

PROVIDER BULLETIN
#15-2014

TO: Participating hospitals

FROM: Linda Paterson
Senior Director, Provider Network Services

DATE: October 28, 2014

SUBJECT: Direct and/or indirect third-party payments of member premiums and cost-sharing

This bulletin explains Independence Blue Cross's (Independence) policy on direct and/or indirect third-party payments of member premiums and cost-sharing.

Over the past few years, various federal government agencies have issued new rules, regulations, guidelines, and other guidance documents (such as "frequently asked questions") for the purpose of implementing and clarifying the provisions of the Patient Protection and Affordable Care Act, also known as Health Care Reform. One issue that has recently been the subject of such guidance is whether, and to what extent, third parties may make premium payments for health care coverage. This issue had been the subject of long-standing, medical conflict-of-interest laws and anti-fraud and abuse principles, prior to the passage of Health Care Reform; these laws remain in effect as health plans, providers, and patients navigate new provisions of Health Care Reform for health care delivery services.

Our position

Independence has analyzed the issue of whether certain third parties, such as participating hospitals and other health care providers, are permitted to make a payment on behalf of a member towards his or her premiums, copayments, deductibles, or other cost-sharing payments. **Independence concluded that such a practice is not legally permitted under existing law and is inconsistent with recent guidance from the Centers for Medicare & Medicaid Services.**

Independence is strongly committed to compliance with applicable federal and state standards, including, but not limited to:

- regulatory and other requirements (e.g., the Anti-Kickback Statute);
- contractual commitments for the federally funded programs in which we participate, including, but not limited to, Medicare Advantage (Part C), Prescription Drug Program (Part D), Qualified Health Plans on the federally facilitated Health Insurance Marketplace, and other applicable Health Care Reform laws and regulations.

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We encourage you to share this information with appropriate members of your staff.

Consistent with not only with the letter but the spirit of these laws, these requirements also call for compliance by Independence's providers who serve our members.

Our policy

The following policy applies to all Independence-participating providers. This language will be incorporated into the next update of the *Hospital Manual for Participating Hospitals, Ancillary Facilities, and Ancillary Providers*.

Direct and/or Indirect Third-Party Payments of Member Premiums and Cost-Sharing

Except as noted below, Independence will not accept premium payments or copayments, deductibles, or other cost-sharing payments (collectively "Cost-Sharing Payments") by Providers on behalf of Independence's enrolled Members.

Subject to additional terms and conditions as determined by Independence in accordance with applicable law, regulation, or regulatory guidance, this Policy does not apply to premium payments or Cost-Sharing Payments made by:

- (1) Indian tribes, tribal organizations, or urban Indian organizations;
- (2) state and federal government programs or grantees (such as the Ryan White HIV/AIDS Program); and
- (3) bona fide charitable organizations unaffiliated with the Provider, or to individuals and organizations related to the enrolled Members (i.e., family member, friend, church, or employer) if they are made on behalf of a Member who satisfies defined criteria that are based on financial status and do not consider the Member's health status, and so long as premiums and any Cost-Sharing Payments cover the entire policy year.

Note that in accordance with Independence's Policy, Independence will not directly bill the organizations noted in (1), (2), and (3) above. Independence will monitor third-party payments to assure compliance with this Policy and long-standing anti-fraud regulations that remain unchanged under Health Care Reform. Independence will not reimburse Providers for services rendered to its Members in violation of this Policy. If premium payments or Cost-Sharing Payments have been made by Providers in violation of this Policy, reimbursement to Providers for services provided to such Members shall be subject to retroactive adjustment by Independence.

Questions

If you have any questions regarding this policy, please contact your Network Coordinator.

We encourage you to share this information with appropriate members of your staff.
