

# **PROVIDER PAYMENT**

## **for All Programs Other Than Medi-Cal**

Payment to providers for CenCal Health Members, other than those who are covered under the State Medi-Cal program, shall be paid a Fee Schedule Amount, as defined below.

### **DEFINITIONS**

#### **Current Procedural Terminology (CPT) Codes**

Descriptive terms and codes used for medical services and procedures performed by physicians and certain other providers for reporting on claim forms. Each service or procedure is identified with its own unique five (5) digit code.

#### **Fee Schedule Amount**

An amount corresponding to a CPT/HCPCS code which is used to derive the Contract Rate. The Fee Schedule Amount is either: (a) an amount obtained from the Medicare Fee Schedule, as published and updated annually by Center for Medicare and Medicaid Services (“CMS”) and available at [www.cms.hhs.gov](http://www.cms.hhs.gov), or (b) an amount obtained from CenCal Health’s fee schedule. CenCal Health will update reimbursement according to the most updated Medicare fee schedule as indicated below.

#### **HCFA Common Procedural Coding System (HCPCS)**

A listing of services, procedures and supplies, and their associated codes, used by physicians and other providers in billing for services. HCPCS includes CPT codes, and national and local alpha-numeric codes. The national codes are developed by the CMS to supplement the CPT codes. They include physician services not included in CPT, as well as non-physician services such as ambulance, physical therapy and DME. The local codes are developed by local Medicare carriers in order to supplement the national codes. HCPCS codes are 5 digit codes with the first digit being a letter, followed by four numbers. HCPCS codes beginning with A through V are national, and those beginning with W through Z are local.

### **BILLING**

Providers shall bill for services within the acceptable range of CPT/HCPCS billing codes as established in the most recently published American Medical Association’s (AMA) CPT guide and the HCPCS guide as published by the federal Department of Health and Human Services (HHS).

### **PAYMENT**

In general, CenCal Health follows the Medicare fee schedule to reimburse providers for their services. CenCal Health’s objective in using this compensation methodology is that this is a widely accepted form of payment among many providers and the codes available cover most services that providers render. In the event there is no Medicare code available, i.e. an “unlisted procedure”, the payment allowances are determined by CenCal Health and are referred to as CenCal Health’s fee schedule.

CenCal Health's fee schedule is determined as follows:

If an "unlisted procedure", by definition, code is billed, CenCal Health performs a manual review/pricing by taking into account the service provided and correlating the unlisted procedure to an established like-kind procedure(s) which has/have a Medicare rate. CenCal Health adjudication staff uses this information and manually prices the unlisted procedure.

For other standard CPT/HCPCS (e.g. codes as published in AMA CPT guide and HHS HCPCS guide --- HIPAA-compliant codes) without an established Medicare rate, CenCal Health establishes an internal fee schedule. CenCal Health utilizes published RVUs and/or RBRVS, along with the Medicare conversion factor for the applicable calendar year to derive so-called "Medicare-equivalent" base rates for these procedure codes.

Non-standard procedure codes (e.g. non-HIPAA complaint, such as Medi-Cal specific X-codes and Z-codes) do not correlate well into standard CPTs in many cases, and therefore CenCal Health does not set a Medicare-equivalent rate to X and Z codes. Billing an X code, Z code, or other non-standard procedure code will result in a denial with an explanation that the procedure code is invalid. Providers may resubmit/fix claim for reimbursement by reporting a valid procedure code.

### **IMPLEMENTATION OF FEE SCHEDULE**

CenCal Health implements the Medicare fee schedule to be effective each January 1<sup>st</sup> of the applicable calendar year.

CenCal Health will generally update the CenCal Health fee schedule according to the same schedule for implementing the Medicare fee schedule. CenCal Health will give providers at least forty-five days notice of any changes to CenCal Health's fee schedule. Providers may terminate their participation with CenCal Health if they do not accept any changes to CenCal Health's fee schedule.

### **CHECKING ALLOWABLES**

Providers may obtain CPT code-specific allowances by checking CenCal Health's website at [www.cencalhealth.org](http://www.cencalhealth.org). A password is necessary to enable providers to obtain specific payment rates as set forth in the Procedure Pricer in the "For Providers" section on the web page.

Additionally, the Explanation of Benefits that providers receive will normally indicate the allowed amount for each code billed, unless there is inadequate information to determine the service provided, or if the code billed is not a benefit.

Additional information on billing procedures may be found in the Claims section of this Provider Manual.