

NEWS *Brief* business information and news

from Premera Blue Cross

Sept. 28, 2007

Professional Fee Schedule Maintenance Policy

In order to establish a consistent method of incorporating changes into our professional fee schedules, Premera is updating our Professional Fee Schedule Maintenance Policy. This News Brief serves as notification of the revised policy effective Jan. 1, 2008 for all Premera Companies.

Our professional fee schedules are based on industry-standard pricing methodologies*. These pricing sources are periodically updated and we, in turn, may incorporate updates to our professional fee schedule for a number of reasons. As of Jan. 1, 2008, we will not send an individual notification when one of the following three classes of fee schedule maintenance events occurs:

New Code and Pricing Source Updates

- Addition of payment rates for newly adopted HCPCS Level I (CPT) and Level II codes
- Addition of payment rates for new technologies and new uses of established technologies Premera concludes are eligible for payment
- Corrections made by Centers for Medicare and Medicaid Services (CMS) or other industry sources
- Updates to average sales price or average wholesale price for vaccines, injectables, or pharmaceuticals
- Industry source updates for durable medical equipment or supplies (DME), parenteral/enteral items and services (PEN), other goods or non-physician services

Anesthesia Base Units

The American Society of Anesthesiologists (ASA) recommends revisions to the anesthesia base units for January of each calendar year. Beginning Jan. 1, 2008, the anesthesia base units used in Premera's anesthesia fee schedule will be kept current with the effective date of the ASA guidelines.

Professional New Code Reimbursement

When new professional procedure codes and modifiers are announced industry-wide, Premera's claims system will recognize each new code on claims with dates-of-service on or after the new code's effective date. If the provider's contract links reimbursement for a class of procedure codes to a particular pricing source (example: RBRVS), new codes in the same pay class will be reimbursed using similar logic. Reimbursement of these new codes will be based on the current contract terms and the weights or rates found in the new pricing source. If the contract does not specify reimbursement for the applicable pay class, but the fee schedule defaults to Plan Fee Schedule or another reimbursement methodology, the default methodology will be applied.

If the corresponding new pricing source is not available in time to be implemented by the new code's effective date, interim reimbursement logic will be applied. If the current contract denotes default reimbursement logic, the contracted logic will be applied. Otherwise, interim reimbursement will be based on a percent of the provider's billed charges. The percent will reflect average market reimbursement levels for existing codes. The reimbursement logic for the affected new codes will be regularly evaluated. Reimbursement will then be revised to reflect contract terms and the weights or rates found in the new pricing source.

New procedure codes and modifiers released with effective dates other than January 1 will be reimbursed at a percent of billed charges until the next contract renewal or regular fee schedule maintenance update, whichever is earlier. The percent will reflect average market reimbursement levels for existing codes. Certain procedure codes deemed appropriate for reporting purposes only will be recognized but not necessarily reimbursed. Non-specific procedure codes will be reimbursed on a case-by-case basis rather than assigned explicit rates.

If you have questions about this News Brief, call Physician and Provider Relations at 1-877-342-5258, option 4. If you have claims-related questions, please contact the Customer Service phone number on the back of the member's ID card.

Note: This is not a change in the way we adjudicate claims. Actual payment is subject to Premera payment policies, the subscriber's benefits and eligibility at the time of service, and the application of certain industry standard claims adjudication procedures.

*These include, but are not limited to, Resource Based Relative Value Scale (RBRVS); American Society of Anesthesiologists (ASA) base units; Medicare Durable Medical Equipment, Prosthetics/Orthotics, and Supplies (DMEPOS) Fee Schedule; Medicare Clinical Laboratory Fee Schedule (CLAB); pharmaceutical Average Sales Price (ASP); and pharmaceutical Average Wholesale Price (AWP).



Confidentiality Notice: This information is the proprietary and confidential information of Premera Blue Cross. It is for the sole use of the intended recipient(s) as it relates to the recipient's practice. Any other use or disclosure to any third party is strictly prohibited.

Please post or circulate this News Brief in your office