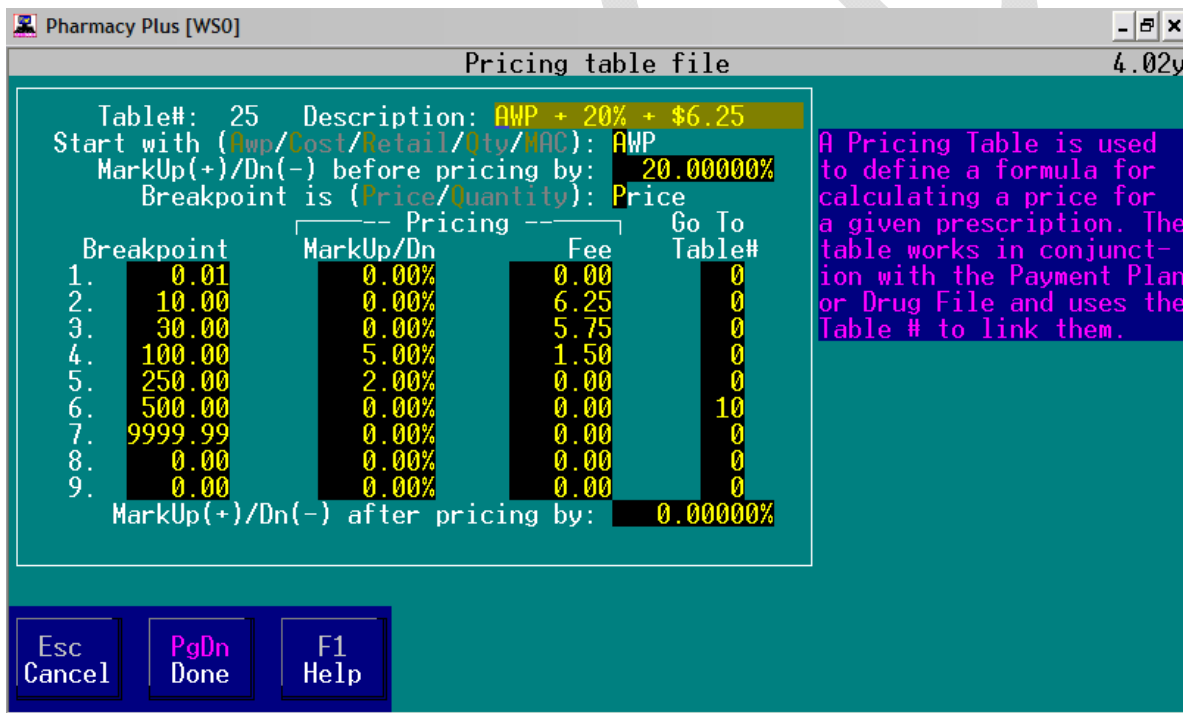# Prescription pricing

Calculating Rx Price based on your formula

The price table is where you defined how the Rx price is to be calculated.

You begin by defining the base price (i.e., AWP, Acquisition Cost or Retail price), then you specify the Markup you wish to apply to the base price (before adding fees), then you establish the fee structure (i.e., if the base price + the markup is less then $10.00 add 5% to the price) then you define any other markup after adding the fees, and lastly you define how the co-payment (if applicable) is to be calculated.

An Rx price can be automatically calculated by the computer base on your predetermine criterion. A price calculation criterion can be set at the Payment Plan or Drug level. For example, you may want to have the computer calculate the Rx price of a given Payment. Plan based on the AWP plus a 20% mark-up plus a $6.25 dispensing fee and you may want certain "drugs" to be calculated based on a different formula.

You begin by first creating a pricing table with the formula you want to use. To create a pricing table, select "Pricing table" from the File menu, then press [F2] to create.

A formula will be used to calculate the price of the prescription when either a Payment Plan or a Drug is selected. In our example above, we created a formula that will calculate the price of the prescription based on the AWP (Average Wholesale Price), plus 20% and we also set breakpoints based on the price calculated (the calculated price is compared to the Breakpoint, when the price is within the range the price will be further marked up or down based on the formula entered on the same line), as follows:

1. If the price calculated is below $0.01, no additional mark-up or dispensing fee will be added and the total price will be $0.00
2. If the price calculated is between $00.01 and $10.00, then a dispensing fee of $6.25 will be added to the total price.

3. Otherwise, if the price calculated is between $10.01 and $30.00, then a dispensing fee of $5.75 will be added to the total price.
4. Otherwise, if the price calculated is between $30.01 and $100.00 then the total price will be marked-up by %5 plus a dispensing fee of $1.50.
5. Otherwise, if the price calculated is between $100.01 and $250.00 then markup the total price by %2.
6. Otherwise, if the price calculated is between $250.01 and $500.00 then the calculated price will be discarded and a new price will be calculated based on pricing table #10.
7. Otherwise, if the price calculated is between $500.01 and $9,999.99 then the calculated price will be the final price and nothing else will be added.

Another example would be to quantity breakpoints instead of price, the price would be calculated based on the quantity you are dispensing.

The above example is a table that will calculate the price of the prescription based on the AWP price, it will first add **20%** to the **AWP** price. Then if this price is less than $10.00 it will add in addition a fee of $6.25 or if the price is between $10.01 and $30.00 it will add a dispensing fee of $5.75 to the price. If the price is between **$30.01** and **$100.00** it will add 5%, plus a dispensing fee of $1.50 to the price. If the price is between $100.01 and $250.00 it will add 2% to the price. If the price is between $250.01 and $500.00 the price will be re-calculated based on another pricing table (#10). Otherwise, if the price is less than $9.999.99 it will not add more to the price and the total price will be the price already calculated. For example, a drug with an AWP price of **$56.00** for a package of 30 tables, when 30 tables are dispensed using the above table the calculated price will be **$72.06**.

<div align="center">

Solution: **AWP ($56.00) * 20% = $67.20**
+ Mark-up fee of 5%= $70.56
+ Dispensing fee of $1.50 = $72.06

</div>

1. *You can also set a minimum total price to charge for the prescription.*
2. *You can set the total price to your cost if calculated price is less than your cost.*

The following is a description of the Price Table fields:
The *Calculate Price Based on", indicates how the base price is to be derived, the following options are available.

       A - Calculate the Price based on the AWP.
       C - Calculate the Price based on the Acquisition cost (your cost).
       R - Calculate the Price based on the Retail price of the drug.

The price can be marked up or down from the above base, by a percent factor entered in the "MarkUp/Dn price by" field. To mark up, enter a positive percent or a negative percent to mark down. Example: If you want the price automatically calculated based on the AWP less 12% enter an "A" in the "Calculate price based on field", then enter - 12% in the "MarkUp/Dn Price by" field. Assuming the AWP is 23.54 for 30 tablets and we are dispensing 30 tables, the calculation will be done as follows:

Price=(Awp+(Awp*-12%)/(the package size/the number of units dispensed)
20.71=(23.54+(23.54*-0.12)/1

Goto-Table#
If you enter a Table# (Price Table) and the calculated price falls in "Break Point" then a different Price Table will be used to calculate the Rx price.

Dispense fee
You can define up to nine levels for calculating a Dispense Fee; the levels are based on the price calculated above, and can either be a percent of the calculated price of a flat fee.

Minimum total price is the minimum sale price for the Rx.

The CoPay is the amount the patient is required to pay under the plan (either a flat amount or a percentage of the total).

Pricing Table database

Whenever a price table is created the data is stored in the price table file. Once stored, the price table can be retrieved by the price table number. Price table data can be modified directly in the price table file screen. A price table determines how the prescription price is calculated. The price table works in conjunction with the Payment Plan. Once a Payment Plan is selected while entering an Rx, the price of the Rx can be calculated using the Payment Plans price table.

DEFINITION

Table#   -   A unique number assigned by you that identifies the price table. This number is then put in the payment plan file or the drug so that it can use the table to calculate a price.
Deser   -   A description of the price table logarithm you are creating, this is for your future reference.
Price base on   - The price in the drug file, that will be used to start the calculation of the final price.
Mark up/down   - A percent to apply towards the base price (as defined by the "price based on"). Specify a positive value to increase or a negative value to decrease.
Breakpoint is   - (PRICE/QUANTITY) this is used to differentiate the two types of pricing strategies that can be used to calculate the final price. A price structure based on quantity or price can be used to further refined the final price. For example if the breakpoint is based on quantity, you could setup a different mark up strategy for a quantity of 10 as opposed to a quantity of 50. Like wise if the breakpoint is based on price, you could setup additional mark up strategies based on the price calculated to this point.
Breakpoint-   Either a quantity or a price range (as specified in"Breakpoint is"). Here you can specify up to nine different price or quantity structure that will trigger more calculations to be performed. For example:

Mark up/dn after pricing – a percent used to subtract or add to the figure calculated after pricing, <u>it will only apply if the price or quantity is within the applicable break-point.</u>

Fee – A fixed value (in dollars and cents) to be added to the price calculated to this point, <u>it will only apply if the price or quantity is within the applicable break-point.</u>

Go to Table# - Another price table to use in-order to calculate the price. <u>This will only apply if the price or quantity is within the applicable break-point</u>, all calculations done to this point are ignored.

Co-payment – Either a fixed or percent of the total price calculated can be entered. This is only an estimate and is used only for your information the actual co-payment (deducible) the patient is responsible for will be transmitted back to you when you send a claim.

Minimum total price – The minimum price to charge. This amount will be used if the total price calculated is below this amount.
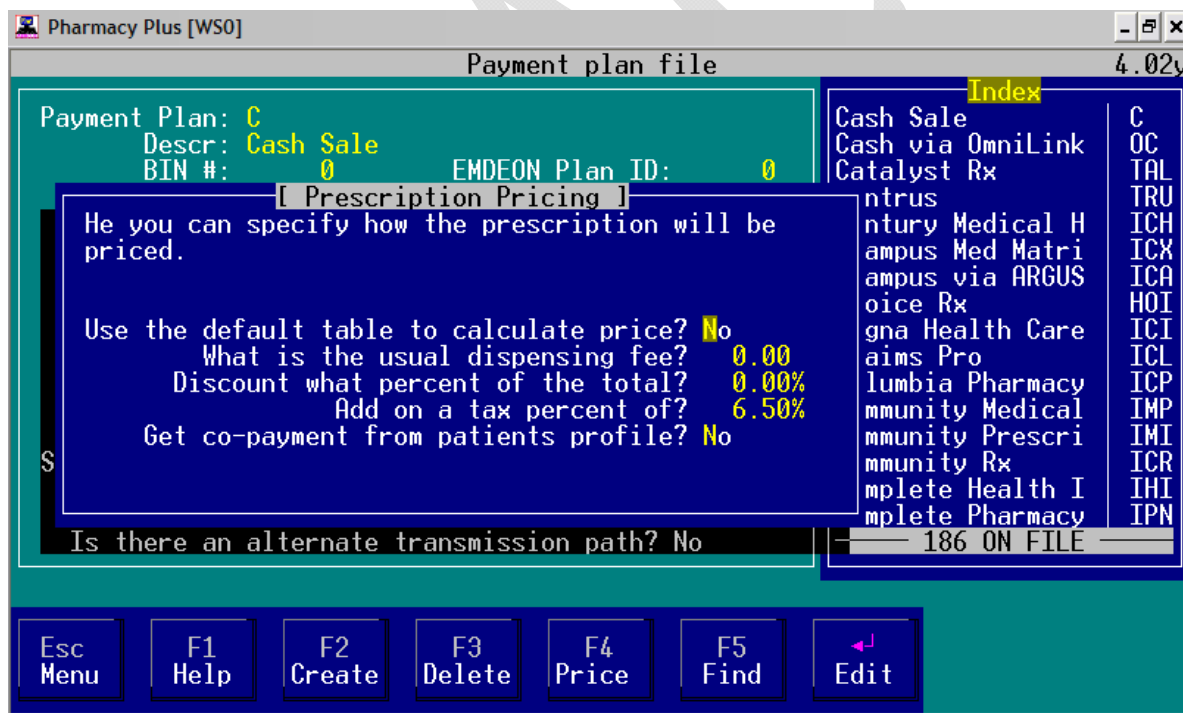
LINKING A PRICE TABLE TO A PAYMENT PLAN

The Payment Plan describes how the Rx will be paid, for example: Insurance, House Charge (Accounts Receivables), Medicaid, Medicare or Cash. It describes the Plan and the Price Table to be used in calculating the Rx price.

You can link a Payment Plan (insurance file) to a price table, so that when a Payment plan is used the price of the prescription will be determined by the price table that was linked to it.

To link a Payment plan with a price table.
Once the Price table has been created, go to the "Payment Plan file", under the File menu, then locate the desire Payment Plan by the [F5] find key. When the payment plan is found, press the [F4] key for Price.

Answer "No" to the first question, "Use the default table to calculate price?" and press the [PgDn] key, the following screen will be displayed:

Here is where you can link the Payment Plan to the Price Table, enter the Price table you want to use for Branded drugs and Generic drugs and press [PgDn] when done, to save.

The Price Table number, links the payment plan with a Price Table, I.e., it will use the pricing strategy under the designated Price Table. A different Price Table can be entered to calculate Brand drugs different than Generic drugs.

GROUP PRICING
Optionally, you may enter Group pricing. This is pricing based on the Form code of the drug or the drug name.

LINKING A DRUG TO A PRICING TABLE
You can set each or a group of drugs a specific Price Table you want to use to calculate the prescription price. This is done by entering the Price table number in the Drug, as follows:

First locate the Drug by selecting "Drug Inventory" from the File menu, then locate the Drug by the [F5] find key.
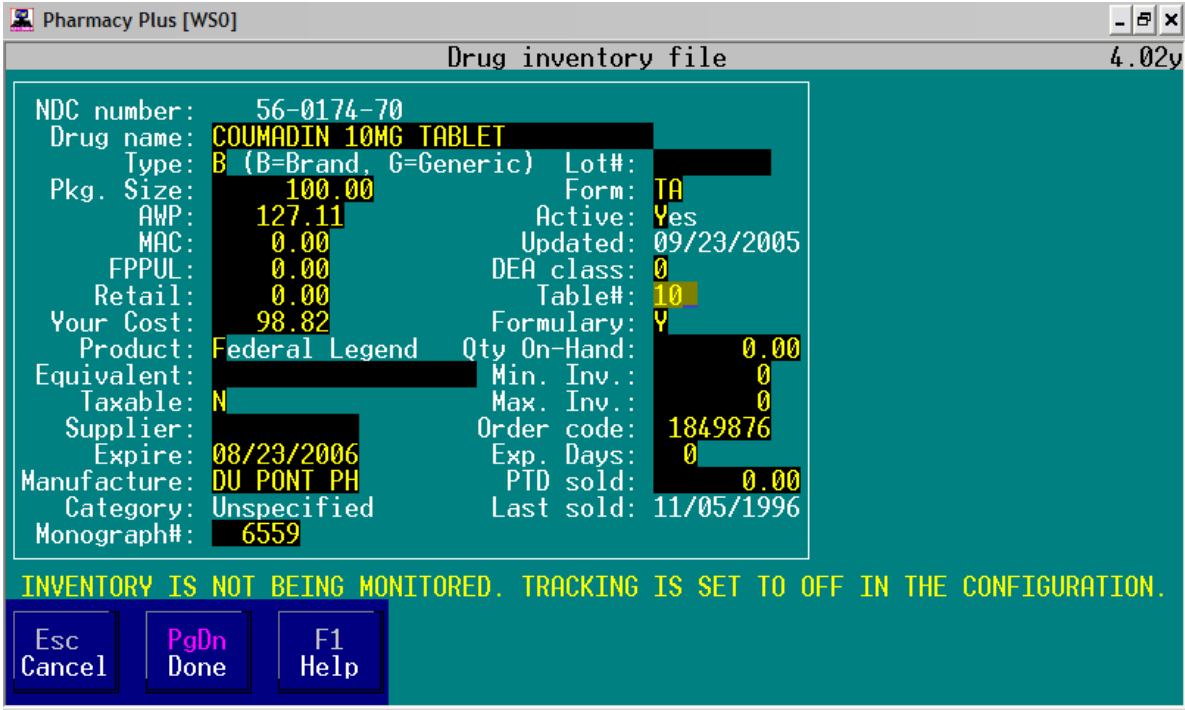
Enter the Price table number in the "Table#:" field.

Next, you must set the Payment Plan not to use a price table, as follows:

You can do this by entering 0 in the Table # of the above screen.

Note: If a discount percent is entered the Rx price will be reduced by the discount (after the price has been calculated by the Price Table).