

## Pricing Development and Maintenance Policy

This Pricing Development and Maintenance Policy applies to Blue Cross and Blue Shield of North Carolina's ("Blue Cross NC's") calculations of contractual allowances ("fees") for services billed on a CMS 1500 or successor claim form. Each uniquely identifiable service is assigned a Service Category, based upon the HCPCS Level I ("CPT") or Level II code. Fee calculations applicable to each Service Category are described below, including the External Pricing Source.

- Annual updates will be based upon the applicable CPT/HCPCS code pricing determined by the 1st published Medicare file for January 1 and will be effective for dates of service on and after April 1, the year of the update. Blue Cross NC will not adjust pricing once established for the year until the following calendar year. Quarterly drug updates as indicated below will be based on the applicable pricing source in effect for the preceding quarter.
- CPT/HCPCS code pricing will follow below described hierarchies if based on current year pricing. If code pricing is not based on current year rates, it will remain with the first of the below hierarchy criteria that establishes a price from applicable source.
- Annual updates to existing service categories will be based upon category sources established throughout the year by Blue Cross NC, and will be effective per contractual renewals, annual updates, or fee schedule updates.
- New codes established on current year Medicare are determined by the 1st published Medicare file and will be effective for dates of service on and after April 1. New codes (excluding drug codes) will be priced at 60% of charge from January 1 to March 31. Blue Cross NC will not adjust pricing once established for the year until the following calendar year.

### Drug Services

1. Drug Service fees will be updated on a quarterly basis based on the applicable pricing source.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source:
  - a. 100% of Blue Cross NC Specialty Pharmacy Drugs
  - b. 110% of CDC Private Sector Price<sup>1</sup>
  - c. 100% of NC Medicare Part B Drug Fee Schedule, or if not available\*;
  - d. 105% Wholesale Acquisition Cost, or if not available;
  - e. 95% of Average Wholesale PriceIf none of the above sources contain a price for the applicable code, the Allowed Amount will be based upon:
  - f. Individual Consideration, or if no price can be determined;
  - g. 75% of your Reasonable Charge

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<sup>1</sup> All vaccines contained on the CDC Price List will be cross-walked to a CPT code. If more than one CDC listed Brand name/Trade name vaccine maps to a single CPT code, Blue Cross NC will apply the mean (average) Private Sector Cost/Dose price as the fee for the applicable CPT code. If the CDC Vaccine Price List contains more than one Private Sector Cost/Dose price for a particular Brand name/Trade name vaccine, Blue Cross NC will apply the lowest Private Sector Cost/Dose price when determining the fee.

### **Blue Cross NC Specialty Pharmacy Drugs**

1. Specialty Pharmacy Drug source discount will be updated on an annual basis.
2. Source pricing will be updated on a quarterly basis.
3. New and replacement codes will be updated on a quarterly basis.
4. Fees will be determined by each specialty pharmacy drug listed on the Specialty Pharmacy Drug list and based on a set percent of the following hierarchy;
  - a. \*\*% of Average Sales Price (ASP);

If ASP does not contain a price for the applicable code, the Allowed Amount will be based upon:

- b. \*\*% of Average Wholesale Price (AWP);
  - c. Individual Consideration, or if no price can be determined;
  - d. 75% of your Reasonable Charge. Blue Cross NC will not allow more than 75% of your charge for these services.
5. For any new drug that is not yet listed on the Specialty Pharmacy Drug list, is considered a specialty medication as defined by Blue Cross NC, and is added mid-year, then the default allowed amount will be ASP+12% or AWP-14% as applicable per hierarchy above. All new drugs may be added mid-year and updated accordingly, pursuant to this policy.
6. Any AWP priced drug that receives an ASP source mid-year will be updated to the ASP default Base Rate amount implemented until it is listed on the Specialty Pharmacy Drug List and may be updated accordingly, pursuant to this policy.

\*\*The Percent amount varies by drug and is provided in the Specialty Pharmacy Drug List attached.

The Specialty Pharmacy Drug list with Drug Class (category) is available on the Blue Cross NC.com website on the following link:  
[http://www.bcbsnc.com/assets/providers/public/pdfs/specialty\\_pharmacy\\_drugs\\_list.pdf](http://www.bcbsnc.com/assets/providers/public/pdfs/specialty_pharmacy_drugs_list.pdf)

### **Durable Medical Equipment, Prosthetics, Orthotics & All Other Medical Supplies ("DMEPOS") Services**

1. DMEPOS Service fees will be updated on an annual basis based on the applicable pricing source.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 75% of CMS North Carolina DMEPOS Fee Schedule\*(Not based upon Competitive Bid Allowance)
  - b. 75% of OptumInsight, as licensed by Blue Cross NC
  - c. 75% of the following fee: the national 60<sup>th</sup> percentile of billed charges for the applicable code provided by FAIR Health Benchmarks HCPCS product, as reported through Optum's EncoderPro or through successor product licensed by Blue Cross NC

If none of the above sources contains a price for the applicable code, the Allowed Amount will be based upon:

- d. Individual Consideration or if no price can be determined;
  - e. 75% of your Reasonable Charge. Blue Cross NC will not allow more than 75% or your charge for these services

### **Durable Medical Equipment, Prosthetics, Orthotics & All Other Medical Supplies ("DMEPOS") Services: Vision**

1. DMEPOS Service fees will be updated on an annual basis based on the applicable pricing source.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 100% of provider's reasonable billed charges for lenses and frames including contact lenses.
  - b. 100% of North Carolina Medicare DMEPOS Fee Schedule\*, or if not available;
  - c. 100% of OptumInsight as licensed by Blue Cross NC

If none of the above sources contains a price for the applicable code, the Allowed Amount will be based upon:

- d. 103% Invoice Cost

**Durable Medical Equipment, Prosthetics, Orthotics & All Other Medical Supplies (“DMEPOS”)**

**Services: Hearing**

1. DMEPOS Service fees will be updated on an annual basis based on the applicable pricing source.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 100% of North Carolina Medicare DMEPOS Fee Schedule\*, or if not available;
  - b. 100% of OptumInsight as licensed by Blue Cross NC, or if not available;
  - c. 75% of National Average Billed (Optum)

If none of the above sources contain a price for the applicable code, the Allowed Amount will be based upon:

- d. 100% Invoice Cost

**In Office Laboratory Services**

1. In-Office Laboratory Service fees will be updated on an annual basis based on applicable pricing source.
2. Except for services identified by Medicare as CLIA Excluded or CLIA Waived, In-Office Laboratory Service fees will be limited to those services for which you have provided Blue Cross NC with evidence of your CLIA certification. Any changes to your CLIA certification will be updated upon notification to Blue Cross NC but will not be retroactively effective.
3. Fees for CLIA Excluded, CLIA Waived or Provider Performed Microscopy Procedure Services will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 100% of North Carolina Medicare Clinical Lab Fee Schedule\* or if not available;
  - b. 100% of North Carolina Medicare Part B Physician Fee Schedule\* or if not available;
  - c. 100% of OptumInsight as licensed by Blue Cross NC

If none of the above sources contains a price for the applicable code, the Allowed Amount will be based upon:

- d. Individual Consideration or if no price can be determined;
- e. 75% of your Reasonable Charge

4. Fees for Panels and Chemistry Services will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 45% of North Carolina Medicare Clinical Lab Fee Schedule\* or if not available;
  - b. 45% of North Carolina Medicare Part B Physician Fee Schedule\* or if not available;
  - c. 45% of OptumInsight as licensed by Blue Cross NC

If none of the above sources contain a price for the applicable code, the Allowed Amount will be based upon:

- d. Individual Consideration or if no price can be determined;
- e. 75% of your Reasonable Charge

5. Fees for Hematology and Immunology Services will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 60% of North Carolina Medicare Clinical Lab Fee Schedule\* or if not available;
  - b. 60% of North Carolina Medicare Part B Physician Fee Schedule\* or if not available;
  - c. 60% of OptumInsight as licensed by Blue Cross NC

If none of the above sources contain a price for the applicable code, the Allowed Amount will be based upon:

- d. Individual Consideration or if no price can be determined;
- e. 75% of your Reasonable Charge

6. Fees for Pathology Services will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 90% of North Carolina Medicare Clinical Lab Fee Schedule\* or if not available;
  - b. 90% of North Carolina Medicare Part B Physician Fee Schedule\* or if not available;
  - c. 90% of OptumInsight as licensed by Blue Cross NC

If none of the above sources contain a price for the applicable code, the Allowed Amount will be based upon:

- d. Individual Consideration or if no price can be determined;
- e. 75% of your Reasonable Charge

#### **Ophthalmologic Exam Services**

1. Ophthalmologic Exam Service fees will be updated on an annual basis based on applicable pricing source.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 80% of North Carolina Medicare Part B Physician Fee Schedule\* or if not available;
  - b. 80% of OptumInsight as licensed by Blue Cross NC

If none of the above sources contains a price for the applicable code, the Allowed Amount will be based upon:

- c. Individual Consideration or if no price can be determined;
- d. 75% of your Reasonable Charge

3. The following service codes (and their successor codes) are considered routine vision codes and are excluded: S0620 – S0621, 92002, 92012, 92004 and 92014.
4. Evaluation & Management-Diagnosis Combinations – Codes 99202-99205 and 99211-99215 when filed in combination with the following diagnosis codes (or applicable successor codes).

Diagnosis Codes:

H52.00	H52.213	H52.13	H52.32
H52.01	H52.219	H52.201	H52.4
H52.02	H52.221	H52.202	H52.6
H52.03	H52.222	H52.203	H52.7
H52.10	H52.223	H52.209	Z01.00
H52.11	H52.229	H52.211	Z01.01
H52.12	H52.31	H52.212	

#### **Other Ophthalmologic Services**

1. Other Ophthalmologic Service fees will be updated on an annual basis based on applicable pricing source.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 100% of North Carolina Medicare Part B Physician Fee Schedule\* or if not available;
  - b. 100% of OptumInsight as licensed by Blue Cross NC

If none of the above sources contains a price for the applicable code, the Allowed Amount will be based upon:

- c. Individual Consideration or if no price can be determined;
- d. 75% of your Reasonable Charge

\*1st published Medicare file to be effective on and after April 1

3. The following service codes (and their successor codes) are considered routine vision codes and are excluded: S0620 – S0621, 92002, 92012, 92004 and 92014.
4. Evaluation & Management-Diagnosis Combinations – Codes 99202-99205 and 99211-99215 when filed in combination with the following diagnosis codes (or applicable successor codes).

Diagnosis Codes:

H52.00	H52.213	H52.13	H52.32
H52.01	H52.219	H52.201	H52.4
H52.02	H52.221	H52.202	H52.6
H52.03	H52.222	H52.203	H52.7
H52.10	H52.223	H52.209	Z01.00
H52.11	H52.229	H52.211	Z01.01
H52.12	H52.31	H52.212	

#### **Chiropractic Services**

1. Chiropractic Service fees will be updated on an annual basis based on applicable pricing source.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 80% of North Carolina Medicare Part B Physician Fee Schedule\* or if not available;
  - b. 80% of OptumInsight as licensed by Blue Cross NC
 If none of the above sources contains a price for the applicable code, the Allowed Amount will be based upon:
  - c. Individual Consideration or if no price can be determined;
  - d. 75% of your Reasonable Charge

#### **Physical, Occupational, Speech Therapy (“PT/OT/ST”) Services**

1. PT/OT/ST Service fees will be updated on an annual basis based on applicable pricing source.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 70% of North Carolina Medicare Part B Physician Fee Schedule\*, or if not available;
  - b. 70% OptumInsight as licensed by Blue Cross NC
 If none of the above sources contains a price for the applicable code, the Allowed Amount will be based upon:
  - c. Individual Consideration or if no price can be determined;
  - d. 75% of your Reasonable Charge

#### **Behavioral Health Services**

1. Behavioral Health Service fees will be updated on an annual basis based on applicable pricing source.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 100% of North Carolina Medicare Part B Physician Fee Schedule\* for physician or clinical psychologist or 75% of North Carolina Medicare Part B Physician Fee Schedule\* for non-physician/non-clinical psychologist;
 If none of the above sources contain a price for the applicable code, the Allowed Amount will be based upon:
  - b. 100% of OptumInsight as licensed by Blue Cross NC, for physician or clinical psychologist or 75% of OptumInsight as licensed by Blue Cross NC for non-physician/non-clinical psychologist or if not available;
  - c. Individual Consideration or if no price can be determined;
  - d. 75% of your Reasonable Charge

### **Other Tests and Services**

1. Other Tests and Miscellaneous Service fees will be updated on an annual basis based on applicable pricing source.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 100% of North Carolina Medicare Part B Physician Fee Schedule\* or if not available;
  - b. 100% of OptumInsight as licensed by Blue Cross NCIf none of the above sources contains a price for the applicable code, the Allowed Amount will be based upon:
  - c. Individual Consideration or if no price can be determined;
  - d. 75% of your Reasonable Charge

### **Ground Ambulance**

1. Service fees will be reviewed and/or updated on a periodic basis.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. 100% of NC Ambulance Fee Schedule\* or if not available
  - b. 100% of OptumInsight as licensed by Blue Cross NC or

If none of the above sources contains a price for the applicable code, the Allowed Amount will be based upon:

- c. Individual Consideration, or if no price can be determined;
- d. 75% of your Reasonable Charge

### **All Other Services**

1. All Other Service fees will be reviewed and/or updated on a periodic basis based on applicable pricing source.
2. Fees will be determined based upon the following hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates:
  - a. % of 2008 North Carolina Medicare Part B Physician Fee Schedule\* or if not available
  - b. % of OptumInsight as licensed by Blue Cross NC or

If none of the above sources contains a price for the applicable code, the Allowed Amount will be based upon:

- c. Individual Consideration, or if no price can be determined;
- d. 75% of your Reasonable Charge

### **Fee Determination Based on a Percentage of Your Reasonable Charge**

- When application of the hierarchy and criteria for the determination of contractual allowances results in a fee for a given service based upon a percentage of your charge, you are obligated to ensure that: (1) all charges billed to Blue Cross NC are reasonable; (2) all charges are consistent with your fiduciary duty to your patient and Blue Cross NC; (3) no charges are excessive in any respect; and (4) all charges are no greater than the amount regularly charged to the general public, including those persons without health insurance.

### **Fee Determination Based on a General Or Unlisted Code/Individual Consideration**

- If a general code (e.g. 21499, unlisted musculoskeletal procedure, head) or unlisted code because a code specific to the service or procedure is nonexistent, or a code where no pricing source is available is filed, Blue Cross NC will assign a fee to the service which will be a reasonable charge established by Blue Cross NC using a methodology which is applied to comparable providers for similar services under a similar health benefit plan and/or applying a 12 month claims review to determine average allowed or applying a 12 month claims review to determine average allowed or 75% of your Reasonable Charge. Blue Cross NC's methodology is based on several factors including Blue Cross NC's Payment Guidelines and Reimbursement Policy as described in *The Blue Book*, and Pricing and Adjudication Principles for Professional Providers as described in the medical policy section of the Blue Cross NC website. Under these guidelines, some procedures charged

\*1st published Medicare file to be effective on and after April 1

separately by you may be combined into one procedure for reimbursement purposes. Blue Cross NC may use clinical judgment to make these determinations, and may use medical records to determine the specific service(s) rendered.

- Some codes that are listed as specific codes in the CPT/HCPCS manuals relate to services that can have wide variation in the type and/or level of service provided. These codes will be treated by Blue Cross NC in the same manner as general codes, as described in the above paragraph.
- Blue Cross NC reserves the right to price Drug Services using the National Drug Code for drugs that are filed using general or unlisted codes, or codes that may be used for multiple drugs.
- DMEPOS Services that are filed using general or unlisted codes must include the applicable manufacturer's invoice, and will be priced at 10% above the invoice price. Blue Cross NC will not allow more than 100% of your charge for these services.
- If a general or unlisted code is filed despite the existence of a code specific to the service or procedure, Blue Cross NC will assign the fee for the more specific code to determine the fee under Blue Cross NC's applicable reimbursement policies.
- Blue Cross NC's assignment of a fee for a given general or unlisted code does not preclude Blue Cross NC from assigning a different fee for a subsequent service or procedure under the same code. Blue Cross NC's determination of a fee for a service billed for a given general or unlisted code may vary from a previously determined fee based on new or additional information that subsequently becomes available regarding the service in question or other similar services.

#### **Additional Fee Determination**

- Blue Cross NC reimburses the lesser of your charge or the applicable fee in accordance with your contract and this Pricing Policy.
- Outpatient Prospective Payment System (OPPS) Pricing will apply to the technical component of certain diagnostic imaging services and the technical component portions of the global diagnostic imaging services in accordance with Section 5102 (b) of the Deficit Reduction Act of 2005.
- Nothing in this Pricing Policy will obligate Blue Cross NC to make payment on a claim for a service or supply that is not covered under the terms of the applicable benefit plan. Furthermore, the determination of a code-specific fee does not guarantee payment for the service.
- If any External Pricing Source reference listed below changes (e.g., a new Medicare intermediary is selected), references in this Pricing Policy will be deemed to refer to the superseding source.
- Fees for services represented by CPT/HCPCS codes that are introduced after the effective date of this Pricing Policy will be determined based upon the hierarchy and criteria applicable to the Service Category of the new code.
- For new All Other Services codes, the year in which the code was first introduced will be substituted for the applicable 2008 External Pricing Source. (e.g. If a new CPT code is introduced in 2009, the 2009 North Carolina Medicare Part B Physician Fee Schedule will be the primary External Pricing Source.)
- All Other Services codes will be reviewed annually. The fee for any code will be determined based upon the above hierarchy and criteria. The first of the following criteria that can be used to establish a price will be the applicable source going forward for items not based on current year rates.

## **External Pricing Sources**

All references in this 2008 Pricing Policy to External Pricing Sources refer to the following:

- NC Medicare Part B Physician Fee Schedule\*
  - <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Relative-Value-Files.html>
  - [https://www.palmettogba.com/palmetto/fees\\_front.nsf/fee\\_main?OpenForm](https://www.palmettogba.com/palmetto/fees_front.nsf/fee_main?OpenForm)
- NC Medicare Part B Drug Fee Schedule\*
  - <https://www.reimbursementcodes.com/>
- NC Medicare Part B Clinical Lab Fee Schedule\*
  - <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ClinicalLabFeeSched/Clinical-Laboratory-Fee-Schedule-Files.html>
- NC Ambulance Fee Schedule\*
  - <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AmbulanceFeeSchedule/afspuf.html>
- NC DMEPOS fee schedule\*
  - <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule.html>
- Blue Cross NC Physician Specialty Pharmacy
  - <http://www.bcbsnc.com/providers/injectable-drugs/available.cfm>
  - Please contact your local Network Management office to obtain the fee for any Drug Service code, which was determined by the Blue Cross NC Specialty Pharmacy criteria.
- CDC Private Sector Price
  - <https://www.cdc.gov/vaccines/programs/vfc/awardees/vaccine-management/price-list/index.html>
- Average Sales Price
  - <http://www.reimbursementcodes.com>
  - Please contact your local Network Management office to obtain the fee for any Drug Service code, which was determined by the Average Sales Price criteria.
- Wholesale Acquisition Cost
  - <http://www.reimbursementcodes.com>
  - Please contact your local Network Management office to obtain the fee for any Drug Service code, which was determined by the Wholesale Acquisition Cost or Average Wholesale Price criteria.
- Average Wholesale Price
  - <http://www.reimbursementcodes.com>
  - Please contact your local Network Management office to obtain the fee for any Drug Service code, which was determined by the Wholesale Acquisition Cost or Average Wholesale Price criteria.
- OptumInsight *The Essential RBRVS*
  - <http://www.optuminsight.com>
- **FairHealth, Inc**
  - <http://www.fairhealthus.org/products/data-products>

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