

Provider Cost Estimate Report  
Frequently Asked Questions (FAQ) from Facilities  
October 2018

**Background**

Blue Shield of California is mandated by the Blue Cross and Blue Shield Association (BCBSA), as part of provider transparency initiatives, to provide its members with a “Treatment Cost Estimator” (TCE) tool. The tool is intended to help members research the estimated cost ranges for certain procedures. The data that appears in the TCE is calculated using a cost estimate methodology provided by BlueCross BlueShield (BCBS) Axis<sup>SM</sup>, a national data capability tool.

California Senate Bill 1340 (as enacted in Health and Safety Code Section 1367.49 and Insurance Code Section 10133.64) requires Blue Shield to make this cost estimate information available to you before it is used as a part of the calculated total cost estimates for care within California that we display to our members in our TCE tool at [www.blueshieldca.com](http://www.blueshieldca.com).

Blue Shield’s TCE tool is accessible only to our benefit plan members.

**1. Why am I receiving this *Provider Cost Estimate Report*?**

We are providing this data to you in accordance with California SB 1340 (2014) which became effective on January 1, 2015.

**2. When and how often will I be receiving a *Provider Cost Estimate Report*?**

Those providers whose claims are used will receive a new report each April and October with updated cost estimates calculated according to the methodology.<sup>1</sup> We distribute the reports to those providers a minimum of 30 days prior to each time that the TCE tool is refreshed with updated cost estimate data (from an identified reporting period). Blue Shield refreshes the cost estimate data in the TCE tool each May and November. Only those claims that meet the criteria required in the methodology are used in the calculations for the identified reporting period.

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<sup>1</sup> The BCBS Axis cost estimate methodology and all descriptions thereof are proprietary information of the Blue Cross and Blue Shield Association. ©2015 Blue Cross and Blue Shield Association. All rights reserved. The methodology is described in the *BlueShield BlueCross Cost Estimate Methodology Overview* enclosed in this packet.

**3. What am I supposed to do with this report?**

You are not required to take any action in response to receiving this report. We send this information to you in accordance with California SB 1340, as noted above. We notify you of the cost estimate data calculated, using the methodology described in this packet, that we plan to integrate into the cost estimates we will display on our TCE tool.

**4. What calculations did you use to create these cost ranges?**

The cost ranges were developed using the allowed dollars from your PPO “claims experience” during the reporting period identified on the report.

- The reporting period used for calculations changes each time the data is refreshed on a semi-annual basis.
- “Claims experience” means the cost for a procedure can include a subset of services and codes that were submitted in your claims, and may subject to how you bill Blue Shield for reimbursement.
- **As a result, the total allowed dollars for a claim may not correspond to the exact contracted rate that you receive for a specific code.**

Additionally, cost ranges for some procedures represent a bundling of the cost information and services from the claims experience. It is possible for the cost range of a treatment category to be comparable to your contracted rate, but **your exact rate is not disclosed.**

**5. Is the information in this report the same information that members view in your TCE?**

The cost estimate information in your report is not displayed in exactly the same way in the TCE. The cost information you see in your provider report is often combined with other related costs for a treatment. Both a total cost estimate and the member’s out-of-pocket estimate are displayed on TCE.

**6. What costs are displayed on the TCE as part of the total cost estimate?**

The TCE states that the total cost estimate displayed is not an exact calculation of a member’s actual costs, **which will vary depending on the particular services and supplies the member receives during care.** The TCE also states that out-of-pocket costs will vary depending on the annual deductible or coinsurance amounts specific to the member’s benefit plan design.

**7. Why do these cost ranges for my services appear to be too low/too high to be correct?**

Our goal is to reflect the **estimated total cost** for a procedure **from a member’s perspective**, not to display how much a provider is paid for the service.

**8. How do you calculate the number for the “volume” field in this report?**

The “volume” field refers to the total number of encounters for a procedure or treatment category, **based on PPO and HMO members claims that were qualified to be included in the calculations** in accordance with the methodology required. Please note, however, that while HMO data is used for volume, it is not used to determine the cost ranges.

In addition, the volume figure in this report may not necessarily reflect the total number of times the procedure was performed during the indicated reporting period. There may have been other times the procedure was performed and those claims may not be included in this calculation.

**9. What does the “Service Provider Name” in this report indicate?**

The Service Provider Name indicates where the procedure was performed. Some providers call this the “service location.” The facility where the procedure was performed should be displayed.

**10. If I disagree with this information, how can I get it corrected?**

The cost estimates have been calculated using information obtained from actual past paid claims as part of the calculation; they cannot be changed.

You are entitled, however, to display a response on your website regarding the cost estimates we provide on the TCE. The response at your website will be linked to a provider comment section at Blue Shield’s TCE website and be accessible to members who log into the tool. To implement this option, you will need to send us the URL of your website where you will display your response. We will post that link to the appropriate section of the TCE website.

**11. How can I learn more about this *Provider Cost Estimate Report*?**

If you have questions about the report, we strongly recommend that you first review all of the materials available to you in this packet and at [blueshieldca.com/provider](https://blueshieldca.com/provider) under the *News & Education* section in *Tools and Tutorials*. The section there titled *Treatment Cost Estimator* provides additional materials that may help you interpret the meaning and sources for the data.

If you have additional questions about this information, please contact your Blue Shield Network Manager.