



How are providers reimbursed?

Our HMO reimbursement programs for health care providers are intended to encourage the delivery of quality, cost-effective care for our members. Below is a general description of our HMO reimbursement programs, listed by type of participating health care provider. Please note that these programs may change from time to time, and the arrangements with particular providers may be modified as new contracts are negotiated. If after reading this material you have any questions about how your health care provider is compensated, please speak with the provider directly, or contact us.

Primary Care Physicians

Most PCPs are paid in advance for their services, receiving a set dollar amount per member per month for each member selecting that PCP. This is called a capitation payment, and it covers most of the care delivered by the PCP. Services not included under capitation are paid fee-for-service according to the HMO fee schedule.

Many PCPs are also eligible to receive additional payments for meeting certain quality performance and medical cost management measures relative to other qualifying participating PCP offices. Independence promotes and rewards high-quality, accessible, and cost-effective care through its Quality Incentive Payment System (QIPS) and Primary Care Advancement Model (PCAM). QIPS/PCAM offer primary care practices incentives for providing quality healthcare and effectively managing the care of their HMO populations and works in tandem with our ACO payment model to incent providers based on their performance and appropriate utilization. The quality segment of QIPS and PCAM incentives is measured on HEDIS®-based measures and include measures such as childhood immunizations; adolescent immunizations; well-care visits; cancer screenings; diabetic care; acute care; and chronic care. Primary care providers are scored on how well their office performs relative to other offices of the same specialty type. The QIPS and PCAM programs offer a variety of incentive opportunities to primary care practices such as quality performance, and cost of care.

In addition to the incentives listed above, PCAM providers are paid a non-visit based care management fee to be used for care coordination and population health activities.

Specialists

Most specialists are paid on a fee-for-service basis, meaning that payment is made according to our HMO fee schedule for the specific medical services that the specialist performs. Obstetricians are paid global fees that cover most of their professional services for prenatal care and for delivery.

Independence also has specialty provider incentive programs designed to promote quality improvement and cost-efficiency. For example, we have a program that focuses on hip and knee replacement procedures, and we have additional incentive programs in place with certain cardiology, oncology, urology, women's health providers to encourage quality improvement and cost-efficiency.

Designated Specialty Sites

For a few specialty services, PCPs are required to select a designated site to which they refer all of our HMO members for those services. The specialist services for which PCPs must select a designated site could include, but are not limited to, laboratory, radiology, occupational therapy, and physical therapy. Specialists in designated sites usually are paid a set dollar amount per member per month (capitation) for their services based on the PCPs who have selected them. Before selecting a PCP, HMO members may want to speak to the PCP regarding the designated specialty sites that PCP has chosen.

Physician Group Practices and Physician Associations

Certain physician group practices and independent physician associations employ or contract with individual physicians to provide medical services. These groups are paid as outlined previously. These groups may pay their affiliated physicians a salary and/or provide incentives for primary care providers based on efficiency, quality, service, or other performance standards. We also may have arrangements with physician practice management (PPM) entities, IPAs (independent practice associations), or IDS (integrated delivery systems) in which the IPAs or IDS are paid a global fee to cover the cost of all services, including hospital, professional, and ancillary services provided to members who choose a PCP in such IPA or IDS and which may encourage members either directly or through providers who participate with them to utilize certain providers based on quality and cost effectiveness. Such IPA or IDS would be "at risk" for the cost of these services.

The PPM, IPA or IDS may also provide incentives to its affiliated physicians for meeting certain quality, service, and performance standards and may encourage members either directly or through providers who participate with them to use certain providers based on quality and cost-effectiveness.

Hospitals

For most inpatient medical and surgical covered services, hospitals are paid case rates, which are set dollar amounts paid for a complete hospital inpatient stay related to a specific procedure or diagnosis (e.g., transplants). Some hospitals are also paid per diem rates, which are specific amounts paid for each day a member is in the hospital. These rates usually vary according to the intensity of the services provided. For most outpatient and emergency-

covered services and procedures, most hospitals are paid specific rates based on the type of service performed. Hospitals may also be paid a global rate for certain outpatient services (e.g., lab and radiology) that includes both the facility and physician payment. For a few covered services, hospitals are paid based on a percentage of billed charges. Most hospitals are paid through a combination of these payment methods for various covered services.

The Integrated Provider Performance Incentive Plan (IPPIP) is an Accountable Care Organization (ACO) payment model, hospital/physician pay-for-performance program. It is designed to provide a balanced rewards model for the delivery of high-quality and cost-effective care and to encourage provider collaboration and care coordination between primary care physicians, specialists, and hospitals. In the IPPIP arrangement, the incentive earnings potential is tied to the provider's level of improvement in quality measures and in medical cost management.

Skilled Nursing Homes, Rehabilitation Hospitals, and Other Care Facilities

Skilled nursing and other special care facilities are paid per diem rates, which are specific amounts paid for each day a member is in the facility. These amounts may vary according to the intensity of services provided. For example, we have programs in place with certain skilled nursing facilities to encourage quality improvement and cost-efficiency.

Ambulatory Surgical Centers (ASCs)

Most ASCs are paid specific rates based on the type of service performed. For a few services, some ASCs are paid based on a percentage of billed charges.

Ancillary Providers

Some ancillary providers, such as those providing durable medical equipment and home health care, are paid fee-for-service payments according to our HMO fee schedule for the specific medical services performed. Other ancillary providers, such as those providing laboratory services, are paid a set dollar amount per member per month (capitation). Capitated ancillary vendors are responsible for paying their contracted providers and do so on a fee-for-service basis. Independence has ancillary provider incentive programs designed to promote quality improvement and cost-efficiency. For example, we have incentive programs in place with certain home health providers to encourage quality improvement and cost-efficiency.

Behavioral Health/Substance Abuse

A behavioral health/substance abuse management company administers most of our behavioral health benefits and provides a network of participating behavioral health care providers. We pay it administrative fees for the behavioral health management services it provides. Most behavioral health/substance abuse healthcare providers are paid fee-for-service payments for the specific covered services provided in accordance with the behavioral health/substance abuse management company's HMO fee schedule.



Keystone 65 HMO

This information is not a complete description of benefits. Contact the plan for more information. Limitations, copayments, and restrictions may apply. Benefits may change on January 1 of each year.

The provider network may change at any time. You will receive notice when necessary.

Keystone 65 offers HMO plans with a Medicare contract. Enrollment in Keystone 65 Medicare Advantage plans depends on contract renewal.

Benefits underwritten by Keystone Health Plan East, a subsidiary of Independence Blue Cross — independent licensees of the Blue Cross and Blue Shield Association.

KS8177 (9/17)

Y0041_H3952_KS_18_59526 accepted 10/03/2017