HIGHMARK. FREEDOMBLUE PFFS
A Medicare Advantage Private Fee-for-Service Program

Highmark Blue Shield is an Independent Licensee of the Blue Cross and Blue Shield Association

FreedomBlue Medicare Advantage Private Fee-for-Service (PFFS)

Medicare Advantage Basics

Medicare Advantage plans are private health plans that receive payments from the Centers for Medicare and Medicaid Services (CMS). Medicare Advantage plans are required to provide benefits covered under traditional Medicare. Most plans provide additional benefits including routine preventive care services and wellness programs. CMS pays plans to provide basic Medicare benefits, and plans must use any savings to reduce premiums or improve benefits.

The Balanced Budget Act of 1997 authorized new Medicare plans including preferred provider organizations (PPOs), provider-sponsored organizations (PSOs), private-fee-for-service (PFFS) plans, and high deductible plans linked to Medical Savings Accounts (MSAs). PFFS plans differ from Medicare Advantage HMOs and PPO plans in that they are not required to establish provider networks or adopt utilization management strategies.

What is PFFS?

PFFS plans most closely resemble a privately administered version of traditional fee-for-service Medicare. PFFS plans:

- Operate under CMS regulations as a local Medicare Advantage plan.
- Provide plan benefits by private insurance companies under contract with CMS for the Medicare program.
- Cover all services under Medicare Parts A and B with the flexibility to provide enhanced benefits and services including Part D prescription drug benefits.
- Require no prior authorization of healthcare services or referrals.
- Can allow "open access" to any licensed Medicare-eligible professional provider or Medicare certified-facility eligible to receive Medicare payment that has not opted out of the traditional Medicare program and accepts the PFFS plan's terms and conditions of payment prior to treatment of members.
- PFFS is **NOT** a Medicare supplement.
- PFFS is **NOT** exactly like Traditional Medicare and not to be confused with traditional Medicare FFS.

The Highmark Blue Shield FreedomBlue PFFS Advantage

FreedomBlue PFFS will be available to Medicare beneficiaries in Pennsylvania, West Virginia, and to retirees of locally headquartered employer groups nationwide effective January 1, 2008.

With FreedomBlue PFFS:

- **No provider exclusions or restrictions to participation** – For Medicare eligible providers there is no additional contract, credentialing, or paperwork involved. As long as a Medicare eligible provider has not opted out of the traditional Medicare program and voluntarily accepts FreedomBlue PFFS terms and conditions of payment, there will be no exclusions to participation in providing covered services to members.

- **No provider financial risk** - providers will be reimbursed at local Medicare pricing fee schedules based on the geographic location for where the service was rendered. For providers that do not accept Medicare assignment, Highmark Blue Shield will pay up to the limiting charge as determined by the local Medicare fee schedule as allowed by state law. Total payment will be comprised of that portion received from Highmark Blue Shield and the enrollee's plan defined cost sharing amount.

- **No administrative burden** – Providers (or their billing agents) will be able to easily access our terms and conditions of payment containing claims payment and submission procedures, and member cost sharing amounts via the Highmark Blue Shield Reference Guide on our Provider Resource Center located at www.highmarkblueshield.com.

- **Easy billing** – Use CMS-1500 or UB-04 claim forms (or electronic filing equivalent). Claims can be submitted directly to Highmark Blue Shield or through the current ECRP+ process in place for national Blue Medicare Advantage HMO and PPO products today.

Provider Reimbursement Examples

Though providers do not sign a network agreement with Highmark Blue Shield for FreedomBlue PFFS, there are Medicare established rules that govern providers under all Medicare Advantage PFFS plans (including FreedomBlue PFFS):

Deemed Provider: A Medicare eligible provider is considered a deemed provider under the following conditions set by Medicare:

1. Services are covered by the PFFS plan and are furnished to an enrollee of the PFFS plan.

2. Before furnishing the services, the provider was informed of the individual's enrollment in the PFFS plan and was informed (or given reasonable opportunity to obtain information) about the terms and conditions of participation and payment under the PFFS plan.

FreedomBlue PFFS reimbursement: For plan covered services, deemed providers will be reimbursed in accordance with reimbursement policies and guidelines contained in FreedomBlue PFFS terms and conditions of participation and payment. For providers that do not accept Medicare assignment, Highmark Blue Shield will pay up to the limiting charge as determined by the local Medicare fee schedule and as allowed by state law. Total payment will be comprised of that portion received from Highmark Blue Shield and the enrollee's plan defined cost sharing amount. Deemed providers cannot balance bill FreedomBlue PFFS members for Medicare covered plan services.

Non-Contracted Provider: If a Medicare eligible provider furnishes services to a PFFS member but deeming requirements are not met, the provider is considered to be a non-contracted provider.

FreedomBlue PFFS reimbursement: Medicare eligible providers are entitled to receive the Medicare allowed amount based on the Medicare fee schedule for the geographic locality where the service is rendered. For providers that do not accept Medicare assignment, Highmark Blue Shield will pay up to the limiting charge as determined by the local Medicare fee schedule and as allowed by state law. For plan covered services, total payment will be comprised of that portion received from Highmark Blue Shield and the enrollee's plan defined cost sharing amount.

Non Participating Providers: Medicare eligible providers who do not accept Medicare assignment are considered non-participating providers. Non-participating providers can still be considered a deemed provider if deeming conditions are met.

FreedomBlue PFFS reimbursement: Medicare eligible providers who do not accept assignment are entitled to receive the Medicare limiting charge or the amount allowed by state law. Non-participating providers may not balance bill a PFFS member for amounts up to the limiting charge. Highmark Blue Shield will pay up to the limiting charge as determined by the local Medicare fee schedule and as allowed by state law. For plan covered services, total payment will be comprised of that portion received from Highmark Blue Shield and the enrollee's plan defined cost sharing amount.

Opt Out Providers: Opt out providers are those providers who have formally opted out of the traditional Medicare program. Other than emergent and urgent services as defined in §422.2, Medicare Advantage plans may not pay, directly or indirectly, for services furnished by providers who formally opted out of the Medicare program.

For services not covered under FreedomBlue PFFS or for services not considered to be medically necessary under Medicare rules, the provider may be eligible to collect payment from the member. Claims for services such as clinical trials, hospice, and other services identified in CMS payment guidelines should be submitted directly to Medicare.

Highmark Blue Shield – an Experienced, Reliable Health Insurer

FreedomBlue PFFS is offered and will be fully serviced by Highmark Blue Shield, a risk-bearing entity certified by CMS. Highmark Blue Shield is a leading health insurer across Pennsylvania:

- Nearly 70 years of experience providing health care coverage
- High-quality customer service
- Superior and efficient administrative services
- Over 40 years of Medicare experience and over 12 years of Medicare Advantage experience
- "A (Excellent)" and "A (Strong)" financial stability ratings from A.M. Best and Standard & Poor's insurance rating services.