Pricing policy for Medicare Part B procedure / service codes (applicable to all HMO and PPO products)

Effective June 1, 2005, updated 08/23/2010, 09/09/2013, 09/14/2020, 10/10/2024.

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 (Part B Medicare) claim form or other similar forms. When services billed on UB-04 forms are contracted using Fee For Service (FFS) rates, this procedure would also apply.

General pricing policy

When the pricing for an existing code is updated and an external pricing source exists for such code, Blue Cross NC will implement such pricing in accordance with the applicable Blue Cross NC policy. Such updates and new pricing will apply for all dates of services on or after the source pricing effective date, but only for claims received after the date of Blue Cross NC's implementation of the update/new pricing. Blue Cross NC is not required to make retroactive pricing adjustments for claims received prior to Blue Cross NC's implementation date. Updates will be made using the following procedure:

• If NC Medicare final published file pricing is available when an existing code is updated or a new code is added, the most current NC Medicare pricing available will be applied to that code

• If NC Medicare final published file pricing is unavailable, Blue Cross NC will apply the most current NC Medicare allowable pricing if available, using the same methodology described above and the following external resources:

– Optum

– Palmetto GBA (www.palmettogba.com)

– DMEPOS Fee Schedule for DMEPOS

• For durable medical equipment, the DMEPOS fee schedule will be used in place of the above referenced external sources.

• Blue Cross NC reimburses the lesser of your charge or the applicable pricing

• Nothing in this 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 presence of a code and allowable on your sample fee schedule does not guarantee payment.

From time to time, either Congress or CMS may modify Medicare fee schedules for a limited duration of time without making commensurate changes to the reimbursement paid to MA organizations. When this occurs, Blue Cross NC reserves the right to forego implementation or application of such changes.

External source pricing

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

- Medicare (available at www.cms.hhs.gov)
- Optum (available at www.optum360coding.com)
- Palmetto GBA (available at www.palmettogba.com)
- DMEPOS fee schedule (available at www.cms.hhs.gov)

In the event that the names of such external source pricing change (e.g., a new Medicare intermediary is selected), references in this procedure 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 Blue Cross NC becomes available, such external source pricing may be incorporated by Blue Cross NC into this procedure.

Prescription drug CPT and HCPCS codes

These codes are priced following CMS guidelines and do not include those services covered under the CMS Part D program. Codes not falling under a separate prospective payment system will be based on a percentage of average sales price (ASP), wholesale acquisition cost (WAC) or average wholesale price (AWP), depending on the drug. Resources used to arrive at rates include websites for CMS.

For HIT services, drugs covered by Medicare will be based on the current year DME regional carrier priced Average Wholesale Price (AWP), if infused through DME per Section 303(b) of the Medicare Modernization Act.

Infused drugs not covered by Medicare will be based on the AWP listed in the most recently published and available edition of the Medicare Economics Red Book Guide to Pharmaceutical Prices as of the date of service. Blue Cross NC will require the name and dose of the drug provided. Parenteral and enteral nutrition (PEN) will be based on rates contained in the DME POS fee schedule published quarterly by the DME regional carrier.

Drugs not assigned specific HCPCS codes by CMS will be priced using the not otherwise classified (NOC) file as published by the Part B fiscal intermediary.

Policy on General or Unpriced Code and Codes designated Individual Consideration

Procedure/service codes that remain unpriced after each application of the above procedure will be paid in the interim at the lesser of the provider's charge or a Reasonable Charge established by Blue Cross NC using a methodology that is applied to comparable providers for similar services. Blue Cross NC's methodology is based on several factors including payment guidelines as published in the Blue Cross NC provider manual. Under these guidelines, some procedures charged separately by the provider 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 exact services rendered. For codes that Blue Cross NC approves as clinically necessary, have no price applied using any of the procedures described above and billed as less than $100, Blue Cross NC will pay 50% of the provider's Reasonable Charge.

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Policy on Unlisted Code

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, Blue Cross NC will assign a fee to the service which will be the lesser of the provider's charge or 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. Blue Cross NC may use clinical judgment to make these determinations, and may use medical records to determine the exact services rendered.

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 the invoice price. Blue Cross NC will not pay more than 100% of the respective Reasonable Charge for these claims.

If a general or unlisted code is filed despite the existence of a code specific to the service or procedure, Blue Cross NC will apply the more specific code to determine payment 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 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.