

# How the WellPoint Inc./Anthem Settlement Agreement helps the physician practice

The WellPoint Inc./Anthem (“WellPoint”) Settlement Agreement (“Settlement”) provides for greater transparency in WellPoint’s claims processing and payment practices. Through this Settlement, WellPoint has agreed to place on its explanation of benefits (EOB) to its plan members information such as: the amount of payment for services provided; any adjustment to the invoice submitted; generic explanation of any adjustment to the invoice submitted; and the amount, if any, for which the physician may bill the plan member (this information shall state “physician may bill you” such amount, if any, or contain substantially similar language, and will not characterize disallowed amounts, if any, as unreasonable).

WellPoint has implemented a series of initiatives designed to increase the percentage of claim issues resolved on initial review and thereby reduce the percentage of resubmitted claims. These initiatives include: implementation of changes in processes and workflows; enhancement of capabilities to better identify duplicate claims; and avoidance of unnecessary rejections, implementation of improvements in WellPoint’s communications with physicians regarding WellPoint’s billing requirements, and analysis of the reasons claims are rejected or pending and appropriate responsive action.

In addition, WellPoint has committed to disclose certain business practices and provide contracts to physicians in its provider network that conform to the Settlement.

**Physicians should review all future WellPoint contracts to ensure they do not contain any provisions that are inconsistent with any of the business practice initiatives that WellPoint has agreed to implement under the Settlement.**

An example of such language is:

WellPoint represents that nothing in this contract is inconsistent with any of the business practice initiatives it has agreed to undertake pursuant to the Settlement Agreement dated as of July 11, 2005, In Re: Managed Care Litigation, MDL No.: 00-1334-MD-MORENO.

Under the Settlement, certain business practices are prohibited, such as: the inclusion of “gag” clauses in provider contracts as well as “all products” clauses, restrictions on stop-loss coverage from other insurers and pharmacy risk pools.

Physicians should note that the Settlement provides that if state law offers more protection than the Settlement, then state law applies. Physicians should be aware of relevant state laws and regulations, particularly in the area of prompt payment of claims, to ensure they receive all available protections.

Physicians should review **all** contracts from every payer to understand the implications of the contract on their practices before signing any contract. The American Medical Association (AMA) *Model Managed Care Contract* contains sample contract language designed to assist physicians in avoiding common contracting pitfalls. Visit [www.ama-assn.org/go/psa](http://www.ama-assn.org/go/psa) where this material is available to AMA members at no cost.

This handout does **not** summarize or identify all of the protections provided in the Settlement. If you believe WellPoint is not complying with any of the settlement provisions listed below, you may initiate a compliance dispute by filing a compliance claim form. This form is available at [www.hmosettlements.com](http://www.hmosettlements.com). For more information concerning the compliance dispute process, visit the AMA Web site at [www.ama-assn.org/go/settlements](http://www.ama-assn.org/go/settlements), or contact the WellPoint compliance dispute facilitator, Cameron C. Staples, at [cstaples@npmlaw.com](mailto:cstaples@npmlaw.com) or (203) 821-2000. The compliance dispute claim process is available to you at no cost and may be an effective way to ensure that WellPoint honors its commitments under the Settlement.

## Summary of “key” WellPoint Settlement provisions

### Coding rules

- WellPoint shall comply with most AMA Current Procedural Terminology (CPT®)\* codes, guidelines and conventions, unless otherwise identified on WellPoint’s physician Web site.
- WellPoint will not automatically downcode any evaluation and management (E/M) CPT code for covered services, except to reassign a new patient to an established patient based on AMA CPT codes, guidelines and conventions.
- If a bill appropriately contains a CPT code for the performance of a preventive medicine E/M service and a CPT code for the performance of a problem-focused E/M service appended with a CPT modifier 25, both codes will be recognized and eligible for payment.

\*CPT is a registered trademark of the American Medical Association.

- If a bill contains a CPT code for the performance of an E/M service appended with a CPT modifier 25 and a CPT code for performance of a non-E/M service code, both codes shall be recognized and separately eligible for payment, unless the clinical documentation indicates that the use of the CPT modifier 25 was inappropriate or WellPoint disclosed on its physician Web site that the code combination was not appropriately reported under its policy.
- No CPT modifier 51 exempt CPT codes are subject to the multiple procedure reduction logic or rule.
- “Add-on” codes, as designated by CPT, will be recognized and eligible for payment as separate codes and shall not be subject to the multiple procedure logic or rule.
- Supervision and interpretation CPT codes are separately identifiable and eligible for payment.
- A CPT code appended with a CPT modifier 59 will be recognized and separately eligible for payment to the extent that they designate a distinct or independent procedure performed on the same day by the same physician and that there is not a more appropriate CPT recognized modifier to append to the code(s).
- No global period for surgical procedures will be longer than the period designated by the Centers for Medicare & Medicaid Services.
- WellPoint shall not automatically change a code to one reflecting a reduced intensity of service when such CPT code is one among or across a series that includes, without limitation, codes that differentiate among simple, intermediate and complex, complete or limited, and/or size.
- Recommended vaccines and injectibles, as well as the administration of these vaccines and injectibles, will be reimbursed.
- WellPoint will pay for newly recommended vaccines as of the effective date of a recommendation made by any of the following: the U.S. Preventive Services Task Force, the American Academy of Pediatrics and the Advisory Committee on Immunization Practices.

#### **Prompt payment requirements**

- WellPoint shall mail a check or make an electronic funds transfer within 30 calendar days for claims. Beginning one year following the “effective date of September 28, 2006,” claims submitted electronically must be paid (mail a check or make an electronic funds transfer) within 15 calendar days.
- Interest will be paid at 6 percent on delayed claims.

#### **Disclosure of fee schedule information, claim coding and payment policies**

- Physician fee schedules shall be made available to all contracted physicians via hard copy, CD-ROM or electronically. The requested fee schedule will show the applicable fee schedule amounts for up to 100 CPT codes as contained in the direct written agreement between the physician and WellPoint.
- Copies of contracts will be provided to physicians upon written request.
- “Payment in full” or other restrictive endorsement on a payment by WellPoint is not binding and can be appealed. WellPoint will disclose on its provider Web site the identities of those entities to which it provides access to its network of participating physicians.

- Capitation fees will be paid retroactive to the date of enrollment, when a patient chooses a primary care physician (PCP) or is assigned to a PCP.
- Within 120 days of the approved Settlement, WellPoint shall provide physicians who are paid on a capitation basis with monthly reports. These reports will include membership information to allow reconciliation of capitation payments.

#### **Overpayment recovery**

- WellPoint agreed that overpayment recovery efforts will not be initiated more than 18 months after the original payment.
- A 30-day written notice will be provided to the physician prior to initiating an overpayment recovery effort. The notice shall state the (i) patient’s name, (ii) service date, (iii) payment amount received by physician, and a reasonably specific explanation of the proposed adjustment.

#### **Medically necessary or medical necessity definition**

- No retroactive retraction of a pre-certified medically necessary determination shall occur.
- WellPoint accepts the following definition of medical necessity for clinical conditions and mental health care, including treatment for psychiatric illness and substance abuse:

“Medically Necessary” or “Medical Necessity” shall mean health care services that a physician, exercising prudent clinical judgment, would provide to a patient for the purpose of preventing, evaluating, diagnosing or treating an illness, injury, disease or its symptoms, and that are: a) in accordance with generally accepted standards of medical practice; b) clinically appropriate, in terms of type, frequency, extent, site and duration, and considered effective for the patient’s illness, injury or disease; and c) not primarily for the convenience of the patient, physician or other health care provider, and not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that patient’s illness, injury or disease. For these purposes, “generally accepted standards of medical practice” means standards that are based on credible scientific evidence published in peer-reviewed medical literature generally recognized by the relevant medical community, Physician Specialty Society recommendations, the views of physicians practicing in relevant clinical areas and any other relevant factors.

#### **New physician credentialing**

- New physician group members will be credentialed within 90 days of the receipt of the application. Physicians also can submit an application prior to their employment.

For more information and resources, there are three easy ways to contact the AMA Private Sector Advocacy (PSA) unit:

- Call (800) 262-3211 and ask for AMA-PSA.
- Fax information to (312) 464-5541.
- Visit [www.ama-assn.org/go/psa](http://www.ama-assn.org/go/psa) to access the AMA-PSA Web site.