

Coding Policy Policy and Procedure		
SUBJECT: Coding Policy 78.0 Reasonable Billing Practices	DEPARTMENT: Health Care Services	
ORIGINAL EFFECTIVE DATE: 11/2009	DATE(S) REVIEWED/REVISED: 11/09, 01/10, 02/10, 01/11, 01/12, 01/13, 01/14, 01/15, 01/16, 01/17, 01/18, 01/19, 01/20, 01/21, 01/22	
APPROVED BY: Coding Policy Review Committee	NUMBER: MC 78.0	PAGE: 1 of 1

SCOPE:

Providence Health Plan, Providence Health Assurance, Providence Plan Partners, and Ayin Health Solutions as applicable (referred to individually as “Company” and collectively as “Companies”).

APPLIES TO:

All Lines of Business

POLICY:

Company expects that charges submitted for services, supplies, and/or pharmaceuticals will be a reasonable reflection of the provider’s cost for that service, supply, or pharmaceutical. Excessive charges may be considered abusive billing and will be subject to action including, but not limited to, withholding payment, recovery of prior payment, and termination of provider’s contract.

The objective of this policy is to:

- Reduce harm to member caused by excessive out-of-pocket expenses.
- Maintain fair and equitable reimbursement to all providers.
- Eliminate unnecessary expenditures by the health plan.

PROCEDURE:

- Documentation of services and/or invoices for supplies or pharmaceuticals and/or documentation to support pricing must be available and submitted to the health plan upon request.
- Documentation and/or invoices will be reviewed, and if the provider’s charge is in excess of a reasonable margin based on the provider’s cost or level of service, it will be reported to Provider Contracting.
- The names of providers who repeatedly submit excessive charges will be forwarded to the Special Investigations Unit.

REFERENCE:

Providence Health Plan Coding Policies
 CMS Rules and Regulations
 Company Provider Contracts
 Medicare Physician Fee Schedule (RBRVS)
 DMERC Supplier Manual
 Medicare Part B Drug Average Sales Price (ASP)
 Thomson’s Redbook Average Wholesale Price (AWP)
 Providence Health Plan Pharmacy Policy “Reasonable Billing Practices for Pharmacy Claims”