



**Pricing Policy for Procedure/Service Codes  
(applicable to all PPO, POS and HMO products)  
Effective April 1, 2005  
Revised January 1, 2007**

The following policy applies to BCBSNC's payment to contracted providers for procedure/service codes billed on a CMS 1500 or successor claim form.

**Previously Priced Codes**

If a price was formally established in your fee schedule based on then-available external source pricing, that pricing will remain in place unless otherwise changed in accordance with your contract or this policy.

**General Pricing Policy**

When new CPT/HCPC codes are published, and an external pricing source exists for such codes, BCBSNC will price these codes in the following manner:

- If available, the most current NC Medicare pricing will be applied to that code. The percentage of such NC Medicare pricing that is applied to the new code will be matched to the percentage that was initially applied to establish your fee schedule for codes in the same range of codes.
- If NC Medicare pricing is unavailable, BCBSNC will apply the most current Cigna Medicare allowable pricing, using the same methodology described above, to establish your fee schedule.
- The most current NC Medicare pricing or Cigna Medicare allowable pricing means that pricing in place on the date the code was first eligible for use. If NC Medicare or Cigna Medicare revises the pricing or allowable pricing for any new code retroactive to the date the code was first eligible for use, BCBSNC will revise your fee schedule for that code (or codes) within 30 days of the NC Medicare or Cigna Medicare publishing of the revised pricing or allowable pricing. BCBSNC will not readjudicate or adjust affected claims based upon NC Medicare's or Cigna Medicare's retroactive revised pricing or allowable pricing. The revised fee applicable to your fee schedule will become effective only for dates of service rendered on or after BCBSNC's loading of your revised fee.
- If NC Medicare pricing or Cigna Medicare allowable pricing are unavailable, BCBSNC will apply the most current Ingenix RVU pricing, using the same methodology described above, to establish your fee schedule.
- For Durable Medical Equipment, the Palmetto DME fee schedule will be used in place of the above-referenced external sources.
- Drug CPT and HCPCS codes will be priced as outlined below.

- Upon initial pricing of a code as described above, that pricing will remain in place unless otherwise changed in accordance with the terms of your contract or this policy.
- Thereafter, on an ongoing basis and within 120 days of the publishing of each new external source pricing, BCBSNC will repeat the above procedure for previously unpriced codes.
- BCBSNC reimburses the lesser of your charge or the applicable pricing in accordance with your contract and this policy.
- Nothing in this policy will obligate BCBSNC 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 presence of a code and allowable on your sample fee schedule does not guarantee payment.

### **External Source Pricing**

All references in this policy to external source pricing refer to the following:

- NC Medicare pricing (available at [www.cms.gov](http://www.cms.gov))
- Cigna Medicare allowable pricing (available at [www.cignamedicare.com](http://www.cignamedicare.com))
- Ingenix *The Essential RBRVS* (available at [www.ingenixonline.com](http://www.ingenixonline.com))
- Palmetto Durable Medical Equipment fee schedule (available at [www.palmettogba.com](http://www.palmettogba.com))

In the event that the names of such external source pricing change (e.g. a new Medicare intermediary is selected), references in this policy will be deemed to refer to the updated names. In the event that new external source pricing generally acceptable in the industry and acceptable to BCBSNC becomes available, such external source pricing may be incorporated by BCBSNC into this policy.

### **Payment of Remaining Unpriced Codes**

Procedure/service codes that remain unpriced after each application of the above procedure will be paid in the interim at the lesser of your charge or the Statewide average charge (if available) for a given code. The Statewide average charge will be determined and updated annually, using the most recent 12-month period for which complete data has been received and entered into BCBSNC's claim system. If a Statewide average charge cannot be determined due to limited claims data, BCBSNC will assign a fee to the service that will be the lesser of your charge or a reasonable charge established by BCBSNC using a methodology that is applied to comparable providers for similar services under a similar health benefit plan. BCBSNC's methodology is based on several factors including BCBSNC's Payment Guidelines and Reimbursement Policy as described in *The Blue Book*, and Pricing and Adjudication Principles for Professional Providers as described on our medical policy website. Under these guidelines, some procedures charged separately by you may be combined into one procedure for reimbursement purposes.

### **Drug CPT And HCPC Codes**

These codes are priced based on a percentage of average wholesale prices (AWPs). A national drug-pricing vendor determines AWP, and the AWP methodology is as follows:

For a single-source drug or biological, the AWP equals the AWP of the single-source product. For a multi-source drug or biological, the AWP is equal to the lesser of the median AWP of all the generic forms of the drug or biological or the lowest brand name product of the AWP. A "brand name" product is defined as a product that is marketed under a labeled or proprietary name that may be different than the generic chemical name for the drug or biological. AWP's will be subject to quarterly changes (January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, October 1<sup>st</sup>) based on national vendor data.

In the event that new external source pricing generally acceptable in the industry and acceptable to BCBSNC becomes available (e.g. Average Sales Price to determine reimbursement for drug CPT and HCPC codes), such external source pricing may be incorporated by BCBSNC into this procedure.

Our specialty pharmacy drugs are priced according to our standard fee schedule. The current list of specialty pharmacy drugs is available on [www.bcbsnc.com](http://www.bcbsnc.com) (please see the "Injectable Drug Network; Availability" link in the "I'm a provider" section). The list also includes the next quarterly update (January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, October 1<sup>st</sup>). Please contact your local Network Management office to obtain fee schedule amounts for specialty pharmacy drugs.

### **Policy On Payment Based On Charges (applies to all products)**

When application of BCBSNC's reimbursement procedures results in payment of a given claim based on your charge or a percentage of your charge, you are obligated to ensure that: (1) all charges billed to BCBSNC are reasonable; (2) all charges are consistent with your fiduciary duty to your patient and BCBSNC; (3) all charges are not 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.

### **Policy On Pricing Of General Or Unlisted Codes (applies to all products)**

If a general code (e.g. 21499, unlisted musculoskeletal procedure, head) or unlisted code is filed because a code specific to the service or procedure is nonexistent, BCBSNC will assign a fee to the service which will be the lesser of your charge or a reasonable charge established by BCBSNC using a methodology which is applied to comparable providers for similar services under a similar health benefit plan. BCBSNC's methodology is based on several factors including BCBSNC's Payment Guidelines and Reimbursement Policy as described in *The Blue Book*, and Pricing and Adjudication Principles for Professional Providers as described on our medical policy website. Under these guidelines, some procedures charged separately by you may be combined into one procedure for reimbursement purposes. BCBSNC may use clinical judgment to make these determinations, and may use medical records to determine the exact services rendered.

Some codes that are listed as specific codes in the CPT/HCPC manuals relate to services that can have wide variation in the type and/or level of service provided. These codes will be treated by BCBSNC in the same manner as general codes, as described in the above paragraph.

Durable Medical Equipment claims or medical or surgical supply claims that are filed under general or unlisted codes must include the applicable manufacturer's invoice and will be paid at 10% above the invoice price. BCBSNC will not pay more than 100% of the respective charge for these claims.

If a general or unlisted code is filed despite the existence of a code specific to the service or procedure, BCBSNC will apply the more specific code to determine payment under BCBSNC's applicable reimbursement policies.

BCBSNC's assignment of a fee for a given general or unlisted code does not preclude BCBSNC from assigning a different fee for subsequent service or procedure under the same code. Fees for these services may need to be changed based on new or additional information that becomes available regarding the service in question or other similar services.