

# 2005 Physician Fee Update

## Q&A

- **Why is Regence BlueShield of Idaho making reimbursement adjustments?**

Regence BlueShield of Idaho has a responsibility to the public and our members to make good business decisions for the purpose of providing access to affordable and competitive rates for health care services. It is important that we have competitive fees and premiums in order to provide choice for our members in health insurance options.

In order to do this, it is imperative that Regence BlueShield of Idaho payment policies follow market trends. The reimbursement policy changes we are implementing follow national industry trends that CMS and other major payors have already adopted. These policies are consistent with the Resource Based Relative Value System (RBRVS) methodology. These policy changes bring our reimbursement levels consistent with the other major health plans. We continue to reimburse services at a level higher than most, if not all, of the major carriers in Idaho.

- **What is Regence BlueShield of Idaho doing to provide a competitive administrative rate?**

As a not-for-profit health insurance company, Regence BlueShield of Idaho is committed to our members receiving maximum value for their premium dollars. Operations are continually reviewed to ensure efficiency. Regence BlueShield of Idaho uses approximately 10 cents of every dollar for administration while processing more than 2.5 million claims a year. Our staffing structure, pay and benefits are also continually evaluated and modified to be consistent with industry standards.

- **Are changes being made to conversion factors?**

Most Traditional (PAR) conversion factors received an increase. The statewide PPO conversion factors were reduced to match market competitive PPO reimbursement levels. The 2005 RVUs and GPCIs have been adopted for both fee schedules.

- **What is the 50% implementation of site-of-service differentials?**

Physicians will be reimbursed based on the location where the service was performed. Regence BlueShield of Idaho will phase in site-of-service payment differentials by implementing only one half of the differential published by CMS. This reimbursement change will bring our reimbursement in line with other national and local major payors, such as CMS, that have already adopted this policy.

The RBRVS methodology is designed to consider where the service was performed. The professional component of an office-based service is reimbursed at a higher level than facility-based services. This is due to the additional overhead expenses that incur for an office-based service that are not incurred in a facility-based setting.

- **Why will the statewide PPO pricing and Traditional network pricing be structured differently?**

Our statewide PPO is one of the network options in our Regence Select PPO product offerings. It is essential that we take the appropriate steps to adjust the reimbursement of this statewide PPO product so that it may compete on a comparable playing field with the other PPO products in the market. Our PPO network may also be used for future PPO products we develop.

- **Why is the MRI/CT technical component conversion factor different from the conversion factor for the professional component of the service?**

The utilization of advanced radiological procedures, such as MRI and CT scans, has increased significantly. This dramatic increase in utilization has had a considerable impact on health care costs. Our fee schedule has separate technical and professional component conversion factors for MRI and CT scans as a step to address these concerns.

- **How will these changes affect our office?**

The effect for each physician will depend on his or her billing practices and mix of services. The fee calculation tool for this update is available on our provider Web site at **[www.id.regence.com](http://www.id.regence.com)** so that provider offices will have the ability to review the fee adjustments. Our Provider Services Representatives can also share modeled information using the new conversion factors and payment policies. Provider Services is contacting physicians who, according to our modeling, have an impact of greater than -\$5,000 to provide them with their specific practice results.

- **How will the amendment provision of my contract be enforced?**

Regence BlueShield of Idaho is providing physicians a 60-day notification of the amendments we are making to the pricing exhibits. Section 8.1 of the Participating Provider Agreement provides physicians with a 30-day period to review the new amendments.

If a physician elects not to accept one or both amendments, he or she must provide Regence BlueShield of Idaho written notice of his or her intent. All written notices sent by September 15, 2005 will allow the request to be effective October 15, 2005. All written notices postmarked after September 15, 2005 will become effective 60 days from the time the notice was postmarked.