



January 2018

## Payment transformation changes

<Name>

<Address>

<City, State ZIP>

Dear Primary Care Provider,

Thank you for continuing to work with us on this journey of payment transformation. In response to feedback from primary care providers, we're pleased to announce enhancements to our primary care payment transformation program that start on **July 1, 2018**:

- **Recognition of facility-based services separate from the global monthly payment.** To encourage you to provide services such as newborn care services and hospital or skilled nursing facility visits, we'll pay for such services at facilities on a fee-for-service basis starting with service dates on or after July 1, 2018.

We analyzed claims data for the three-year period (usually 2013-2015) used in the original PMPM calculations to determine your volume of facility services on a per member per month (PMPM) basis. That amount will be subtracted from your monthly PMPM. If you did a significant amount of facility services in the past, you may receive a lower PMPM starting July 1, 2018.

Professional service given at facilities must be reported with specific place of service codes so that the claim can be paid fee-for-service. (See enclosed billing instructions.)

- **Adjustment of newborn attribution.** Most newborn babies are attributed to PCPs within the first two months of birth when pediatricians provide a significant amount of care. To account for the potential lag in the baby's enrollment and for attribution that may no longer be accounted for in a PCP's PMPM as we move away from fee-for-service, we'll make quarterly payments to give the attributed PCP credit back to the month of the baby's first outpatient visit. This will start with babies born on or after July 1, 2018.

For example, if a baby born in July has its first outpatient visit in August with the attributed PCP, but isn't attributed to the PCP until September, we'll pay one month of PMPM for the difference in attribution.

- **General excise tax.** We'll build in a general excise tax (GET) allowance for January to July 2018 for any PMPM adjustment that takes effect July 1, 2018. In addition, your new commercial PMPM rate will provide a GET allowance starting July 1, 2018, for the length of the new contract period. As a reminder, the adjustment is only for eligible PPO members.

Thank you for your patience as we evaluated payment issues raised by PCPs. We'll work with provider organizations on the details of these proposed changes and the specific calculations for each PCP. We'll share more information with you in the months to come. If you have any questions, contact your PO leadership.

Thanks again for your continuing support.

Sincerely,

A handwritten signature in black ink that reads "Cary K. Koike". The signature is written in a cursive, flowing style.

Cary K. Koike  
Director, Strategic Network Relations  
Provider Services

Enc.



## Instructions for Facility-based Services

Starting with service dates on or after July 1, 2018, PCPs will be paid fee-for-service for facility-based services only when the following place of service codes are reported on a claim. Enter the place of service code in block 24B on a hard-copy professional claim or in the CLM05 field on an electronic claim.

Place of Service Code(s)	Place of Service Name	Place of Service Description
13	Assisted living facility	Congregate residential facility with self-contained living units providing assessment of each resident's needs and on-site support 24 hours a day, seven days a week, with the capacity to deliver or arrange for services including some health care and other services.
14	Group home	A residence with shared living areas where clients receive supervision and other services such as social and/or behavioral services, custodial service, and minimal services (e.g., medication administration).
16	Temporary lodging	A short-term accommodation such as a hotel, campground, hostel, cruise ship, or resort where the patient receives care and which isn't identified by any other POS code.
19	Off-campus outpatient hospital	A portion of an off-campus hospital provider based department that provides diagnostic, therapeutic (both surgical and nonsurgical), and rehabilitation services to sick or injured persons who don't require hospitalization or institutionalization.
21	Inpatient hospital	A facility other than psychiatric that primarily provides diagnostic, therapeutic (both surgical and nonsurgical), and rehabilitation services by or under the supervision of physicians to patients admitted for a variety of medical conditions.
22	On-campus-outpatient hospital	A portion of a hospital's main campus that provides diagnostic, therapeutic (both surgical and nonsurgical), and rehabilitation services to sick or injured persons who don't require hospitalization or institutionalization.
23	Emergency room — hospital	A portion of a hospital where emergency diagnosis and treatment of illness or injury are provided.
24	Ambulatory surgical center	A freestanding facility other than a physician's office where surgical and diagnostic services are provided on an ambulatory basis.
25	Birthing center	A facility other than a hospital's maternity facilities or a physician's office that provides a setting for labor, delivery, and immediate post-partum care as well as immediate care of newborn infants.
26	Military treatment facility	A medical facility operated by one or more of the Uniformed Services. Military treatment facility (MTF) also refers to certain former U.S. Public Health Service (USPHS) facilities now designated as Uniformed Service Treatment Facilities (USTF).

<b>31</b>	<b>Skilled nursing facility</b>	A facility that primarily provides inpatient skilled nursing care and related services to patients who require medical, nursing, or rehabilitative services but doesn't provide the level of care or treatment available in a hospital.
<b>32</b>	<b>Nursing facility</b>	A facility that primarily provides skilled nursing care and related services for the rehabilitation of injured, disabled, or sick residents or, on a regular basis, health-care-related services above the level of custodial care to individuals other than those with intellectual disabilities.
<b>33</b>	<b>Custodial care facility</b>	A facility that provides room, board, and other personal assistance services generally on a long-term basis that doesn't include a medical component.
<b>34</b>	<b>Hospice</b>	A facility other than a patient's home that provides palliative and supportive care for terminally ill patients and their families.
<b>41</b>	<b>Ambulance — land</b>	A land vehicle specifically designed, equipped, and staffed for lifesaving and transporting the sick or injured.
<b>42</b>	<b>Ambulance — air or water</b>	An air or water vehicle specifically designed, equipped, and staffed for lifesaving and transporting the sick or injured.
<b>51</b>	<b>Inpatient psychiatric facility</b>	A facility that provides inpatient psychiatric services for the diagnosis and treatment of mental illness on a 24-hour basis by or under the supervision of a physician.
<b>52</b>	<b>Psychiatric facility — partial hospitalization</b>	A facility for the diagnosis and treatment of mental illness that provides a planned therapeutic program for patients who don't require full-time hospitalization, but who need broader programs than are possible with outpatient visits to a hospital-based or hospital-affiliated facility.
<b>53</b>	<b>Community mental health center</b>	A facility that provides outpatient services, including specialized outpatient services for children, the elderly, and individuals who are chronically ill, and residents of the CMHC's mental health services area who've been discharged from inpatient treatment at a mental health facility; 24-hour-a-day emergency care services; day treatment, other partial hospitalization services, or psychosocial rehabilitation services; screening for patients being considered for admission to state mental health facilities to determine the appropriateness of such admission; and consultation and education services.
<b>54</b>	<b>Intermediate care facility/individuals with intellectual disabilities</b>	A facility that primarily provides health-care-related services and services above the level of custodial care to individuals but doesn't provide the level of care or treatment available in a hospital or SNF.
<b>55</b>	<b>Residential substance abuse treatment facility</b>	A facility that provides treatment for substance (alcohol and drug) abuse to live-in residents who don't require acute medical care. Services include individual and group therapy and counseling, family counseling, laboratory tests, drugs and supplies, psychological testing, and room and board.



<b>56</b>	<b>Psychiatric residential treatment center</b>	A facility or distinct part of a facility for psychiatric care that provides a 24-hour therapeutically planned and professionally staffed group living and learning environment.
<b>57</b>	<b>Non-residential substance abuse treatment facility</b>	A location that provides treatment for substance (alcohol and drug) abuse on an ambulatory basis. Services include individual and group therapy and counseling, family counseling, laboratory tests, drugs and supplies, and psychological testing.
<b>60</b>	<b>Mass immunization center</b>	A location where providers administer pneumococcal pneumonia and influenza virus vaccinations and submit these services as electronic media claims, paper claims, or using the roster billing method. This generally takes place in a mass immunization setting, such as a public health center, pharmacy, or mall, but may include a physician office.
<b>61</b>	<b>Comprehensive inpatient rehabilitation facility</b>	A facility that provides comprehensive rehabilitation services under the supervision of a physician to inpatients with physical disabilities. Services include physical therapy, occupational therapy, speech pathology, social or psychological services, and orthotics and prosthetics services.
<b>62</b>	<b>Comprehensive outpatient rehabilitation facility</b>	A facility that provides comprehensive rehabilitation services under the supervision of a physician to outpatients with physical disabilities. Services include physical therapy, occupational therapy, and speech pathology services.