

### Q1. Why did Blue Cross Blue Shield of Michigan make changes to the model PHA?

- The PHA was revised to address the ever-changing financial landscape of health care. With input from the hospital industry, the new model PHA modernizes contractual language, defines processes, and augments future partnerships to confront affordability issues.

### Q2. What revisions were made to the model PHA?

- Eliminated Blue Cross Interim Payments (BIP) for all hospitals.
- Eliminated the annual settlement process.
- Streamlined the appeals process.
- Updated the Contract Administration Process.
- Simplified Peer Group 5 administration.
- Eliminated Exhibit B and references to reimbursement for Peer Group 1 through 4 hospitals.

### Q3. How will BIP be eliminated?

- BIP amounts began reducing July 7, 2020.
- Elimination will be completed by July 1, 2021.
- Effective July 1, 2021, all claims will be paid in a weekly EFT payment.
- All claims processed or adjusted after July 1, 2021, will be reflected in your EFT payment.
  - If you have continued claims disputes, contact your Provider Engagement Consultant.

### Q4. How will settlement be eliminated?

- Each hospital will have a final settlement based on its respective fiscal year ending; final settlements will occur in the third quarter after the fiscal year end; example:
  - Final settlement for June 2021 fiscal year end will be in first quarter 2022.
  - Final settlement for March 2022 fiscal year end will be in fourth quarter 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 90 days prior to the hospital's fiscal year beginning to allow time to load the new rates.
  - **Retroactive rate loads cannot be accommodated due to settlement elimination.**
  - 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.

### 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 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. What is the Total Contract Reimbursement rate and what does it encompass?

- The TCR rate was established to equate the vouchered paid claims payout to the reimbursement paid under previous settlement arrangements.
- The rate encompasses all reimbursement components, such as capital, uncompensated care, incentive programs etc.

### Q7. What specific changes were made to Exhibit B?

- Exhibit B refers to Peer Group 5 hospital reimbursement only and no longer addresses model reimbursement for Peer Groups 1 through 4 hospitals.

### Q8. How will my funding change?

- BIP payment EFTs will no longer be deposited into bank accounts on Thursdays. When BIP payments are eliminated, you could see multiple EFT deposits throughout the week. You will receive EFT payments based on claims processed according to the following products or claims systems:

Claim System	Type of Claim	Claims Processing Cut Off (End of day)	EFT Transmission Day
MOS	PPO & TRAD Group Number Example: 007xxxxxxx	Thursday Example: Thursday, July 15, 2021	Tuesday Example: Tuesday, July 20, 2021
NASCO	PPO Group Number Example: 0000xxxxxxx	Friday Example: Friday, July 16, 2021	Wednesday Example: Wednesday, July 21, 2021
IKA	MAPPO	Tuesday Example: Tuesday, July 13, 2021	Following Tuesday Example: Tuesday July 20, 2021
FACETS	HMO & MA HMO	Monday Example: Monday, July 12, 2021	Friday Example: Friday, July 16, 2021

### Q9. How will adjustments be handled?

- NASCO will continue to create an account receivable through the adjustment process and recoup ARs from future paid claims.
- Effective July 1, 2021, MOS will be able to create an account receivable through the adjustment process and recoup ARs from future paid claims.
- Adjusted claims will create an account receivable when a claim adjustment results in a negative payment amount.
- Account receivables are offset by future claim payments, example below:
  - The hospital has a \$1,000 account receivable, but next payment cycle is owed \$3,000. The payment to the hospital would be \$2,000 (\$3,000 owed minus the \$1,000 AR); thus, satisfying the account receivable.
- Account receivables that are not offset within 30 to 90 days would generate a notification to the hospital for repayment.

### Q10. Will the reimbursement changes affect my 1099?

- There will be no changes to the hospitals 1099 form.

### Q11: Will payment of interest be included in my payment?

- Currently, BIP excludes payment of interest; effective July 1, 2021, hospitals may receive payment of interest if the clean claim is not paid within 45 days after it is received.

### Q12. What changes will occur to my Electronic Remittance Advices?

- Effective July 1, 2021, your 835 Electronic Remittance Advice will not reflect BIP in the check number.
- Changes you will see in your Electric Remittance Advices include:
  - EFT information - BPR will contain ACH.
  - Check number - TRN segment.
- Current/Future example below:
  - Current Electric Remittance Advices Header:
    - BPR\*H\*0\*C\*NON\*\*\*\*\*20220809~
    - TRN\*1\*BIP-V374000009 2022\*xxxxxxx53~
  - Future Electric Remittance Advices Header:
    - BPR\*I\*65.27\*C\*ACH\*CCP\*01\*xxxxxxxx\*DA\*xxxxxxxx\*xxxxxxxx\*\*01\*xxxxxxxx\*DA\*xxxxxxxx\*xxxxxxxx~
    - TRN\*1\*504408606\*xxxxxxx53~

### **Q13. How will direct payments to sister codes be affected?**

- Currently, payments to sister codes are a part of the weekly main hospital BIP payment; effective July 1, 2021, the claims will generate a separate payment directly to the sister code entity.
- The claims payment process is the same as it is for hospitals; see Question 8.

### **Q14. How will CQI payments be calculated and reimbursed?**

- Hospitals who participate in CQIs are reimbursed 80% of the estimated costs associated with medical record data abstraction. These costs are determined using a data abstraction model specific to each CQI and projected hospital case volumes.
- Currently, data abstraction costs were reimbursed via an annual payment.
- Effective July 1, 2021, Blue Cross will convert each hospital's payment amount into a "per-claim add-on" to its payment rate. The per-claim amount could be subject to review.

### **Q15. What does the enhanced Contract Administration Process mean for hospitals?**

- The CAP was enhanced for a more open and streamlined communication process allowing hospitals an opportunity to provide nonbinding input regarding Blue Cross hospital programs and initiatives.
- Items going through the CAP will be sorted into three different categories:
  - Type I: PPO hospital items, needs PHA amendment.
  - Type II: PPO hospital items, no PHA amendment needed.
  - Type III: Informational only items and anything related to BCN, BCNA, and MA-PPO.

### **Q16. How and when will I be notified of changes going through CAP?**

- If hospital items going through CAP are a Type I or Type II, hospital leadership will receive an email from Blue Cross with an article link to the proposed changes published in The Record.
- Hospitals will have 30 calendar days to provide nonbinding input to proposed changes.
- Blue Cross will respond to hospital input within 30 calendar days and if the input is significant, the changes will be reviewed at the next Participating Hospital Agreement Advisory Committee.

### **Q17. How will I know the final decision on the CAP proposed changes?**

- Hospital leadership will receive an email with The Record link to the final decision.

### **Q18. Does the CAP apply to any products outside of the PPO?**

- No, as the PHA only governs the PPO product, this process applies specifically to PPO initiatives.

### **Q19. When is this new enhanced CAP effective?**

- The new CAP is effective July 1, 2021.

### **Q20. 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
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