PREMERA | BLUE CROSS BLUE SHIELD OF ALASKA

Out-of-network provider dialysis benefit for ESRD patients

For self-funded and OptiFlex groups.

What is ESRD?	**ESRD stands for end stage renal disease.** It is the loss of kidney function that has reached an advanced state. When a patient has been diagnosed with ESRD, the kidneys are no longer working as they should to meet the body's needs. The only treatments to keep the patient alive are dialysis or a kidney transplant.[1] Patients with ESRD have coverage for dialysis treatment through their Premera policy and may also be eligible for Medicare Part B. [1] *Definition source: Mayo Clinic*
What is the issue?	**Out-of-network dialysis providers administering care for ESRD in Alaska and across the country are charging excessive fees for necessary dialysis services.** Currently, Premera has no outpatient, in-network dialysis providers in Alaska; therefore, members are limited to seeing an out-of-network dialysis provider. Out-of-network providers bill higher amounts (known as balance billing) leaving both the member and employer to experience significant financial impacts.
How are members and employers protected from the high cost of dialysis services?	**Premera protects both the member and the employer from the high charges billed by out-of-network dialysis providers.** The solution is a multipronged approach, using three different methods to bring down costs: • Limited out-of-network cost shares • Out-of-network reimbursement options at a percentage of Medicare • Proactive outreach to encourage enrollment in Medicare Part B This approach applies after the Medicare waiting period. The cost sharing and reimbursement will apply whether or not the member is enrolled in Medicare Part B. Further questions and answers below will explain these three methods in more detail.

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How does the ESRD patient benefit from enrolling on Medicare Part B?	According to Centers for Medicare & Medicaid Services (CMS) guidelines, out-of-network dialysis providers may NOT balance bill an ESRD patient for any amount over the Medicare allowed amount if that patient is enrolled in Medicare Part B. This means that enrollment in Medicare Part B can significantly reduce costs for out-of-network dialysis services. Once Medicare becomes the primary payor, this helps financially protect the member and reduces costs for the employer.
When are ESRD patients eligible for Medicare Part B?	**Once the patient has their first dialysis treatment with an ESRD diagnosis, the member (regardless of age) enters a waiting period to enroll in Medicare Part B.** The waiting period ends on the first day of the fourth month after their first dialysis treatment. The waiting period typically spans 90 days.
How are claims reimbursed once the member is enrolled in Medicare Part B?	At the end of the waiting period, the member is subject to a "coordination period." At that time, it is recommended they enroll in Medicare Part B coverage, which will be secondary to Premera coverage for the 30 months that follow the end of the waiting period. During the 30 months, Premera will reimburse in-network providers based on our contractual arrangement. Premera will reimburse out-of-network providers based on the employer-allowed amount. (The allowed amount is also referred to as the group out-of-network reimbursement selection.) After Premera processes the claim, the provider is responsible for submitting it to Medicare. Once Medicare processes the claim, the member will be protected from balance billing. After the 30-month coordination period, Medicare becomes the primary payor and Premera will be secondary. Both in-network and out-of-network providers' claims are processed at the Medicare allowed amount. If the member maintains their Medicare Part B coverage, providers cannot bill the member over the allowed amount.

What out-of-network cost-share options are available?	**Cost sharing will vary, depending on whether the plan is a high deductible health plan (HDHP) and whether the services are performed during or after the Medicare waiting period.** According to the IRS, for a plan to remain qualified as a high deductible health plan and to have an associated health savings account, non-preventive care must be subject to the plan's annual deductible. Dialysis is considered non-preventive care, so it must be subject to the plan deductible when the patient's plan is HSA-qualified. **Dialysis coverage for non-high deductible health plans (PPO plans):** • During the Medicare waiting period, dialysis is subject to the out-of-network deductible and coinsurance. • After the Medicare waiting period (30-month coordination period), dialysis is covered in full up to the allowed amount. This means that both the deductible and coinsurance are waived. **Dialysis coverage on high deductible health plans:** • During the Medicare waiting period, dialysis is subject to the out-of-network deductible and coinsurance. • After the Medicare waiting period (30-month coordination period), dialysis is subject to out-of-network deductible and then covered in full (coinsurance is waived).

What out-of-network reimbursement options are available?	**Out-of-network claims reimbursement will vary, depending on whether or not the service is performed during the Medicare waiting period or not.**
	
	During the Medicare waiting period, 300% of the Medicare allowed amount is reimbursed.
	
	After the Medicare waiting period (30-month coordination period):
	• When dialysis is performed outside Alaska or Washington, 125% of the Medicare allowed amount is reimbursed.
	• When dialysis is performed in Alaska or Washington, refer to the following out-of-network reimbursement options:
	  ○ 125% of the Medicare allowed amount
	  ○ 200% of the Medicare allowed amount

Does Premera do any outreach to members about Medicare Part B?	As soon as Premera receives an ESRD claim for a member, we reach out to CMS to see if the member has enrolled in Medicare Part B. If the member is not enrolled, Premera sends a letter that encourages them to enroll in Medicare Part B. The letter explains that they will pay the least out of pocket for treatment and remain financially protected against providers billing higher amounts, known as "balance billing." If the member is enrolled, the letter will encourage them to remain enrolled.

As the plan sponsor, can we pay the Medicare Part B premiums on the members' behalf?	Yes, however, we recommend following the guidance from the Office of Inspector General (OIG). The OIG's advisory opinion favored reimbursement of Part B premiums for group health plan members when claims for dialysis are paid at or above the Medicare allowed amount. Their opinion stated that this does not indicate a need to impose civil monetary penalties. The OIG also would not impose administrative sanctions. To pay the Medicare Part B premiums for your members, Premera recommends that monthly reimbursements are made to the member. It will be the member's responsibility to make their payments to CMS. Premera encourages members and employer groups to seek the legal and tax opinions of their legal counsel and tax advisors to ensure premium reimbursement is handled in a way consistent with IRS rules. **Premera also recommends that you do not pay the Medicare premiums for members on high deductible health plans (HDHP).**
Information for members looking for dialysis/kidney centers in Alaska	Currently, Premera does not have a contract with any dialysis/kidney centers in Alaska. If an ESRD member receives dialysis from an out-of-network provider in an area with no in-network providers, then the in-network cost shares will apply.
Who can members on my plan contact at Premera for health support?	Your members with ESRD can contact our Personal Health Support Team at 888-742-1479. To enroll in Medicare, members should contact the Social Security Administration office online at ssa.gov or toll free at 800-772-1213.