Pricing Policy for Procedure/Service Codes
(Applicable to all PPO, POS and HMO products)

The following policy applies to Blue Cross and Blue Shield of North Carolina's (Blue Cross NC'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

- Annual updates will be based upon the applicable CPT/HCPCS code pricing determined by the latest published Medicare file as of January 15 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 external pricing source in effect for the preceding quarter. All effective dates for pricing updates are based on dates of service.

When new CPT/HCPCS codes are published, and an external pricing source exists for such codes, Blue Cross NC will price those 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.
    - If NC Medicare pricing is unavailable, Blue Cross NC will apply the most current OptumInsight as licensed by Blue Cross NC RVU pricing, using the same methodology described above, to establish your fee schedule.
- New codes established on current year Medicare are determined by the latest published Medicare file as of January 15 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 CPT and HCPCS codes will be priced as outlined below.
- Upon initial pricing of a code as described above, pricing will remain in place unless otherwise changed in accordance with the terms of your contract or this policy.
- Blue Cross NC reimburses the lesser of your charge or the applicable pricing in accordance with your contact and this policy.
- 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.
- For telehealth POS 02, the non-facility rates published by CMS per our pricing source hierarchy will be used to calculate reimbursement.

Durable Medical Equipment, Prosthetics, Orthotics & Supplies (DMEPOS) Services

- For durable medical equipment, prosthetics/orthotics & supplies, The NC DMEPOS fee schedule will be used in place of the above-referenced external pricing sources.

*Latest published Medicare file as of January 15 to be effective on or after April 1

Effective April 1, 2005
Rev 10/15/19; Rev 9/18/20
Rev 8/1/22; Rev 07/31/23;
Rev 2/1/24, Rev 10/10/24

Durable Medical Equipment, Prosthetics, Orthotics & All Other Medical Supplies Services
Effective January 1, 2015

- DMEPOS service fees will be updated on an annual basis based on the applicable pricing source. 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 does not make retroactive pricing adjustments for claims received prior to Blue Cross NC's implementation date.
- 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:
    - 75% of CMS North Carolina DMEPOS fee schedule*(not based upon Competitive Bid Allowance)
    - 75% of OptumInsight, as licensed by Blue Cross NC
    - 75% of the following fee: the national 60th 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:

- Individual consideration or if no price can be determined
- 75% of provider's Reasonable Charge; Blue Cross NC will not allow more than 75% of provider Reasonable Charge for these services

Durable Medical Equipment Services: Vision

- DMEPOS service fees will be updated on an annual basis based on the applicable pricing source. 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 does not make retroactive pricing adjustments for claims received prior to Blue Cross NC's implementation date.
- 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:
    - 103% invoice cost for eyeglass frames
    - 100% of North Carolina Medicare DMEPOS fee schedule*, or if not available;
    - 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:

- 103% invoice cost

Durable Medical Equipment Services: Vision Effective January 1, 2015

- DMEPOS service fees will be updated on annual basis based on the applicable pricing source. 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 does not make retroactive pricing adjustments for claims received prior to Blue Cross NC's implementation date.
- 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:

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Rev 8/1/22; Rev 07/31/23;
Rev 2/1/24, Rev 10/10/24

- 100% of provider's reasonable billed charges for lenses and frames including contact lenses.
- 100% of North Carolina Medicare DMEPOS fee schedule*, or if not available;
- 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:

- 103% invoice cost

Durable Medical Equipment Services: Hearing

- DMEPOS service fees will be updated on annual basis based on the applicable pricing source. 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 does not make retroactive pricing adjustments for claims received prior to Blue Cross NC's implementation date.
- 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:
  - 100% of North Carolina Medicare DMEPOS fee schedule*, or if not available;
  - 100% of OptumInsight as licensed by Blue Cross NC, or if not available
  - 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:
  - 100% invoice cost

Ophthalmologic Exam Services

1. Ophthalmologic Exam Service fees will be updated on an annual basis based on applicable pricing source. 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 does not make retroactive pricing adjustments for claims received prior to Blue Cross NC's implementation date.
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	

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Rev 8/1/22; Rev 7/31/23;
Rev 2/1/24; 10/10/24

Other Ophthalmologic Services

1. Other Ophthalmologic Service fees will be updated on an annual basis based on applicable pricing source. 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 does not make retroactive pricing adjustments for claims received prior to Blue Cross NC's implementation date.
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
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	

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 NC statewide average charge (if available) for a given code. The NC 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 Blue Cross NC's claim system. If a NC Statewide average charge cannot be determined due to limited claims data, Blue Cross NC will assign a fee to the service that will be the lesser of your charge or a Reasonable Charge established by Blue Cross NC using a methodology that is applied to comparable providers for similar services under a similar health benefit plan. 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 the "Pricing and Adjudication Principles for Professional Providers" medical policy. Under these guidelines, some procedures charged separately by you may be combined into one procedure for reimbursement purposes.

Drug CPT and HCPCS Codes

These codes are priced based on a percentage of average wholesale prices (AWPs). A national drug-pricing vendor determines AWPs, 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. AWPs will be subject to quarterly changes (January 1, April 1, July 1, and October 1) based on national vendor data.

In the event that new external source pricing generally acceptable in the industry and acceptable to Blue Cross NC becomes available (e.g. average sales price to determine reimbursement for drug CPT and HCPCS codes), such external source pricing may be incorporated by Blue Cross NC into this procedure.

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Rev 8/1/22; Rev 7/31/23;
Rev 2/1/24; 10/10/24

Our specialty pharmacy drugs are priced according to our standard fee schedule as outlined below.

Blue Cross NC Specialty Pharmacy Drugs

1. Specialty Pharmacy Drug source discount will be updated on an annual basis. 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 does not make retroactive pricing adjustments for claims received prior to Blue Cross NC's implementation date.
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 Reasonable 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 *www.Blue Cross NC.com*. specialty-drug-list.pdf (bluecrossnc.com)

Policy On Payment Based On Reasonable Charges (applies to all products)
When application of Blue Cross NC's reimbursement procedures results in payment of a given claim based on your Reasonable Charge or a percentage of your Reasonable 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.

Policy On Pricing Of General, Unlisted Codes, Or Individual Consideration Codes (applies to all products)
If a general code (e.g. 21499, unlisted musculoskeletal procedure, head), unlisted code, or individual consideration 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 the lesser of your 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 or applying a 12 month claims review to determine average allowed/charged. 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 the "Pricing and Adjudication Principles for Professional Providers" medical policy. Under these guidelines, some procedures charged 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 exact services 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.

DMEPOS claims or medical or surgical supply claims that are filed under general, unlisted, or individual consideration codes must include the applicable manufacturer's invoice and will be paid at 10 percent above the invoice price. Blue Cross NC will not pay more than 100 percent of the respective charge for these claims.

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Rev 8/1/22; Rev 7/31/23;
Rev 2/1/24; 10/10/24

If a general, unlisted, or individual consideration 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, unlisted, or individual consideration 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.

External Source Pricing
All external source pricing references in this policy 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
- OptumInsight *The Essential RBRVS*
  - www.optum360coding.com
- NC DMEPOS fee schedule*
  - https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule.html
- 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.

  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.
- Fairhealth, Inc*:*
  - http://www.fairhealthus.org/products/data-products

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 Blue Cross NC becomes available, such external source pricing may be incorporated by Blue Cross NC into this policy.

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Rev 8/1/22; Rev 7/31/23;
Rev 2/1/24; 10/10/24