



**BOARD OF DIRECTORS**

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**Meeting Location:  
County of Fresno  
Board of Supervisors Chambers  
2281 Tulare Street, #301  
Fresno, CA 93721  
October 27, 2017 9:00 AM**

**AGENDA DATE:** October 27, 2017

**ITEM NUMBER:** Item 18

**SUBJECT:** Receive and Approve Recommendation to Implement Pricing Code Changes for Non-Participating Professional Services on the County of Fresno's Anthem PPO 250, HDPPPO 1500, HDPPPO 3000 Plans, and City of Marysville's Anthem PPO 250 Plan, Effective with the 2018 Plan Year (A)

**REQUEST(S):** That the Board adopts the implementation of Anthem's modified pricing mixer in order to reduce reimbursement to non-participating providers when unidentified procedure codes are submitted for claims reimbursement.

**DESCRIPTION:**

Claims that are submitted from non-participating providers without an identifiable ICD-10 code are currently being processed at the full billed amount as opposed to utilizing a reduced percentile of the billed amount based on average cost within an specified geographical area. This results in higher claim reimbursements going to non-participating providers.

The utilization of the mixed pricing modifier provides a larger data base of procedure codes that correlate to the unidentified ICD-10 codes. Additionally, this will provide more accurate geographical costs for certain procedures thereby reducing out of network claims reimbursement by discounting the full billed amount prior to processing. Note: This change would not impact the County of Tulare's PPO/HDPPPO plans because Tulare's non-par schedule is different than what was initially installed for Fresno and Marysville.

**FISCAL IMPACT/FINANCING:**

To get a better understanding of the savings to the SJVIA, Anthem requested a sampling of County of Fresno claims for 2016 non-par DXL and Lab charges. Anthem ran the information through the modified pricing mixer,

**AGENDA:** San Joaquin Valley Insurance Authority

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which never allows for more to be paid than the negotiated fee. Here is the summary of the savings for this scenario:

<b>Billed Amount</b>	<b>Allowed Amount</b>	<b>Repriced Using Different Mixer</b>	<b>Savings</b>
\$951,869	\$708,933	\$326,616	\$382,317

Just using the non-participating x-ray and lab codes as an example, the total billed was \$951,869. Had the new pricing mixer been in place the SJVIA would have saved \$382,317 in one year.

Members utilizing non-network providers may experience higher out of pocket costs once the modifier is in place therefore encouraging increased utilization of network providers.

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Rhonda Sjostrom  
SJVIA Assistant Manager