

Tanana Chiefs Conference (TCC) Provider Reimbursement

Contract Health Services (CHS) Maximum Allowable Payment Schedule

Calendar Year 2004

- q The CHS Maximum Allowable Payment Schedule uses the Medicare Resource Based Relative Value System (RBRVS) adjusted for Alaska with Geographic Practice Cost Indices for a) Professional Expense, b) Practice Expense, and c) Malpractice Expense.
- q The CHS Maximum Allowable Payment Schedule uses four Conversion Factors, one each for: a) Medicine, b) Surgery, c) Pathology, and d) Radiology.
- q Median conversion factors were determined from independent practitioner claims submitted to CHS and are in line with the usual and customary fees in Fairbanks and Alaska. The CHS Maximum Allowable Payment Schedule represents a reasonable and fair rate of compensation.

TCC Policies and Procedures Used in Determining Provider Rates:

- q The TCC Payment Policy requires that services be procured at usual and customary like rates to the maximum extent practicable. Provider claims expenses are considered in selecting providers in conjunction with quality of care, geographic proximity, and other relevant considerations which are most favorable to the Indian Health Service (IHS) patients and the TCC.
- q The TCC Contract Health Services Department will use a standard purchase-delivery order form to issue orders for health care services with pre-determined Maximum Allowable fees.
- q Claims for professional services must be submitted on a HCFA 1500 claim form using Medicare guidelines and must indicate the full billed charges for the services rendered. The TCC Contract Health Services Department applies Medicare policies and guidelines to claims for IHS patients. The TCC will calculate the amount of payment based on the lesser of the billed charge or the TCC Contract Health Services Maximum Allowable Payment Schedule.
- q The TCC Contract Health Services Department complies with the procedure and diagnostic codes in accordance with the American Medical Association's Current Procedural Terminology, 4th Edition (CPT-4), the most current International Classification of Diseases, Ninth Edition (ICD-9), and approved supplements, e.g., the Health Care Financing Administration's Common Procedure Coding System (HCPCS) as appropriate.
- q Providers may not bill TCC/IHS patients for charges determined to be non-Maximum Allowable by the TCC/IHS or the patient's alternate resource payer.

- q If there is no CHS Maximum Allowable fee for a specific CPT-4 Code (no established relative value under the Medicare Relative Value System) CHS will establish "an Maximum Allowable payable amount" by compensating the provider's customary fee at 90 % of billed charges.

Medicare Physician Payment Background

- q The Medicare resource-based relative value system (RBRVS) ranks intensity of services according to the relative costs of the resources required to provide them. A relative value unit must be multiplied by a dollar conversion factor to become an actual fee.
- q In 1989, Congress enacted the Omnibus Budget Reconciliation Act which called for a payment schedule based on the RBRVS composed of three components: the relative physician work involved in providing the service, practice expense, and malpractice costs.
- q The Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration), implemented the Medicare Physician Fee Schedule and claims payment policies and guidelines on January 1, 1992.