

POLICY AND PROCEDURE

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Effective Date: September 2017
Last Reviewed: August 2018
Policy No: 2018CLM008



TITLE: Payment to Non-Participating Physicians and Providers Wrap Network / Usual & Customary (U&C) Rate

Department:	Provider Operations - Claims	Department Head: (Name and Signature)	Mychelle Scott 
Approval Date:	8/6/18	Next Review Date: (12 months from approval date)	August 2019
Compliance/Executive Approval:			
Name : Devona J Williams		Date: 8/6/18	

APPLIES TO: ☐ MEDICAID ☐ CHIP/ CHIP P ☒ HEALTH INS ☒ OTHER
☐ STAR+PLUS ☐ D SNP ☐ MARKETPLACE
☐ MMP

PURPOSE:

This purpose of this policy is to mitigate medical expenses associated with Non-Participating Physicians or Providers and limit the likelihood of any balance billing to Members.

In general, Community Health Choice Members must access benefits solely from Participating Physicians or Providers and Community has no obligation to issue payment to Non-Participating Physicians or Providers. However, there are circumstances when Community will authorize services and/or issue payment to Non-Participating Physicians or Providers, including (1) EMERGENCY SERVICES, inclusive of emergency transportation and (2) PLAN DIRECTED CARE. Plan Directed Care refers to either Community's or a Participating Physician's or Provider's referral of a Member outside Community's network, including referral to a Participating Hospital where hospital-based Physicians are Non-Participating. Payment of claims for Plan Directed Care require Prior Authorization which generally will be issued prospectively for Community's referral of a Member to a Non-Participating Physician or Provider and retrospectively for a Participating Physician's or Provider's referral of a Member to a Non-Participating Physician or Provider.

POLICY:

To comply with Texas Administrative Code (TAC) §11.1611, Community has created Usual and Customary (U&C) compensation payment for Emergency services or services associated with Plan Directed Care to Non-Participating Physicians or Providers. The payment may vary by benefit Program and by County in which the Member receives services.

Community establishes and annually reviews its U&C rate. The U&C rate is based on generally accepted industry standards and practices related to the services provided and reflects fair and

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accurate market rates. The rate shall be determined based upon data analysis from multiple public and private sources, including: (1) Texas Price Point, to determine the average reimbursement accepted by Providers in Community's market; (2) Comparisons of Physician and Provider billed charges based on Community's historical claims data, (3) Consideration of negotiated Commercial Rates for Community's Participating Physicians and Providers, as well as (4) historical claims data. As required by TDI's Title 28, Chapter 11 Insurance requirements, any analysis of historical claims data shall: (1) be based on sufficient data to constitute a representative and statistically valid sample, (2) be updated no less than once per year and not include data that is more than three years old, and remain consistent with nationally recognized and generally accepted bundling edits and logic.

PROCEDURE:

Based on data from these sources, Community established the following U&C rates based on Medicare reimbursement levels and methodology:

Effective 09/01/2017

- 130% of Medicare – Hospitals (Inpatient: MS-DRG CMS SDA Rate / Outpatient: MicroDyn OPPOS)

Effective 10/01/2017

- 130% of Medicare or network rate if no Medicare rate exist– Physicians
- 75% of Medicare or network rate if no Medicare rate exist– Ancillary Providers
- 100% of Medicaid Fee Schedule – Home Health

NOTES:

1. This policy does not apply to Non-Participating Physician or Provider claims in instances where Community maintains an active network participation agreement that results in the transition of financial risk and claims payment downstream to a Participating Physician or Provider or some other third party entity as the Texas Department of Insurance (TDI) may allow.
2. The Non-Participating Physician or Provider's Explanation of Payment (EOP) will state:

Acceptance of this check is payment in full. Payment is at least equal to U&C rate and Community's payment obligation to non-network Providers. Member responsibility defined in the Member's Evidence of Coverage (EOC) and is not responsible for balance.

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3. The Member's Explanation of Benefits (EOB) will state:

Community's payment is at least equal to the usual and customary rate for the service. Please contact Community if you receive bills from the non-network Provider beyond the amount of the member responsibility indicated in your Evidence of Coverage.

MARKETPLACE PROGRAM (*Community Marketplace & Kelsey Marketplace effective 6/1/17*) and Early Retirement Services (ERS effective 9/1/17)

For Emergency or Authorized claims from Non-Participating Physician or Providers, Community will process payment according to Community's established Usual & Customary (U&C) rate.

- For Emergency or Authorized claims received from Non-Participating Physician or Providers within Texas, Community will process payment according to Community's established Usual & Customary (U&C) rate. No further action is required. Providers in Texas may not balance bill HMO members for authorized benefit claims.

Applies to Out-of-State (OOA)

- For Emergency claims received from out of State Non-Participating Physician or Providers, Community will process payment according to Community's established Usual & Customary (U&C) rate. If the Provider accepts Community's payment by cashing the payment check, no further payment or action is required.

Communication related to administrative claims payment appeals:

If a Non-Participating Physician or Provider licensed in Texas rejects a payment, or if a Member notifies Community that he/she received a bill following Community's payment as defined herein, communication with both Members and the Non-Participating Texas Physician or Provider shall be as follows:

"The Texas Department of Insurance (TDI) requires Managed Care Organizations to pay a usual and customary rate to Non-Participating Physicians or Providers. Community created a Usual & Customary rate based on historical claims data, Texas Price Point, and other available market data. Community's U&C rate constitutes a usual & customary rate, and therefore Community fulfilled its payment obligation per TDI guidelines and Non-Participating Physicians or Providers may not balance-bill the Member for any remaining balance".

If an Out-of-State Non-Participating Physician or Provider rejects a payment, Community may offer a Single Case Agreement (SCA) to protect the HMO member from further action:

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MONITORING:

REPORTING:

<u>Name of Report</u>	<u>Frequency of Report</u>	<u>Owner</u>
Out of Network Utilization	Annually	Claims Management

ATTACHMENT(S):

NONE