Reimbursement Policy

Reasonable Billing Practices

REIMBURSEMENT POLICY NUMBER: 14

Effective Date: 1/1/2025

Last Review Date: 12/2024

Next Annual Review: 12/2025

SCOPE AND APPLICATION.......... 1
POLICY STATEMENT.......... 1
POLICY GUIDELINES.......... 2
CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) 2
BILLING AND CODING GUIDELINES 3
CROSS REFERENCES.......... 3
REFERENCES.......... 3
POLICY REVISION HISTORY.......... 3

INSTRUCTIONS FOR USE: Company reimbursement policies serve as guidance for the administration of plan benefits. Reimbursement policies do not constitute medical advice nor a guarantee of coverage. Company reimbursement policies are reviewed annually. The Companies reserve the right to determine the application of reimbursement policies and make revisions to reimbursement policies at any time. The scope and availability of all plan benefits are determined in accordance with the applicable coverage agreement. Any conflict or variance between the terms of the coverage agreement and Company Reimbursement Policy will be resolved in favor of the coverage agreement.

SCOPE AND APPLICATION

Provider Type:

☒ Providence Health Plan Participating Providers
☒ Non-Participating Providers

Plan Product:

☒ Commercial
☒ Medicare
☒ Medicaid/Oregon Health Plan (OHP)

POLICY STATEMENT

I. Charges submitted for services, supplies, and/or pharmaceuticals will be a reasonable reflection of the provider’s cost for that service, supply, or pharmaceutical.

II. Excessive charges may be considered abusive billing practice and may be subject to action

SCOPE: Providence Health Plan, Providence Health Assurance, and Providence Plan Partners as applicable (referred to individually as “Company” and collectively as “Companies”).

including, but not limited to, withholding payment, recovery of prior payment, and termination of provider's contract.

POLICY GUIDELINES

BACKGROUND

The objective of this policy is to:

- Reduce financial harm to member caused by excessive out-of-pocket expenses.
- Maintain fair and equitable reimbursement to all providers.
- Eliminate unnecessary expenditures by the health plan.

According to the Centers for Medicare and Medicaid Services (CMS) Provider Reimbursement Manual – Part 1, Chapter 21- Costs Related to Patient Care, §2102.1 Reasonable Costs (changing font to ***bold, italics, and underline*** has been added by the Company for emphasis):

> "Implicit in the intention that ***actual costs be paid to the extent they are reasonable is the expectation that the provider seeks to minimize its costs and that its actual costs do not exceed what a prudent and cost-conscious buyer pays for a given item or service***. (See §2103.) If costs are determined to exceed the level that such buyers incur, in the absence of clear evidence that the higher costs were unavoidable, the excess costs are not reimbursable under the program."[1]

Procedure

- Documentation of services and/or invoices for supplies or pharmaceuticals and/or documentation to support pricing must be available and submitted to the health plan upon request.
- Documentation and/or invoices will be reviewed, and if the provider's charge is in excess of a reasonable margin based on the provider's cost or level of service, it will be reported to Provider Contracting.
- Providers who repeatedly submit excessive charges will be referred to the Company's Special Investigations Unit (SIU) team.

CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS)

As of 11/1/2024, the following Centers for Medicare & Medicaid (CMS) guidance was identified which addresses reasonable costs:

- Centers for Medicare and Medicaid Services (CMS). Provider Reimbursement Manual – Part 1, Chapter 21- Costs Related to Patient Care, §2102.1 Reasonable Costs

The above statements and methodologies are consistent with CMS guidance regarding billing practices.

BILLING AND CODING GUIDELINES

The CPT manual in "Instructions for Use of the CPT codebook" section states:

> "Select the CPT code of the procedure of service that accurately identifies the procedure or service performed. Do not select a CPT code that merely approximates the procedure or service provided. If no such specific code exists, then report the procedure or service using the appropriate unlisted procedure or service code. When using an unlisted code, any modifying or extenuating circumstances should be adequately and accurately documented in the medical record."[2]

Appropriate and accurate CPT and HCPCS code selection and modifier usage play a significant role in reasonable billing. CPT and HCPCS codes reflect the service or item provided, and are priced to reflect the physician, supplier, and facility work and resources involved in rendering that service, item, supply, or drug. Modifiers provide essential details to the Plan regarding special circumstances (e.g., appropriate unbundling situations) or adjustments in reimbursement.

CROSS REFERENCES

None

The full Company portfolio of current Reimbursement Policies is available online and can be accessed here.

REFERENCES

1. Centers for Medicare and Medicaid Services (CMS). Provider Reimbursement Manual – Part 1, Chapter 21- Costs Related to Patient Care, §2102.1 Reasonable Costs. https://www.cms.gov/regulations-and-guidance/guidance/manuals/paper-based-manuals-items/cms021929. Accssed 11/1/2024.
2. CPT Manual
3. Providence Health Plan Coding Policies
4. CMS Rules and Regulations
5. Company Provider Contracts
6. Medicare Physician Fee Schedule (RBRVS)
7. DMERC Supplier Manual
8. Medicare Part B Drug Average Sales Price (ASP)
9. Thomson's Redbook Average Wholesale Price (AWP)

POLICY REVISION HISTORY

Date	Revision Summary
1/2025	New reimbursement Policy (Previously Coding Policy 78.0, *Reasonable Billing Practices*)