PreferredOne

UPDATE

A Newsletter for PreferredOne Providers

June 2005

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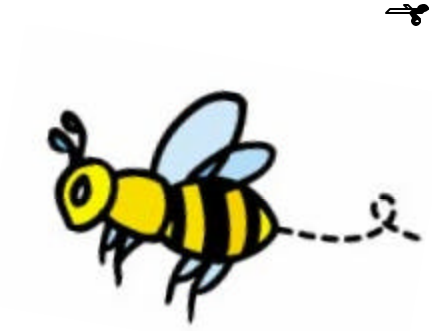

June

Provider Differentiation

John Frederick, MD, Chief Medical Officer

Three issues have gotten a lot of attention lately in the medical community. They are tiered provider health plans, consumer-directed high-deductible plans, and pay for performance. The one common feature of all these health plan initiatives is that they seek to differentiate providers. (The term provider is used broadly to include physicians, facilities, and other providers of care.) Many physicians have expressed discomfort with these initiatives.

The medical system has been immune from this type of scrutiny in the past, but there is much pressure from employers, payers, and regulators, as well as patients, to better understand the "black box" in which medicine has functioned. The Institute of Medicine's reports over the last few years have made the public aware that the medical system is not perfect and needs to improve in many areas. It is natural that the consumers and payers of health care should expect the same information to be available to them when they are choosing a doctor or hospital as when they are choosing a car, a financial advisor, or a school. Many providers are comfortable with this type of open-market competition because they feel they can sell themselves well enough to survive and thrive. So, why are many other providers not as willing or as comfortable with this type of market? There are a number of reasons.

The first, for many physicians, is that they have been successful in the past system where their only accountability is in a professional one-on-one relationship with their "customer", the patient. A change from that accountability to a more formal accountability is uncomfortable.

Secondly, any differentiation of providers relies on some type of measurement. Some plans have claimed to differentiate providers based on quality, but realistically most measurements have been based on either cost or satisfaction. No measure will be perfect, so to compare on quality requires a fair and transparent process that results from an open dialogue. Whether the measure is based on cost, quality, or satisfaction, it needs to be understood by all participants. *Pg 2...*

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A third reason for discomfort is that differentiation implies that there are winners and losers. The expectation that the pool of payment dollars will get bigger will have much resistance from the payers. Thus the expectation is that the "winners" will get paid more at the expense of the "losers." Providers have invested in their education, training, and overhead, and expect to get paid for those investments rather than for the "product" of their labors. A change from this principle is hard to accept.

A last point is that historically provider/patient interactions have been inherently private in nature. With the public availability of comparative aggregate information, the provider's performance becomes a public issue. This contrast, in my mind, is probably the most difficult change for providers to accept.

PreferredOne's position on these consumer plans needs to be stated. First and foremost, the market is demanding these types of plans, and it is a responsibility of PreferredOne to respond to those needs. Our board of directors has accepted this as necessary and appropriate in today's competitive market. We will continue to offer and develop consumer-focused health plans. Indeed, provider employee groups are some of the first customers of these plans.

Secondly, PreferredOne will be open and honest on the measures used for comparing providers. Initially, we will use cost and efficiency measures for comparison. We feel that episodes-of-treatment tools, like ETGs, provide the best picture of provider efficiency. That information has been made available to consumers and providers to assist them in making informed decisions. We will continue to develop this information and make more information available on our member and provider websites. The PreferredOne secured site can be accessed at PreferredOne.com by your office staff. If you have any questions, please contact your Provider Relations Representative.

PreferredOne is very active in the MN Community Measurement (mnhealthcare.org) that now includes not only the payers, but also MMA, ICSI, provider representatives, and consumer representatives on its board of directors. This organization, we believe, is leading the efforts nationally to develop fair and credible quality information on provider performance.

PreferredOne is committed to contracting with options available to providers and will present providers on pay-for-performance initiatives. We have numerous options available to providers and will present these options during contracting discussions for 2006. We are also open to discussion of options that providers are developing.

In closing, it is important to acknowledge that these are changing and difficult times in which we are working, and the best approach is to deal with consumer-focused issues through open and fair discussions.

Consumer Advantage Medical Cost Guide

As consumers pay higher deductibles and more out of pocket dollars, PreferredOne offers its members a comprehensive provider cost comparison tool set. Using this guide, the member will learn the facts about medical costs and its impact on health care spending benefit dollars. As an informed health care consumer, the member will be better able to manage the dollars allocated to their health care benefit.

The intent of the information is to give members general information relating to the cost and efficiency of medical care. This information does **not** reflect the quality of the care given by each facility, clinic or doctor nor does the information reflect any "quality of care" measurements. The costs presented are estimates only and are based on broad categorizations of treatments, and conditions.

Using common conditions and their associated treatments, the first tool set, General Costs of Medical Care, gives the member an idea of:

- Average Clinic Costs for Common Medical Conditions
- Average Facility Costs for Selected Inpatient Hospitalizations
- Average Facility Costs for Selected Outpatient Procedures.

The second tool set, View Specific Costs for My Provider, allows members to view cost data for:

Individual Clinic Costs for Common Medical Conditions

- Individual Hospital Costs for Common Inpatient

Network Management Updates

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- Individual hospital Outpatient Cost Range and Surgical Center Costs for Common Outpatient Procedures.

There is also the option to view costs for a specific condition (i.e. colonoscopy with biopsy) or to view costs for a provider across a range of common conditions and treatments. Procedures are grouped into low, medium, and high costs. For example, the cost difference of a colonoscopy with biopsy ranges from:

- Low Cost - $410 -$950
- Medium Cost - $951 - $1300
- High Cost - $1301 - $3000

PreferredOne feels it is important for Providers to have access to this information as well, in order to answer potential questions from their patients. The "Consumer Advantage Medical Cost Guide" can be found on the secured site at PreferredOne.com.

Prior Authorization Guidelines for OT, PT, and Speech

Prior authorization is not required for the initial evaluation visit for outpatient
Occupational Therapy, Physical Therapy, Speech Therapy, or outpatient Psychotherapy.
However, all subsequent therapy services rendered following the initial evaluation are reviewed for medical necessity for patients under the age of twelve (12) years, and after the initial 10 visits for patients twelve (12) years and older.
If a therapist provides services and does not disclose the charges prior to receiving medical necessity approval for the additional visits, the provider may be responsible for the charges.
If the criteria are satisfied, therapy may be recommended up to three times a week for a period of three months. If a higher frequency or duration is requested, case reviewer approval is required. All therapy that has surpassed six months in duration, will be reviewed by a case reviewer for continued coverage.

PPO Payers Receiving Claims Directly from Providers in Error

Many of our PPO payors are seeing an increase in claims being sent directly to their office rather than coming to PreferredOne for re-pricing first. This creates a delay in claims turnaround time and payment and sometimes results in lost claims. Member ID cards should reflect the name of the Payor and PreferredOne on the ID card. The following PPO payors have identified this as a problem:

- **Sioux Valley Health Plan** - Effective 01/01/04
- **State Farm Insurance** - Effective 12/13/04 (individual membership)
- **Administrative Concepts Incorporated** - Effective 09/01/01 (individual student membership from various colleges)
- **Lumenos** - Effective 01/01/04

PreferredOne/Assurant Partnership Effective 6/1/05

As previously communicated, PreferredOne has partnered with Assurant Health (formerly known as Fortis), to assist in the **Individual** Market area where PreferredOne does not have a presence.
This partnership is effective 6/1/05. Assurant **Individuals** will have access and privilege to all the arrangements under the PreferredOne Administrative Services contracts. In order to track paper claims more efficiently, please send these claims to the following address:

PreferredOne Administrative Services
PO Box 1512
Minneapolis, MN 55440-1512

For these **Individual** plans , you will begin to see ID cards that say "Assurant Health" on the top with either "Time Insurance", "Fortis", or "John Alden" in the lower right corner and the PreferredOne Administrative Services logo in the lower left corner. The P.O. Box listed above will be on the back of the card.
This partnership does not effect Assurant **Groups** and those ID cards will continue to direct claims to PreferredOne PPO.

Network Management Updates

Cigna Update

Effective April 5, 2005, the following categories of services and supplies have been removed from the Pre-certification list:

- Physical Therapy
- Occupational Therapy
- Compressors/Nebulizers
- Pneumatic Appliances
- Glucose Monitors and Ultraviolet Lights
- Jaw Mobility
- Custom Fabricated/Molded Cranial Orthoses
- Custom/Non-Preferred Shoe Types
- Unspecified Orthoses
- Non-Specified Prosthetic Codes
- Genetic Testing - Non-Specific
- Genetic Testing - Specific

Member Rights & Responsibilities

The laws of the State of MN grant PreferredOne Health Plan members the following rights and responsibilities:

1. A **right** to receive information about PreferredOne, its services, its participating providers and your member rights and responsibilities.

2. A **right** to be treated with respect and recognition of your dignity.

3. A **right** to available and accessible services, including emergency services, 24 hours a day, 7 days a week.

4. A **right** to be informed of your health problems and to receive information regarding treatment alternatives and risks that are sufficient to assure informed choice.

5. A **right** to participate with providers in making decisions about your health care.

6. A **right** to a candid discussion of appropriate or medically necessary treatment options for your conditions, regardless of cost or benefit coverage.

7. A **right** to refuse treatment recommended by PreferredOne participating providers.

8. A **right** to privacy of medical, dental and financial records maintained by PreferredOne and its participating providers in accordance with existing law.

9. A **right** to voice complaints and/or appeals about PreferredOne policies and procedures or care provided by participating providers.

10. A **right** to file a complaint with PCHP and the Commissioner of Health and to initiate a legal proceeding when experiencing a problem with PCHP or its participating providers. For information, contact the Minnesota Department of Health at 651.282.5600 or 1.800.657.3916 and request information.

11. A **right** to make recommendations regarding PreferredOne's member rights and responsibilities policies.

12. A **responsibility** to supply information (to the extent possible) that PreferredOne participating providers need in order to provide care.

13. A **responsibility** to supply information (to the extent possible) that PreferredOne requires for health plan processes such as enrollment, claims payment and benefit management.

14. A **responsibility** to understand your health problems and participate in developing mutually agreed-upon treatment goals to the degree possible.

15. A **responsibility** to follow plans and instructions for care that you have agreed on with your participating providers.

PreferredOne Physician (PPA) Email Address Request

PreferredOne Physician Associates (PPA) own a 25% interest in PreferredOne Administrative Services (PAS) and its wholly owned subsidiary PreferredOne Insurance Company (PIC). PPA shareholders have input into PAS and serve as members on various PreferredOne boards. PPA shareholders are typically providers who practice in the Twin Cites Metropolitan area, but all interested Minnesota Licensed physicians are welcome to participate. *Pg 5...*

Network Management Updates

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As well as receiving this newsletter electronically, from time to time, PreferredOne Medical Directors Dr. Ken Dedeker and Dr. John Frederick have PPA information they would like to communicate to the clinics in a timely manner. In order to achieve this, we need the assistance of the clinics whose providers are PPA members.

PreferredOne is asking you to provide us with the name and e-mail address of the lead physician at your clinic by filling out the form attached to this newsletter (Exhibit A). If your clinic has a website address, we would like that information as well. You can fax, e-mail, or mail this information to:

Fax:
763-847-4010
Attn: Alisa Hajicek

Mail:
PreferredOne
Attn: Alisa Hajicek
6105 Golden Hills Drive
Golden Valley, MN 55416

E-Mail:
alias.hajicek@preferredone.com

Coding Updates

Policy Update

P16 "Provider Fee Schedule Changes" and P26 "Source for Reimbursement of Drugs, Immunizations, Vaccines and Solutions (Excluding Home Health Providers and Retail Pharmacies Until Notified)" were updated removing outdated CPT codes and updating the source for AWP base pricing. Policies are attached (Exhibits B & C).

New Immunizations

The CPT vaccine code descriptions for codes 90680 and 90713 are being revised effective July 1, 2005. Below are the current and revised descriptors for these codes:

Current descriptor:

90680 - Rotavirus vaccine, tetravalent, live, for oral use

Revised descriptor:

90680 - Rotavirus vaccine, pentavalent, 3 dose schedule, live, for oral use

Current descriptor:

90713 - Poliovirus vaccine, inactivated (IPV), for subcutaneous use

Revised descriptor:

90713 - Poliovirus vaccine, inactivated, (IPV), for subcutaneous or intramuscular use

90714 - Tetanus and diphtheria toxoids (Td) adsorbed, preservative free, for use in individuals seven years or older, for intramuscular use ***(Decavac)***

90715 - Tetanus, diphtheria toxoids and acellular pertussis vaccine (Tdap), for use in individuals seven years or older, for intramuscular use ***(Boostrix)***

90734 - Menactra's (Meningococal)

Counseling Administration of Immunizations

Some providers are double billing the administration of immunizations. The "counseling codes" 90465, 90466, 90467, 90468, are inclusive of the administration. As an example, if measles, mumps and diphtheria are given, there should be no more than 3 administration codes.

PreferredOne is following the guidelines of The American Academy of Pediatrics regarding the reporting of the new CPT codes for administration of immunizations with counseling for children under the age of 8.

In the guidelines only 1 of the following 4 codes may be reported during a visit for the first immunization:

90465 - First administration under age 8, administration + counseling (sub q. percutaneous, intradermal, IM)

90471 - One vaccine, any age, administration no counseling (sub q. percutaneous, intradermal, IM)

90467 - First administration, under age 8, intranasal or oral + counseling

90473 - One vaccine, any age, administration, no counseling, intranasal or oral, no counseling *Pg 6...*

Medical Management Updates

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Any additional immunization given on the same day should be reported using a code from the "each additional" selection as follows:

90466 - Each additional administration under age 8, administration + counseling (sub q. percutaneous, intradermal, IM

90468 - Each additional administration under age 8, administration + counseling intranasal or oral

90472 - Each additional administration, any age, no counseling, percutaneous, intradermal, subcutaneous, or IM

90474 - Each additional administration, any age, no counseling, intranasal or oral route.

October 1, 2005 Diagnosis Codes

New diagnosis codes have been released for use effective October 1, 2005. Claims received for dates of service prior to October 1, 2005 will cause the claim to be denied.

Institute for Clinical Systems Improvement (ICSI) Update

Listed below are the ICSI healthcare guidelines and technology assessment reports newly available or recently updated on the ICSI website (www.ICSI.org).

Health Care Guidelines:

- Acne Management
- Admission for Routine Labor Order Set
- Asthma Order Set
- Chronic Obstructive Pulmonary Disease
- Diagnosis and Initial Treatment of Ischemic Stroke
- Diagnosis and Management of Attention Deficit Hyperactivity Disorder in Primary Care for School Age Children and Adolescents (ADHD)
- Diagnosis and Management of Attention Deficit Hyperactivity Disorder in Primary Care for School Age Children and Adolescents
- ER and Inpatient Management of Asthma
- Menopause and Hormone Therapy
- Otitis Media
- Preventive Services for Adults
- Routine Prenatal Care
- Tobacco Use Prevention and Cessation for Adults
- Tobacco Use Prevention and Cessation for Children

Technology Assessment Reports:

- Behavioral Therapy Programs for Weight Loss in Adults
- Percutaneous Radiofrequency Ablation for Facet-Mediated Neck and Back Pain

Medical Policy Update

Medical Policies are available on the PreferredOne web site to members and to providers without prior registration. The web-site address is: http://www.preferredone.com. Click on Health Resources and choose the Medical Policy menu item.

New in the medical-surgical area is the addition of the following to the investigational list. Therefore making the following not a covered benefit effective May 24, 2005 because there is inadequate evidence for these treatments and diagnostic methods to support the safety and effectiveness and/or diagnostic value in the published peer reviewed literature:

- Alpha-Stim for pain management
- Blue Light Therapy for Acne
- Mobile Cardiac Outpatient Telemetry (CardioNet) for monitoring the electrocardiogram continuously, and transmitting abnormal rhythms instantaneously
- Dynesyks Spinal System for spinal fusion
- Etanercept for Wegner's granulomatosis
- Home Monitoring of Pulmonary Function Using Home Spirometry for daily measurement of pulmonary function
- Meniette Device for Menieres Disease *Pg 7...*

Medical Management Updates

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- Speculoscopy for detection of cervical cancer
- Suit Therapy (Adeli) for prevention of muscle atrophy and osteoporosis in children with cerebral palsy

Endovenous Laser Ablation of the Saphenous Vein (ELAS) was removed from the investigational list effective May 24, 2005 and is eligible coverage subject to the member's benefit plan and prior authorization requirements.

New in the behavioral health area is the addition of Single Photon Emission Computed Tomography (SPECT) for all mental health disorders including dementia, autism spectrum disorders, and ADHD, and Metronome Therapy to the Investigational List and therefore not a covered benefit effective May 10, 2005.

New in the Pharmacy area are the ACE Inhibitor Step Therapy criteria and Selective Serotonin

Reuptake inhibitors (SSRI's) Step therapy criteria to support the corresponding step therapy programs.

The latest Medical, Chiropractic and Pharmacy Policy and Criteria indexes are attached and indicate new and revised documents approved at recent meetings of the PreferredOne Medical/Surgical Quality Management Subcommittee, Behavioral Health Quality Management Subcommittee, Chiropractic Quality Management Subcommittee, and Pharmacy & Therapeutics Quality Management Subcommittee. Please add the attached indexes (Exhibit D) to the Utilization Management section of your Office Procedures Manual and always refer to the on-line policies for the most current version.

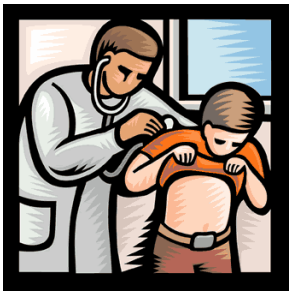
If you wish to have paper copies of medical policies or you have questions feel free to contact the medical policy department at (763)-847-3386 or on line at quality@preferredOne.com.

Quality Improvement Update

The National Committee for Quality Assurance (NCQA) is an independent, not-for-profit organization dedicated to measuring the quality of America's health care. Because PreferredOne is committed to improving the health and well being of our members we have made the decision to proceed with accrediting our PreferredOne Community Health Plan by NCQA in 2006. Activities are underway at this time to ensure compliance with NCQA standards. Other quality activities include the Consumer Assessment of Health Plan Survey (CAHPs). Early results this year show the response rate is much higher and demonstrates increased satisfaction with both care received and with the health plan. The Health Plan Employer Data and Information Set (HEDIS®) chart abstraction has recently been completed. We would thank our provider community for their cooperation in this effort. HEDIS is a requirement both by the state of Minnesota and NCQA. Providers and members can request a paper copy of a summary of PreferredOne's Quality program and/or a description of collaborative quality activities that address goals, processes and outcomes as they relate to member care and service by e-mailing quality@preferredone.com.

PreferredOne is pleased to co-sponsor an in-school curriculum on fitness and nutrition, built around an educational play; "The Prince and the Pyramid"

presented by The National Theatre for Children. The program will be introduced in 325 Twin Cities area schools starting in the fall of 2005 and continuing through the end of the 2006-7 school year. In their school, children will see a live interactive performance of the play and its lessons will be reinforced by a curriculum of that includes workbooks, take-home activities to complete with their family, classroom posters, and guidebooks and curriculum aids for teachers. In clinics surrounding the schools, children will receive a CD-ROM game, informative parent guide, and activity books. Nutrition education is key to reducing obesity and this initiative will get our children headed toward healthy behavior and improved health in a fun, attention-getting positive manner. Nationally health plans spend billions of dollars each year on the results of unhealthy behavior. PreferredOne is pleased to be able to support this initiative that will get our children headed toward better health.



Medical Management Updates

Pharmacy

Controlled Substance Prescribing

The PreferredOne Pharmacy and Therapeutics (P&T) Committee recently raised a question around the ability for physicians to write multiple CII prescriptions on the same day for the same patient for the same drug/dose with specific directions for when each prescription can be filled (i.e. "do not dispense before mm/dd/yyyy"). The practice of writing multiple controlled substance prescriptions on the same day with the intent of future fills has undergone recent scrutiny by the DEA. In an

attempt to help clarify the issue for our physicians, PreferredOne has identified the following guidelines:

- Schedule II controlled substance prescriptions may NOT be refilled.
- Currently Federal regulations do not specify how much time may elapse between writing and dispensing a Schedule II controlled substance prescription.
- Under Minnesota Rules, a one year limit from the date of issue exists for all prescriptions, including Schedule II controlled substances, with the exception of Schedules III and IV.
- Federal regulations provide that prescriptions for drugs in Schedules III and IV cannot be filled or refilled longer than six months after the date they were issued.
- Prescriptions for Schedule V drugs can be refilled, as authorized, up to one year from the date of issue state limit.
- Federal Schedule V codeine containing cough syrups are Schedule III in Minnesota and under Minnesota Statute 152.11 are subject to the six month/five refill limitation.
- All prescriptions for controlled substance shall be dated as of, and signed on, the day when issued and shall bear the full name and address of the patient, the drug name, strength, dosage form, quantity prescribed, directions for use and the name, address and registration number of the practitioner.

*References are available upon request.

Step Therapy Program

PreferredOne implemented has expanded its Step Therapy program to include two additional programs. Step Therapy is a program that encourages physicians to follow established guidelines of care starting with conservative therapies and progressing to more aggressive therapies, as the patient's needs dictate. The drug classes/drugs currently involved in the Step Therapy program include, but are not limited to the following:

- Angiotensin Converting Enzyme (ACE) Inhibitors
- Leukotriene Pathway Inhibitors
- Brand Name Non-Steroidal Anti-Inflammatory Agents (NSAIDs)
- Proton Pump Inhibitors
- Zetia
- COX-II Inhibitors
- Selective Serotonin Reuptake Inhibitors (SSRIs) – **New Effective 5/1/2005**
- Wellbutrin XL – **New Effective 7/1/2005**

The step therapy criteria are located on the PreferredOne physician secure website. The website address is www.preferredone.com. The criteria are located under Health Resources, Medical Policy, Pharmacy Criteria.

Quantity Level Limits

The Quantity Level Limit program addresses situations where certain drugs are being dispensed in higher doses or quantities than approved by the FDA or higher than recommended in best practice guidelines. The drug classes/drugs currently involved in the Quantity Level Limit program includes, but is not limited to the following:

- Antihistamine/Antihistamine Decongestant combinations - **New Effective 5/1/2005**
- Anti-Migraine Agents
- Antivertigo & Antiemetics
- Asthma (Beta-2 Adrenergic and Other Drugs) - **New Effective 5/1/2005** *Pg 9...*

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- Nasal Drugs - **New Effective 5/1/2005**
- Gastrointestinal Agents (PPIs)
- Insulin Sensitizers - **New Effective 5/1/2005**
- Interferons - **New Effective 5/1/2005**
- Sedative-Hypnotic Agents
- Vaginal Antifungals - **New Effective 5/1/2005**
- Topical Dermatological - **New Effective 5/1/2005**
- Ophthalmic - **New Effective 5/1/2005**
- Non-Steroidal Antiinflammatory Agents - **New Effective 5/1/2005**
- Diabetic Supplies - **New Effective 5/1/2005**

A complete list of drugs and the corresponding limits and criteria is available on the PreferredOne physician secure website. The website address is www.preferredone.com. The criteria are located under Health Resources, Medical Policy, Pharmacy Policy (Exhibit E). The drug list and limits are located under Information, Pharmacy Information, Quantity Level Limits.

Specialty Medication Program

Effective October 1, 2004, PreferredOne partnered with CuraScript to provide specialty medications to our members as part of their retail pharmacy benefit.

CuraScript is the nation's leading specialty pharmacy company providing oral and injectable/infusable medications to patients with chronic illnesses requiring complex, high-cost treatment. At CuraScript, quality care and outstanding customer service are top priorities. CuraScript understands the complexity of these specialty drugs; therefore, each patient receives personalized care management required for successful outcomes and confidence in treatment.

Following are additional details about the CuraScript specialty program:

- **Only those drugs listed on the CuraScript Drug List are part of this program at this time.** This drug list is available on the PreferredOne physician secure website. The file path is found under Information/Forms/Curascript Drug List.
- Drugs provided by physician offices, home health agencies, or infusion clinics are **not** subject to this program **at this time.**
- Members can obtain **one fill** of their specialty medication at a retail pharmacy before being required to transition to CuraScript.
- In order to begin using CuraScript, the provider or the member must complete the Patient Enrollment Form. This form is available on the PreferredOne physician secure website.

Provider questions regarding this program may be directed to CuraScript at 877-283-2829.

Exhibit A

PreferredOne Physician (PPA) Email Address Request Form

Please send to:

FAX: **763-847-4010**
Attn: Alisa Hajicek
MAIL: **PreferredOne**
Attn: Alisa Hajicek
6105 Golden Hills Drive
Golden Valley MN 55416
E-MAIL: Alisa.Hajicek@PreferredOne.com

Clinic Name_____
Clinic Address_____
Clinic Phone_____
Lead Physician_____
Specialty_____
Physician Email_____
Clinic Website_____

Exhibit B

PreferredOne

DEPARTMENT:	Coding Reimbursement	**APPROVED DATE:**	
POLICY DESCRIPTION:	Fee Schedule Changes		
EFFECTIVE DATE:	7/1/2005		
PAGE:	1 of 1	**REPLACES POLICY DATED:**	4/15/96
REFERENCE NUMBER:	P-16	**RETIRED DATE:**	

SCOPE: Claims, Coding, Customer Service, Pricing, Network Management

PURPOSE: To provider information on the effective dates of the provider fee schedules. The definition of provider includes but is not limited to: Physicians (MD, DO, etc.) Ancillary Providers (Nurse Practitioner, Physician Assistant); and non-physician Mental Health Providers (PhD, etc.)

COVERAGE: Coverage is subject to the terms of an enrollee's benefit plan. To the extent there is any inconsistency between this policy and the terms of an enrollee's benefit plan, the terms of the enrollee's benefit plan documents will always control. Enrollees in PreferredOne Community Health Plan (PCHP) and some non-ERISA group health plans that PreferredOne Administrative Services, Inc, (PAS) administers are eligible to receive all benefits mandate by the state of Minnesota. Please call customer service telephone number on the back of the enrollee's insurance card with coverage inquiries.

PROCEDURE:

1. The provider fee schedule is updated on January 1st of each calendar year. The fee schedule update includes CMS RVU's and non-RVU's pricing from the previous year. In addition, gap fill RVU's will be added.

2. An additional mid-year fee schedule update may be made on July 1 of each year, in order to maintain consistent coding.

3. Fee schedules for DME, Home Health, Home IV, and Dental are updated on April 1 of each year.

4. Anesthesia fee schedules are updated March 1 of each year.

5. Additional updates to the fee schedules may occur when warranted by special circumstances

6. All fee schedule updates involve a consensus process between coding, pricing and contracting.

Exhibit C

PreferredOne

DEPARTMENT:	Coding Reimbursement	**APPROVED DATE:**	June 2005
POLICY DESCRIPTION:	Source for reimbursement of drugs, immunizations, vaccines and solutions **(excluding home health providers and retail pharmacies until notified)**		
EFFECTIVE DATE:	July 1, 2005		
PAGE:	1 of 2	**REPLACES POLICY DATED:**	10/15/98
REFERENCE NUMBER:	P-26	**RETIRED DATE:**	

SCOPE: Claims, Coding, Customer Service, Pricing, Network Management

PURPOSE: To provide information on PreferredOne AWP pricing resource.

POLICY: PreferredOne's AWP is derived by utilizing CMS' Methodology for all manufacturers of a particular drug within each NDC, HCPCS/CPT-4 code classification.

PreferredOne's supplier of this information, Drug Reimbursement and Price Database/Guide/Website, (a Product of RJ Health System international, LLC. Wethersfield Connecticut) maintains an "NDC/AWP (ASP) database file that compiles and analyzes information supplied by each drug manufacturer.

COVERAGE: Coverage is subject to the terms of an enrollee's benefit plan. To the extent there is any inconsistency between this policy and the terms of an enrollee's benefit plan, the terms of the enrollee's benefit plan documents will always control. Enrollees in PreferredOne Community Health Plan (PCHP) and some non-ERISA group health plans that PreferredOne Administrative Services, Inc, (PAS) administers are eligible to receive all benefits mandate by the state of Minnesota. Please call customer service telephone number on the back of the enrollee's insurance card with coverage inquiries.

PROCEDURE:

1. Report the appropriate CPT/ HCPCS code if one has been established for the immunization, vaccination, drug or solution. Some solutions may not be reimbursed if deemed part of the procedure.

2. The number of units administered should be in box 24 G. Dosages may be rounded up when necessary. Example: J2275, morphine sulfate 10 mg. A dosage of 15 mg would be reported as 2 units.

3. An unlisted code may be reported when no other code currently exists. The name of the drug, strength and dosage administered, and NDC number must be on the claim. Unlisted codes will be denied without this information.

4. Some in-injectable drugs require prior authorization (growth hormones, botox, amevive, remicade, and biological drugs). This is not a complete list. Call customer service with inquiries.

Exhibit D

Chiropractic Policy Table of Contents

Criteria #	Description
H001	**Hot N Cold Packs**
I001	**Experimental, Investigational or Unproven Services** *Revised*
P001	**Passive Rx Therapies beyond six weeks**
P002	**Plain films within first 30 days of care**

Revised 04/28/05

Medical criteria accessible through this site serve as a guide for evaluating the medical necessity of services. They are intended to promote objectivity and consistency in the medical necessity decision-making process and are necessarily general in approach. They do not constitute or serve as a substitute for the exercise of independent medical judgment in enrollee specific matters and do not constitute or serve as a substitute for medical treatment or advice. Therefore, medical discretion must be exercised in their application. Benefits are available to enrollees only for covered services specified in the enrollee's benefit plan document. Please call the Customer Service telephone number listed on the back of the enrollee's identification card for the applicable pre-certification or prior authorization requirements of the enrollee's plan. The criteria apply to PPO enrollees only when the employer group has contracted with PreferredOne for Medical Management services.

Medical Criteria Table of Contents

	Disorders	
M006	MH/Substance Related Disorders	**Partial Hospitalization Program (PHP)-Mental Health Disorder**
M007	MH/Substance Related Disorders	**Residential Treatment**
M008	MH/Substance Related Disorders	**Outpatient Psychotherapy**
M009	MH/Substance Related Disorders	**Outpatient Chronic Pain Program Criteria**
M010	MH/Substance Related Disorders	**Substance Related Disorders: Inpatient Primary Treatment**
M014	MH/Substance Related Disorders	**Detoxification: Inpatient Treatment**
M019	MH/Substance Related Disorders	**Pathological Gambling Outpatient Treatment**
M020	MH/Substance Related Disorders	**Autism Spectrum Disorders Treatment**
N001	Rehabilitation	**Acute Inpatient Rehabilitation** ***Revised***
N002	Rehabilitation	**Skilled Nursing Facilities**
N003	Rehabilitation	**Outpatient Occupational, Physical and Speech Therapy**
T001	Transplant	**Bone Marrow Transplantation/Stem Cell Harvest (Autologous and Fetal Cord Blood)**
T002	Transplant	**Kidney/Pancreas Transplantation**
T003	Transplant	**Heart Transplantation**
T004	Transplant	**Liver Transplantation**
T005	Transplant	**Lung Transplantation**
T006	Transplant	**Intestinal Transplant**

Revised 05/24/05

Medical Policy Table of Contents

Revised 05/24/05

Exhibit E

Pharmacy Criteria Table of Contents

Criteria #	Category	Description
A001	Pharmacy	ACE Inhibitors Step Therapy *New*
B003	Pharmacy	Botulinum Toxin *Revised*
B004	Pharmacy	Biologics for Arthritic Conditions: Enbrel (etanercept), Humira (adalimumab), & Remicade (infliximab)
B005	Pharmacy	Biologics for Psoriasis: Amevive (alefacept) Enbrel (etanercept) and Raptiva (efalizumab)
G001	Pharmacy	Growth Hormone Therapy
L001	Pharmacy	Lamisil (terbinafine)
L002	Pharmacy	Leukotriene Pathway Inhibitors Step Therapy *Revised*
N001	Pharmacy	Branded Nonsteroidal Anti-Inflammatory Drug (NDAID) Step Therapy
P001	Pharmacy	PPI
R002	Pharmacy	RSV Prophylaxis
S001	Pharmacy	Sporanox (itraconazole)
S002	Pharmacy	Selective Serotonin Reuptake Inhibitors (SSRIs) Step Therapy *New*
V001	Pharmacy	Viagra (sildenafil cirate) for Treatment of Pulmonary Hypertension
W001	Pharmacy	Weight Loss Medications
X001	Pharmacy	Xolair
Z001	Pharmacy	Zetia (ezetimibe) Step Therapy

Revised 05/18/05

Pharmacy Policy Table of Contents

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