



of Tennessee

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1 Cameron Hill Circle  
Chattanooga, TN 37402

bcbst.com

**\*Important Notice\***  
**RBRVS Methodology Amendment**  
**To The**  
**BluePreferred and BlueSelect Attachments**

March 23, 2011

Effective June 23, 2011, BlueCross BlueShield of Tennessee (BCBST) is making a change to bring greater stability to a reimbursement methodology linked to the Centers for Medicare & Medicaid Services (CMS) adjustments.

The current reimbursement methodology under your participating provider agreement(s) with BCBST uses a fixed conversion factor along with certain other aspects of the CMS methodology for provider reimbursement.

In two of the last three years, CMS changes have included significant increases to the Relative Value Units (RVU) which in combination with our fixed conversion factors have created fee increases that are unsustainable. Taken together, these drastic changes would drive up reimbursement to levels that our customers cannot afford.

Specifically, in 2009, CMS changes resulted in a 5% increase to BCBST's aggregate provider fees. In 2010, CMS increased the Tennessee Geographic Practice Cost Index (GPCI) factor, resulting in an additional 3% increase to those fees. For 2011, CMS further adjusted RVU's in a manner that will result in an additional 6% increase to BCBST's total provider fees. The cumulative total increase in provider payments related to these changes is approximately 15%. Given the market conditions, BCBST cannot pass on these increases to its customers.

It is important to note that the numbers cited for Tennessee GPCI and RVU's represent aggregate provider reimbursement increases; individual rates for both factors vary by provider.

With the amount of health care change ahead, BCBST and its network providers are both at risk for our agreed upon reimbursement to go up or down resulting from CMS adjustments. To mitigate this risk for both parties, BCBST is modifying its reimbursement methodology to provide greater stability.

**Effective June 23, 2011, BCBST will modify its Resource Based Relative Value Scale (RBRVS) Reimbursement Methodology.** The RBRVS Methodology Amendments (the "Amendment") was mailed to all P and S professional providers on March 23<sup>rd</sup>, 2011.

The maximum allowable for surgery, radiology, non-clinical laboratory, evaluation and management, and diagnostic/therapeutic procedures will be calculated from the RVU's and other factors included in the BlueCross BlueShield of Tennessee Policy for Resource Based Relative Value Scale (RBRVS) Reimbursement Methodology in effect as of March 31, 2011. This freeze ensures that future CMS changes in GPCI and RVUs will result in no changes – up or down – to the aggregate level of payment BCBST is making to providers. Any decision to increase or reduce aggregate provider payments will be preceded by adequate notice of the intended change.

**It is important to note that this change does not impact the conversion factors in your current Attachment.**

**When this modification is made, your reimbursement level will revert to the level you were receiving as of March 31, 2011, meaning it will not continue to include the most recent increase to the RVU's that begins in April 2011. (BCBST will still pay the 2010 GPCI increase of 3% and the 5% increase from 2009 RVU adjustments.)**

As stated in the Amendment provision of BCBST Provider Agreement (the "Agreement"), you have 30 days from receipt of the Amendment to respond in writing with your acceptance or rejection. Should you accept, or fail to respond in writing within the 30-day period, we will deem the Amendment to be accepted by you. However, should you reject the Amendment in writing, BCBST may elect to terminate your Attachment in accordance with our current Agreement.

We encourage you to closely review the Amendment and associated reimbursement policy. If you have any additional questions, please contact your local Provider Network Manager at one of the numbers listed below.

| <b>Regional Office</b> | <b>Telephone Number</b> | <b>Fax Number</b> |
|------------------------|-------------------------|-------------------|
| Chattanooga            | (423) 535-6307          | (423) 535-6375    |
| Jackson                | (731) 664-4127          | (731) 664-4119    |
| Johnson City           | (865) 588-4640          | (423) 854-6015    |
| Knoxville              | (865) 588-4640          | (865) 588-4655    |
| Memphis                | (901) 544-2138          | (901) 544-2670    |
| Nashville              | (615) 386-8630          | (615) 386-8637    |

Thank you for all you do to serve BlueCross BlueShield of Tennessee members. We appreciate our partnership with you to meet their needs.