TIP SHEET- **HOSPTIAL RATE DETERMINATION**

How Outpatient Research Rates are Determined at UCI Health

A technical guide for Faculty and Research Teams

Created By Carey Berkowick, Director of Research Operations

May 2025

When your research study requires clinical services billed through UCI Health's billing system, the charges you will see are *not* the standard patient or insurance rate. Instead, they are calculated using a **Ratio of Cost to Charge (RCC)** factor. Understanding how this works helps you budget accurately and maintain billing compliance with your research protocol.

What Is the RCC Factor?

The **Ratio of Cost to Charge (RCC)** Factor is a percentage that reflects what it *actually costs* for the hospital to provide a service relative to what it *charges* for that service. It is applied directly to SOC rates on the Hospital Billing (HB) fee schedule.

In simple terms: the RCC factor converts the standard "sticker price" (the charge master / SOC rate) down to an approximation of the true institutional cost without profit, which is what the research protocol is billed.

How Is the RCC Factor Calculated?

The RCC Factor is calculated using the annual cost report from UCI Health; which outlines the actual operating costs for the hospital- both inpatient and outpatient.

The cost report is submitted to Medicare using standardized federal form CMS-2522-10. This is a regulatory requirement under Centers for Medicare & Medicaid Services.

From the cost report data, separate RCC factors are calculated for Inpatient (IP) and Outpatient (OP), then blended. The blended rate is what gets applied to all HB charge master items to produce the research rate for that fiscal year.

Research Rate = SOC Charge Master Rate × Blended RCC Factor (%)

Frequently Asked Questions

Q: Does the RCC rate change every year?

Yes. Because it is derived from the annual cost report submitted each November, the blended RCC factor is updated annually and may shift up or down depending on changes in hospital costs and charge volume. Always confirm the current fiscal year's rate when building a study budget, and plan for possible increases annually.

Q: Why can the same research service have different rates depending on where it is performed?

Rates may differ based on where the service is performed and how the location is classified for billing purposes. Different reimbursement structures apply to professional/physician billing (PB), inpatient research stays, outpatient services, and services performed in non-licensed spaces. Medicare “Site-of-Service” (SOS) designations also impact how rates are calculated. In non-licensed UCI Health locations, rates are determined using a different methodology and do not use the RCC factor.

Q: Why is the research rate lower than the SOC rate?

Federal and institutional policy requires that federal research sponsors be billed no more than the institution's true cost for research-related services. The RCC factor converts the charge master price to an approximation of that cost, ensuring compliance and avoiding overcharging sponsors.

Q: Who can I contact if I have questions about a specific line item on my Research study statement/invoice?

Reach out to Research Revenue Integrity (ResearchRevenueIntegrityCRBCRFA@hs.uci.edu).

Real-World Examples of Research Rates (FY 2025)

The table below shows how the FY25 (27.41%) blended RCC is applied to two common charge master items to arrive at the research billing rate:

CPT Code	Service Description	SOC / Charge Master Rate	OP Research Rate (× 27.41% RCC)
70551	HB MRI Brain Stem w/o Contrast Material	$2,981.00	**$817.09**
80053	HB Comprehensive Metabolic Panel	$104.00	**$28.51**

The research rate is significantly lower than the standard patient charge because it reflects the hospital's cost rather than its listed price.