

Revisions

Release 17.0 – removed release # from heading per guidelines

Introduction

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Like most Inter-Plan Teleprocessing Services (ITS) components, the Uniform Pricing Facility (UPF) consists of rules, procedures, formats and software that enable Plans to communicate in common terms. Specifically, the UPF enables a processing site (a Home Plan, Control Plan or central processor) to calculate BCBS and subscriber liability for a claim using the provider payment rules and rates the local Plan (a Host or Participating Plan) has appended to the claim.

Scope

The UPF User Manual will provide you with a detailed business understanding of the UPF from both a local Plan and a processing site perspective. Because most Plans are both local and processing sites, you need to understand both perspectives.

The user manual is intended to provide the following information about the UPF:

- A business perspective on UPF implementation standards.
- A detailed understanding of the local Plan pricing options available.
- A detailed understanding of how a local Plan must append pricing data to claims.
- An overview of some specific claims examples.
- A high level understanding of how the UPF software works at the processing site.

Audience

Nontechnical business analysts and management are the primary audience for this user manual. For more technical information on the actual programs that comprise the UPF, consult the technical documentation identified in the Additional Information section below.

Additional Information

The appendices to this manual contain some additional information on the UPF. To supplement this material, please refer to the ITS Data Definitions Manual, the ITS Records Description Manual and the ITS Installation Manual.

In particular, for detailed listings of standard claims collection facility records, please consult the ITS Records Description Manual. For instructions on how to install the UPF, consult the ITS Installation Manual.

Implementing the UPF

Inter-Plan Program and National Account Implementation

The UPF supports generic national account and Inter-Plan processing. It also contains the basic elements to support specific national account arrangements.

This user manual specifically addresses issues unique to processing out-of-area claims using the ITS model. Thus, the implementation standards in Chapter 2, UPF Inter-Plan Implementation Standards, focus on out-of-area claims.

To implement the UPF for national account claims, Participating and Control Plans will negotiate their own implementation standards. In general, both Plans will follow the same procedures outlined in this user manual for identifying appropriate discount arrangements, appending pricing information and adjudicating claims.

Terminology

Because Plans will use the UPF for both national accounts and Inter-Plan Business claims, this manual uses "local Plan" as a generic term for the Host or Participating Plan and "processing site" as a generic term for the Home Plan, Control Plan or central processor.

Overview of Uniform Pricing Requirements

The ITS Processing Model

ITS delivers the benefits of central claims administration while still protecting local Plan discounts and other provider relationships. ITS achieves this by enabling local Plans (Host or Participating Plans) to submit claims in a standard format to any processing site (central processor, Control Plan or Home Plan) for adjudication and still pay the claim themselves, thereby protecting their discounts and other special provider arrangements. Each Plan thereby delivers the services it is best suited to deliver. The local Plan has special relationships with providers, including discounts that it will retain if it pays the claim. The processing site has access to the subscriber's membership, benefits, history and other files and can best adjudicate the claim.

This processing model, however, requires that the central processor have access to each local Plan's payment and pricing relationships with all providers.

The ITS Solution

The ITS UPF provides a solution to this problem. The UPF policies, procedures and software enable the local Plan to transmit and the processing site to interpret and apply the local Plan's payment and pricing agreements with its providers. By enabling the processing site to apply local Plan payment rules to the claims it adjudicates, the UPF captures the local Plan's discounts as well. Like other ITS software, the UPF thus provides a link that allows different Plans to communicate on common ground.

The UPF requires that the Local Plan provide the following kinds of information to the processing site with each claim:

- The pricing method used (percent of charges, DRG, et cetera).
- A primary pricing rule specifying how to apply the member's cost-sharing in relation to the discount. *(NOTE: The UPF rule you submit with each claim determines: (a) the sequence in which the calculator computes BCBS and subscriber liability for service limitations, subscriber benefits management penalties, cost sharing and the percentage factor (if applicable) and (b) the base amount and cap for each calculation. However, the primary effect of using different rules for the same pricing method is to allow or not allow the subscriber to share in the discount.)*
- A secondary rule for inclusively priced claims specifying how to apply reductions in relation to the discount.
- Provider billed amounts and local Plan rates.
- Any special pricing conditions that affect how (or whether) to apply the discount (optional).

The amount fields are independent of reimbursement mechanism. The local Plan appends the priced (discounted) amount and sends it to the processing site with the billed amount, the appropriate pricing method used and the rule for applying the pricing method. The local Plan appends this information as if the subscriber was wholly eligible and covered.

The UPF allows the processing site to use these data to adjudicate the claim in accord with its subscriber contract, while simultaneously calculating subscriber and BCBS liability in accord with the local Plan's specific arrangement with its provider.

Local and Processing Site Responsibilities

The UPF requires that local and processing sites follow certain rules when pricing, adjudicating and paying claims. These standards, which are detailed in the next chapter, form the foundation for all UPF procedures and software.

The Local Plan Perspective

Local Plans have agreed to extend their local provider arrangements to other Plan's members through a national account agreement or through the policies and procedures of Inter-Plan Business. They are responsible for determining how to translate their discount into terms the processing site can understand and implement using the ITS formats.

The UPF provides a structured format that allows local Plans to define their discounts and payment rules in terms the processing site can implement. In addition, the UPF supplies a set of implementation standards and rules to define local Plan responsibilities.

Following the UPF implementation standards and using the ITS formats, local Plans can define their discount on the Submission Format (SF) claims they transmit to the processing site.

The Processing Site Perspective

Processing sites must honor the local Plan's pricing requirements to take advantage of its discounts. These requirements, which the local Plan transmits as part of the submission transaction, must be available to the processing site's adjudication system.

The UPF provides the processing site with a set of implementation standards that define its responsibility and with the software required to calculate BCBS and subscriber liability in accord with the local Plan's provider agreements.

The software consists of a calculator that uses a formats database (FDB). The calculator computes BCBS and subscriber liability. The FDB allows the processing site to store the local Plan's pricing information without taking it into its own adjudication system.

Chapter 2 of this manual defines the UPF responsibilities of both local Plans and processing sites in more detail.