


CLAIMS			<u>Effective Date</u> 01/01/2018	
	NON-CONTRACTED PROVIDER REASONABLE AND CUSTOMARY RATE		<u>Policy #</u> AHP ASO – CL024	
			<u>Review Date</u> 02/14/2024	<u>Applicable to:</u> <input type="checkbox"/> Medicare Advantage <input type="checkbox"/> Commercial ASO <input checked="" type="checkbox"/> Anthem Health HMO <input checked="" type="checkbox"/> Blue Shield Trio
	<u>Approver's Name & Title</u>		Elisabeth Fagan, Director of Operations	

1.0 PURPOSE

- 1.1 The purpose of this policy is to outline the methodology for calculating the non-contracted provider reasonable and customary rate for payment of claims.

2.0 POLICY

- 2.1 Non-contracted providers are paid in accordance with the standards, guidelines and payment rates of Medicare, using a factor of 1.5 (or 150%).
- 2.2 A license from OptumInsight, Inc. is maintained, which provides access to the Medicare Physician Fee Schedule Module; Custom Cut for Carrier/Locality 01112/64 (Monterey, CA).
 - 2.2.1 This license provides access to the Medicare allowance and also provides an allowance for a subset of services not part of the Medicare Fee Schedule (i.e. E&M codes).
- 2.3 When Medicare and/or Optum is absent an established fee allowance for a specific billing code, the rate paid to the non-contracted provider is calculated according to the procedure outlined below.

3.0 DEFINITIONS

- 3.1 See AHP definitions manual.

4.0 PROCEDURE

- 4.1 The reasonable and customary rate for payment of non-contracted provider claims will be calculated by multiplying the current CMS allowable, for a given code, by 1.5 (or 150%).
 - 4.1.1 For example, if a non-contracted provider bills CPT code 99213, for date of service 3/15/2018, and the CMS allowable for this code, for this date of service, is \$98.00, then the rate will be calculated as follows:
 - 4.1.1.1 $\$98.00 \times 1.5 = \147.00

4.2 When Medicare and/or Optum is absent an established fee allowance for a specific billing code, the reasonable and customary rate will be calculated by using 60% of billed charges.

4.2.1 For example, if a non-contracted provider bills CPT 99381 at \$150.00, for date of service 3/15/2018, and there is no established CMS allowable for this code, for this date of service, the Claims Analyst will manually price the claim as follows:

4.2.1.1 $\$150.00 \times 60\% = \90.00

5.0 TRAINING

5.1 Training for employees will occur within 90 days of hire, and upon updates to the policy.

6.0 REVIEW PERIOD

6.1 Annually.

7.0 REGULATORY REQUIREMENTS AND REFERENCES

7.1 Not applicable

8.0 POLICY VIOLATION

8.1 Any AHP associate or contractor who fails to abide by this policy may be subject to disciplinary action, up to, and including termination. Please refer to AHP's Disciplinary Guidelines and Enforcement Policy for further details.