

### Q1. Why is Blue Cross Blue Shield of Michigan making changes to the model PHA?

- With input from the hospital industry, the new model PHA will modernize contractual language, define processes, and augment future partnerships to confront affordability issues.

### Q2. What revisions will be made to the model PHA?

- Eliminate Blue Cross Interim Payments (BIP) for all hospitals.
- Eliminate the annual settlement process.
- Streamline the appeals process.
- Update the Contract Administration Process.
- Simplify Peer Group 5 administration.
- Eliminate Exhibit B and references to reimbursement for Peer Group 1 through 4 hospitals.
- An updated Payment Manual will be released; content examples include:
  - DRG weight updates
  - HCPCS codes
  - Hospital outpatient payments and ties to existing fee tables.

### Q3. How will BIP be eliminated?

*\*Due to current events, BIP elimination could be subject to change.*

- BIP amounts will be reduced beginning January 1, 2021.
- Elimination will be completed by July 1, 2021.
- Effective July 1, 2021 all claims will be paid in a weekly EFT payment.
- Any claims processed in error will be adjusted and payment changes will be reflected in your EFT payment.
  - If you have continued claims disputes, contact your Provider Consultant.

### Q4. How will settlement be eliminated?

- Each hospital will have a final settlement based on its respective fiscal year beginning, with final settlements occurring between June 2021 and March 2022.
- The final settlement for each hospital will include both BIP and EFT payments.
- Settlement elimination will necessitate the following changes:
  - All Letter of Understanding negotiations must be concluded 60 days prior to the hospital's fiscal year beginning to allow time to load the new rates.
  - **There will be no retroactive rate loads.**

- P4P and VBK incentives and other lump sum payments will no longer be retrospectively determined; they will be added to future rates and will be paid based on claims volume.
- Charge audit findings and price attestation submissions will be handled differently moving forward and the process will be laid out in the Payment Manual.

### **Q5. What does this mean for the hospitals' Letter of Understanding?**

- Each hospital's LOU will be amended to meet the new model PHA's language revisions; for example:
  - If a LOU references, "Model Reimbursement Methodology", it will need to be removed as this language will no longer be in the new model PHA.
  - If a Skilled Nursing or Substance Abuse LOU references former model PHA language, it will be removed, and a new process will be determined.
  - Also, all hospital rates will be converted to a fixed and equivalent rate prior to their first fiscal year beginning after July 2021.

### **Q6. Who can I contact with additional questions?**

- Contact your contracting team:
  - Mike Andreshak, Director 313-448-3905 or MAndreshak@bcbsm.com
  - Lynda Cerutti, Director 269-321-7680 or LCerutti@bcbsm.com
  - Fred Schaal, Director 810-720-8555 or FSchaal@bcbsm.com
  - Kurt Prettenhofer, Manager 313-448-5815 or KPrettenhofer@bcbsm.com
  - Lauren Rossi, Manager 313-448-6090 or LRossi2@bcbsm.com