



*North Carolina*  
**State Health Plan**  
FOR TEACHERS AND STATE EMPLOYEES



## **Proposed Benefit Change: Out-of-Network Independent Labs**

*Board of Trustees Meeting*

August 28, 2015

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*A Division of the Department of State Treasurer*

# Presentation Overview

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- Background – Out-of-network lab payments
- Blue Cross Blue Shield of North Carolina's (BCBSNC) new fee schedule for out-of-network labs
- BCBSNC's new payment policy for out-of-network labs
- Member Experience and Impact
- Recommendation

# Out-of-Network Independent Labs: Background

- Historically, the State Health Plan (Plan) has followed BCBSNC's policy of paying out-of-network (OON) independent labs that were ordered by an in-network provider during an office visit, as in-network. Additionally, those out-of-network lab claims were paid at 100% of billed charges.

Example: Traditional Processing of OON Independent Lab		
	In-Network	Out of Network
Lab Test Charge	\$300.00	\$300.00
BCBSNC Allowed Amount	\$30.00	\$300.00
Member Responsibility	0% coinsurance, \$0.00	0% coinsurance, \$0.00
Member pays	\$0.00	\$0.00
Plan pays	\$30.00	\$300.00
Additional amount that the independent lab may bill the member	\$0.00	\$0.00

**What are independent laboratories, and what services do they provide?**

*Independent laboratories (also known as independent laboratory facilities or reference laboratories) perform laboratory tests. These tests may include anything from simple blood analyses to drug screenings.*

# Out-of-Network Independent Labs: Fee Schedule

- On July 15, 2015, BCBSNC implemented an out-of-network labs fee schedule. The fee schedule applies to all BCBSNC commercial business in the individual and group markets, as well as the State Health Plan (Plan), the Federal Employee Program, and BlueCard®. The use of out-of-network fee schedules or other forms of price caps for out-of-network fees is a widely adopted industry practice.
- This change will result in meaningful savings to the Plan. Based on the Plan's out-of-network lab claims incurred in 2014, BCBSNC estimates a savings of \$13,418,181 per year to the Plan.
- This change could also result in increased cost share for the member if the provider chooses to balance bill the member the amount above the fee schedule.

Example: Processing of OON Independent Lab with Fee Schedules Applied		
	In-Network	Out of Network
Lab Test Charge	\$300.00	\$300.00
BCBSNC Allowed	\$30.00	\$30.00
Member Responsibility	0% coinsurance, \$0.00	0% coinsurance, \$0.00
Member pays	\$0.00	\$0.00
Plan pays	\$30.00	\$30.00
Additional amount that the reference lab may bill the member	\$0.00	\$270.00

# Out-of-Network Independent Labs: Pay at OON Coinsurance

- Effective January 1, 2016, BCBSNC will make additional changes that will bring out-of-network independent lab claims processing more in line with industry payment policies.
- These claims will no longer be paid at the in-network coinsurance. Instead they will be paid at the appropriate out-of-network coinsurance.

Example: Processing of OON Independent Lab at the OON Coinsurance with Fee Schedules Applied		
	In-Network	Out of Network
Lab Test Charge	\$300.00	\$300.00
BCBSNC Allowed	\$30.00	\$30.00
Member Responsibility	0% coinsurance, \$0.00	40% (coinsurance after deductible)
Member pays	\$0.00	\$12.00
Plan pays	\$30.00	\$18.00
Additional amount that the reference lab may bill the member	\$0.00	\$270.00

# Out-of-Network Independent Labs: OON Coinsurance

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## How Can Members Avoid Increased OON expenses?

- **Talk to Their Provider**– In-network providers are required by their BCBSNC provider agreement to refer BCBSNC members to other in-network providers, including labs. If they don't use an in-network lab to pick up lab samples collected at their office, members have the option of asking their provider for an order to have the lab test analysis performed at a participating lab.
- **Use Online Tools** – Members can check BCBSNC's online provider search tool to find in-network independent labs.
- **Call Customer Service** – Members can also call the phone number on their ID cards for assistance in locating an in-network independent lab.

# Out-of-Network Independent Labs: OON Coinsurance

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## *What if...*

- **A member's provider sends the samples to an out-of-network lab, and the member didn't even know about it?**

*Members should contact their provider to discuss their concerns. Members may also contact BCBSNC Customer Service via the toll-free number listed on their ID card to let BCBSNC know an in-network provider is using an out-of-network lab for their BCBSNC patients. BCBSNC will follow up with the provider to ensure they understand the terms of their provider participation agreement with BCBSNC.*

- **A member has been using an out-of-network lab for chronic condition testing for years and does not want to switch?**

*Members can continue to use any provider or lab they wish, but should be aware of the additional financial responsibility on their part associated with using an out-of-network lab.*

# Out-of-Network Independent Labs: OON Coinsurance

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## How will this change be communicated?

- **Providers:** BCBSNC has begun an extensive communication campaign with providers.
- **Members:** If the benefit change is approved, in addition to updating the benefit book, the benefit change will be highlighted in communication materials to members and will be featured as a health plan literacy item with HBRs and members.



# Out-of-Network Independent Labs Recommendation

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In order to fully participate in BCBSNC's new out-of-network independent lab payment policy and bring Plan coverage of out-of-network labs more in line with the industry standard, a benefit change is required.

**Plan staff recommends that out-of-network lab services be paid at out-of-network cost share, effective January 1, 2016.**

Encouraging members to use high quality, in-network providers is a goal of the Plan's ongoing health literacy campaign and in line with the strategic priority of ensuring a financially stable health plan.