

## PGIP Allocation Frequently Asked Questions

### PGIP Allocation

#### 1. On my voucher, it says “PGIP Allocation.” What does this mean?

All BCBSM participating providers agree in their participation agreements to make an allocation from their fee-schedule reimbursement to the PGIP Reward Pool.

The PGIP Allocation is used to fund the Physician Group Incentive Program. In 2004, the Blue Cross Board of Directors approved the Physician Group Incentive Program with the understanding that the Board would not support an overall fee increase for physicians unless a PGIP Reward Pool and accompanying PGIP Allocation was created to support a reward program to engage physicians, via Physicians Organizations and Organized Systems of Care, in healthcare quality and value transformation. BCBSM distributes the entire amount accumulated through the PGIP Allocation to contracted Physician Organizations and Organized Systems of Care participating in the PGIP program. This distribution is based on criteria established by BCBSM. No monies are retained by BCBSM for administrative costs.

This allocation is a percentage of the applicable fee schedule on most professional paid claims. PGIP Allocation percentage increases are approved by the Blue Cross Chief Medical Officer, may increase each year and are communicated to providers through The Record. The seven **percent** PGIP Allocation takes effect 7/1/18.

See below for examples of various standard and VBR reimbursement vouchers with and without PGIP Allocation included:

#### 1a. 6 voucher examples; 1-3 no VBR, 4-6 with VBR

#### Example 1: No Value-Based Reimbursement with PGIP Allocation and Co-Insurance Applied

##### PROVIDER VOUCHER

| SERVICE DATES FROM/TO  | PROCEDURE CODE CVD/NCVD | TOTAL CHARGES        | ALLOWED AMOUNT     | OTHER INSURANCE DOLLARS | OTHER AMOUNTS NOT COVERED | SUBSCRIBER'S LIABILITY | APPROVED TO PAY      | AMOUNT PAID        | RSN CODE |
|--|-------------------------|----------------------|--------------------|-------------------------|---------------------------|------------------------|----------------------|--------------------|----------|
| 07/28/18<br>CLAIM  | 2 P 88305<br>TOTAL----  | \$266.00<br>\$266.00 | \$58.01<br>\$58.01 | \$ .00<br>\$ .00        | \$ .00<br>\$ .00          | \$5 .80<br>\$5 .80     | \$52 .21<br>\$52 .21 | \$48.15<br>\$48.15 | A<br>B   |
| A-WE APPROVED THE APPLICABLE FEE SCHEDULE AMOUNT, OF WHICH \$4.06 IS THE PGIP ALLOCATION AMOUNT. THE MEMBER'S LIABILITY IS SHOWN ABOVE. (Z587)<br>B-A COINSURANCE OF \$5.80 WAS REQUIRED. (Z762) |                         |                      |                    |                         |                           |                        |                      |                    |          |

|                         | Standard Fee Schedule | Notes                      |
|-------------------------|-----------------------|----------------------------|
| Provider Charged Amount |                       | Amount charged by provider |

|   |                 |   |
|---|-----------------|---|
| <b>\$266.00</b>                             |                 |   |
| <b>Standard Fee Schedule/Allowed Amount</b> | <b>\$ 58.01</b> | Allowed Amount  |
| <b>Copay</b>                                | <b>\$ 5.80</b>  | 10% Co-Insurance  |
| <b>PGIP Allocation</b>                      | <b>\$ 4.06</b>  | Seven percent of Fee Schedule/Allowed Amount  |
| <b>Amount Paid to Provider by BCBSM</b>     | <b>\$ 48.15</b> | Equals Standard Fee Schedule/Allowed Amount <i>minus</i> copay <i>minus</i> PGIP Allocation |
| <b>Amount Paid to Provider</b>              | <b>\$ 53.95</b> | Equals amount paid by BCBSM <i>plus</i> copay paid by patient                               |

## Example 2: No Value-Based Reimbursement with PGIP Allocation and Copay Applied

### PROVIDER VOUCHER

| SERVICE DATES FROM/TO  | PROCEDURE CODE CVD/NCVD | TOTAL CHARGES | ALLOWED AMOUNT | OTHER INSURANCE DOLLARS | OTHER AMOUNTS NOT COVERED | SUBSCRIBER'S LIABILITY | APPROVED TO PAY | AMOUNT PAID | RSN CODE |
|--|-------------------------|---------------|----------------|-------------------------|---------------------------|------------------------|-----------------|-------------|----------|
| 07/27/18   | 3 1 99214               | \$208.00      | \$113.35       | \$ .00                  | \$ .00                    | \$50.00                | \$63.35         | \$55.42     | A        |
|  | CLAIM TOTAL----         | \$208.00      | \$113.35       | \$ .00                  | \$ .00                    | \$50.00                | \$63.35         | \$55.42     | B        |
| A-WE APPROVED THE APPLICABLE FEE SCHEDULE AMOUNT, OF WHICH \$7.93 IS THE PGIP ALLOCATION AMOUNT. THE MEMBER'S LIABILITY IS SHOWN ABOVE. (Z587) |                         |               |                |                         |                           |                        |                 |             |          |
| B-A COPAYMENT OF \$50.00 WAS REQUIRED. (Y753)  |                         |               |                |                         |                           |                        |                 |             |          |

|   | Standard Fee Schedule | Notes   |
|---|-----------------------|---|
| <b>Provider Charged Amount \$208.00</b>     |                       | Amount charged by provider  |
| <b>Standard Fee Schedule/Allowed Amount</b> | <b>\$ 113.35</b>      | Allowed Amount  |
| <b>Copay</b>                                | <b>\$ 50.00</b>       | Flat Dollar Copay   |
| <b>PGIP Allocation</b>                      | <b>\$ 7.93</b>        | Seven percent of Fee Schedule/Allowed Amount  |
| <b>Amount Paid to Provider by BCBSM</b>     | <b>\$ 55.42</b>       | Equals Standard Fee Schedule/Allowed Amount <i>minus</i> copay <i>minus</i> PGIP Allocation |
| <b>Amount Paid to Provider</b>              | <b>\$ 105.42</b>      | Equals amount paid by BCBSM <i>plus</i> copay paid by patient                               |

## Example 3: No Value-Based Reimbursement with PGIP Allocation and No Copay Applied

### PROVIDER VOUCHER

| SERVICE DATES FROM/TO  | PROCEDURE CODE CVD/NCVD | TOTAL CHARGES | ALLOWED AMOUNT | OTHER INSURANCE DOLLARS | OTHER AMOUNTS NOT COVERED | SUBSCRIBER'S LIABILITY | APPROVED TO PAY | AMOUNT PAID | RSN CODE |
|--|-------------------------|---------------|----------------|-------------------------|---------------------------|------------------------|-----------------|-------------|----------|
| 07/21/2018   | 1 1 99232               | \$100.00      | \$76.32        | \$ .00                  | \$ .00                    | \$ .00                 | \$76.32         | \$70.98     | A        |
| A-WE APPROVED THE APPLICABLE FEE SCHEDULE AMOUNT, OF WHICH \$5.34 IS THE PGIP ALLOCATION AMOUNT. THE MEMBER'S LIABILITY IS SHOWN ABOVE. (Z587) |                         |               |                |                         |                           |                        |                 |             |          |

|  | Standard Fee Schedule | Notes |
|--|-----------------------|-------|
|--|-----------------------|-------|

|                                      |          |   |
|--------------------------------------|----------|---|
| Provider Charged Amount<br>\$100.00  |          | Amount charged by provider  |
| Standard Fee Schedule/Allowed Amount | \$ 76.32 | Allowed Amount, Standard Fee Schedule   |
| Copay                                | \$ 0.00  | No copay, deductible and/or coinsurance applied.  |
| PGIP Allocation                      | \$ 5.34  | Seven percent of Fee Schedule/Allowed Amount  |
| Amount Paid to Provider by BCBSM     | \$ 70.98 | Equals Standard Fee Schedule/Allowed Amount <i>minus</i> copay <i>minus</i> PGIP Allocation |
| Amount Paid to Provider              | \$ 70.98 | Equals amount paid by BCBSM <i>plus</i> copay paid by patient                               |

#### Example 4: Value-Based Reimbursement with PGIP Allocation and Co-Insurance Applied

##### PROVIDER VOUCHER

| SERVICE DATES FROM/TO  | PROCEDURE CODE CVD/NCVD | TOTAL CHARGES | ALLOWED AMOUNT | OTHER INSURANCE DOLLARS | OTHER AMOUNTS NOT COVERED | SUBSCRIBER'S LIABILITY | APPROVED TO PAY | AMOUNT PAID | RSN CODE |
|--|-------------------------|---------------|----------------|-------------------------|---------------------------|------------------------|-----------------|-------------|----------|
| 07/22/18   | 3 1 99213               | \$94.00       | \$92.47        | \$ .00                  | \$ .00                    | \$18.49                | \$73.98         | \$67.51     | A        |
| A-WE APPROVED THE APPLICABLE FEE SCHEDULE AMOUNT, OF WHICH \$6.47 IS THE PGIP ALLOCATION AMOUNT. THE MEMBER'S LIABILITY IS SHOWN ABOVE. (Z587) |                         |               |                |                         |                           |                        |                 |             |          |

|   | Value-Based Reimbursement Fee Schedule | Notes   |
|---|--|---|
| Provider Charged Amount<br>\$94.00                    |  | Amount charged by provider  |
| Value-Based Reimbursement Fee Schedule/Allowed Amount | \$ 92.47                               | Allowed amount with VBR = Standard Fee x 1.20   |
| Copay   | \$ 18.49                               | 20% Co-Insurance  |
| PGIP Allocation                                       | \$ 6.47                                | Seven percent of Fee Schedule/Allowed Amount  |
| Amount Paid to Provider by BCBSM                      | \$ 67.51                               | Equals Standard Fee Schedule/Allowed Amount <i>minus</i> copay <i>minus</i> PGIP Allocation |
| Amount Paid to Provider                               | \$ 86.00                               | Equals amount paid by BCBSM <i>plus</i> copay paid by patient                               |

#### Example 5: Value-Based Reimbursement with PGIP Allocation and Copay Applied

##### PROVIDER VOUCHER

| SERVICE DATES FROM/TO  | PROCEDURE CODE CVD/NCVD | TOTAL CHARGES | ALLOWED AMOUNT | OTHER INSURANCE DOLLARS | OTHER AMOUNTS NOT COVERED | SUBSCRIBER'S LIABILITY | APPROVED TO PAY | AMOUNT PAID | RSN CODE |
|--|-------------------------|---------------|----------------|-------------------------|---------------------------|------------------------|-----------------|-------------|----------|
| 07/12/18   | 3 1 99214               | \$140.00      | \$136.02       | \$ .00                  | \$ .00                    | \$30.00                | \$106.02        | \$96.50     | B        |
| B-WE APPROVED THE APPLICABLE FEE SCHEDULE AMOUNT, OF WHICH \$9.52 IS THE PGIP ALLOCATION AMOUNT. THE MEMBER'S LIABILITY IS SHOWN ABOVE. (Z587) |                         |               |                |                         |                           |                        |                 |             |          |

|  | Value-Based Reimbursement Fee Schedule | Notes |
|--|--|-------|
|--|--|-------|

|   |           |   |
|---|-----------|---|
| Provider Charged Amount<br>\$140.00                   |           | Amount charged by provider  |
| Value-Based Reimbursement Fee Schedule/Allowed Amount | \$ 136.02 | Allowed amount with VBR = Standard Fee x 1.20   |
| Copay   | \$ 30.00  | Flat Dollar Copay applied.  |
| PGIP Allocation                                       | \$ 9.52   | Seven percent of Fee Schedule/Allowed Amount  |
| Amount Paid to Provider by BCBSM                      | \$ 96.50  | Equals Standard Fee Schedule/Allowed Amount <i>minus</i> copay <i>minus</i> PGIP Allocation |
| Amount Paid to Provider                               | \$ 126.50 | Equals amount paid by BCBSM <i>plus</i> copay paid by patient                               |

### Example 6: Value-Based Reimbursement with PGIP Allocation and No Copay Applied

| PROVIDER VOUCHER   |                         |               |                |                         |                           |                        |                 |             |          |
|--|-------------------------|---------------|----------------|-------------------------|---------------------------|------------------------|-----------------|-------------|----------|
| SERVICE DATES FROM/TO  | PROCEDURE CODE CVD/NCVD | TOTAL CHARGES | ALLOWED AMOUNT | OTHER INSURANCE DOLLARS | OTHER AMOUNTS NOT COVERED | SUBSCRIBER'S LIABILITY | APPROVED TO PAY | AMOUNT PAID | RSN CODE |
| 07/21/18   | 1 1 99479               | \$405.00      | \$183.43       | \$0.00                  | \$0.00                    | \$0.00                 | \$183.43        | \$170.59    | A        |
| A- WE APPROVED THE APPLICABLE FEE SCHEDULE AMOUNT, OF WHICH \$12.84 IS THE PGIP ALLOCATION AMOUNT. THE MEMBER'S LIABILITY IS SHOWN ABOVE. (Z587) |                         |               |                |                         |                           |                        |                 |             |          |

|   | Value-Based Reimbursement Fee Schedule | Notes   |
|---|--|---|
| Provider Charged Amount<br>\$405.00                   |  | Amount charged by provider  |
| Value-Based Reimbursement Fee Schedule/Allowed Amount | \$ 183.43                              | Allowed amount with VBR = Standard Fee x 1.05   |
| Copay   | \$ 0.00                                | No copay, deductible and/or coinsurance applied.  |
| PGIP Allocation                                       | \$ 12.84                               | Seven percent of Fee Schedule/Allowed Amount  |
| Amount Paid to Provider by BCBSM                      | \$ 170.59                              | Equals Standard Fee Schedule/Allowed Amount <i>minus</i> copay <i>minus</i> PGIP Allocation |
| Amount Paid to Provider                               | \$ 170.59                              | Equals amount paid by BCBSM <i>plus</i> copay paid by patient                               |

### 2. Is the PGIP Allocation changing? When did the PGIP Allocation increase last?

Yes. The PGIP Allocation will increase on 7/1/18 from five percent to seven percent. There have been no increases in the PGIP Allocation for the last five years. The PGIP Allocation has remained at five percent since 2013.

### 3. Why did it increase?

This increase will be used to fund new PGIP Organized Systems of Care initiatives. These initiatives are intended to drive OSCs to become highly functioning health care systems and enable

them to take on risk for their population's cost performance as we continue together on a path to risk.

**4. Is the PGIP Allocation applied to professional claims for BlueCard members?**

The PGIP Allocation is applied to BlueCard Host claims (claims received by BCBSM from Michigan providers for members of another, out-of-state Blue Cross Blue Shield plan). However, the PGIP Allocation is not applied to BlueCard Home claims (claims where a BCBSM member sees a Blues out-of-state Control Plan provider); these claims are excluded from the PGIP Allocation and Value-Based Reimbursement because reimbursement to the provider is controlled by the local Blue Plan.

**5. Are there any Blue Cross groups/products that are excluded from the application of the PGIP Allocation?**

The Federal Employee Program (FEP) is excluded from the PGIP Allocation along with MESSA group #'s 71538, 71539, 71540, 71541 and German Expatriates #72529. Additionally, Medicare Advantage, Medicare Supplemental, Medicaid, and BlueCare Network claims are also excluded.

**6. Does the PGIP Allocation fund the Value-Based Reimbursement Fee Schedule?**

No.

**7. Does Blue Cross keep any of the PGIP Allocation funds?**

All funds from the PGIP Reward Pool are distributed to physician organizations and OSCs that participate in PGIP to support physician practice and system transformation. No money is retained by Blue Cross for administrative costs.

**8. How do I determine my reimbursement amount for a procedure?**

Through Web-DENIS under BCBSM Provider Publications and Resources you can determine the "Max Fee for a Code" or "View the Entire Fee Schedules and Fee Changes". The following is an example of how a fee amount appears in Web-DENIS.

| Procedure Code | Type of Service | Qty Reported | Location of Service | Fee Schedule Allowed Amount | Fee Net of PGIP Allocation Amount |
|----------------|-----------------|--------------|---------------------|-----------------------------|-----------------------------------|
| ABCDE          | 1               |              | NF                  | \$130.19                    | \$123.68                          |

- Practices receive "Fee Net of PGIP Allocation Amount" (*fee schedule allowed amount less 5% PGIP Allocation*).