

Assignment Account Regulations

I. Introduction

An assignment account is an account established by Highmark Blue Shield to permit one or more individual providers, practicing together, to direct Highmark Blue Shield payments to an entity other than the individual providers. An assignment account will be permitted only if the provider(s), as well as the entity to which payment is being directed, meet and continue to comply with the guidelines set forth below.

The guidelines set forth below apply exclusively to payments under Highmark Blue Shield's health insurance products. These guidelines were developed to accommodate the needs of various business entities while at the same time, addressing Highmark Blue Shield's concerns regarding appropriate, efficient utilization of services and appropriate application of payment limitations for ineligible providers.

II. Eligible Entities

For the purpose of these guidelines, a provider will be considered to be a duly licensed health service doctor eligible for payment by Highmark Blue Shield.

The following definitions clarify the perception of the various eligible entities. Use these definitions as a guideline to specify the type of legal entity on your application. Upon acceptable completion of the required forms, Highmark Blue Shield will permit an assignment account to be established for the following types of entities:

- A. Sole Proprietorship** – A sole proprietorship is unincorporated, owned by one individual, and its liabilities are the sole proprietor's personal liabilities. The sole proprietor takes the risks of the business for all assets owned. For legal and tax purposes, the business does not exist separately from the owner.
- B. Partnerships** – An organization that is unincorporated and has two or more members. The members carry on a business activity and are not considered employees.
 - 1. General Partnership** – Consists of two or more people. Each partner is liable for all debts incurred on behalf of the partnership. Existence of the professional partnership may be demonstrated by a signed copy of the partnership agreement.
 - 2. Limited Partnership** – This entity consists of one or more general partners and one or more limited partners. A certificate evidencing its formation is filed with the appropriate state. The general partner has personal liability for its debts and obligations. The limited partner can purchase an interest and be held liable for that interest; however, they have no personal liability beyond such interest. In cases in which the general partner of a limited partnership is an eligible entity in accordance with these guidelines, an account may be established in the name of the general partner. Limited partners may not be included. For example, if the general partner of a limited partnership is a professional

corporation, then the general partner's providers may establish an assignment account in favor of the professional corporation. The limited partners would not be members of the assignment account.

- 3. Limited Liability Partnership** – A limited liability partnership (LLP), subject to certain exceptions, provides partners protection from liability, direct and indirect, for debts and obligations of, or chargeable to, the partnership that arise from any negligent or wrongful acts or misconduct committed by another partner or other representative of the partnership. LLPs must register via a certificate and annually register with the appropriate state. The LLP and all members of the proposed assignment account who are licensed health service doctors will be required to execute an assignment account agreement. The members agree to be jointly and severally liable for overpayments and misreporting by the LLP and/or the members.

C. Corporations – Corporations consist of shareholders who exchange money, property, or both, for the corporation's capital stock.

- 1. Professional Corporation** – A Professional Corporation is a corporation which is organized for the purpose of engaging in a learned profession such as medicine. Professional corporations must file articles of incorporation with the state. One or more provider(s) may form a professional corporation in accordance with the Professional Corporation Law and the corporation becomes the employer of the provider(s). This would include solo practitioners who incorporate their practices. The Professional Corporation and all members of the proposed assignment account who are licensed health service doctors will be required to execute an assignment account agreement. The members agree to be jointly and severally liable for overpayments and misreporting by any and all partners to the account.
- 2. Nonprofit Corporations** – A Nonprofit Corporation is the corporation organized for other than profit making purposes. It may consist of members rather than shareholders. There may be constraints on the amount of income it can generate and use of its profits may be restricted. Highmark recognizes those established for the purpose of providing health care services through duly licensed health service doctors. The non-profit corporation, and all members of the proposed assignment account who are licensed health service doctors, will be required to execute an assignment account agreement. The members agree to be jointly and severally liable for overpayments and misreporting by or through the account.
- 3. Business Corporation** – These are sometimes referred to as a for-profit corporation. The business corporation must be established for the sole purpose of providing health care services, through duly licensed health service doctors. The entity may form an Assignment Account at the discretion of Highmark Blue Shield. The business corporation, and all members of the proposed assignment account who are licensed health service doctors, will be required to execute an agreement, agreeing to be jointly and severally liable for the overpayments and misreporting by or through the account.

D. Limited Liability Company – A limited liability company (LLC) provides limited liability to the LLC’s members. LLCs are formed under state law by filing with the state as an LLC. Unlike a partnership, none of the members of an LLC are personally liable for its debts. The LLC and all members of the proposed assignment account, who are licensed health service doctors, will be required to execute an assignment account agreement. The parties agree to be jointly and severally liable for overpayments and misreporting by or through the account.

E. Health Care Facility – Providers who are employed by or otherwise compensated by a health care facility (including, but not limited to, a hospital) or an affiliate of such health care facility (as defined below), for which Highmark Blue Shield has payment responsibility, may establish an assignment account on behalf of the facility to which they have assigned their right to bill, in the sole discretion of Highmark Blue Shield. These accounts are for the purpose of having fees for services paid by Highmark Blue Shield directed to the health care facility or its affiliate. It should be noted that, when established, such assignment accounts are solely for the purpose of directing professional fees which are otherwise payable under an individual or group benefit agreement or contract and which are otherwise not paid on a UB-04 claims form or through an alternative arrangement under the terms of an existing agreement that Highmark Blue Shield and/or its subsidiaries may have with the applicable facility and/or its affiliate. For purposes of the Section, an affiliate of a health care facility is a corporation which either controls, or is controlled by, the health care facility.

Highmark reserves the right to request documentation confirming the legal status of the entity. This may be required to confirm eligibility status.

III. Ineligible Arrangements

The following arrangements are not eligible for an assignment account with Highmark Blue Shield:

A. Corporate Practice of Medicine Prohibition – Highmark Blue Shield will not permit an assignment account that would violate any applicable state prohibition on the corporate practice of medicine.

B. Billing Agent Arrangements – Highmark Blue Shield will not permit an assignment account where payments are made in the name and under a tax identification number of an entity or person that is merely the billing agent of provider. However, the provider may ask that payments be directed to a mailing address of a billing agent so long as the billing agent acts under a written agreement with the provider which the provider may modify or revoke at any time.

C. Financing Arrangements – Highmark Blue Shield will not permit an assignment account in order to direct payment(s) for the purpose of financing arrangements such as when a provider sells or pledges accounts receivable to a person or entity as collateral on a loan.

D. Mixed Participating/Non-participating Provider Assignment Accounts – A non-participating provider (meaning a provider nonparticipating in Highmark Blue Shield’s Par

Network) may not be included in a Highmark Blue Shield assignment account which also contains participating providers.

- E. Groups Seeking Solely to Purchase Services** – An assignment account may not be permitted in a situation which would effectively evade Highmark Blue Shield’s purchased services requirement. Highmark Blue Shield may not permit an assignment account to be formed in which the account intends solely to purchase professional services from independent contractors.
- F. Groups Established Solely as Investment Vehicles** – Assignment accounts are established for the purpose of permitting providers who practice together to bill under a single provider identification number. They will not be established in situations in which the apparent purpose of including members in the assignment account is to provide an investment vehicle for one or more other persons or entities not licensed to render the health care services offered by the providers in the assignment account. In a situation in which there is a question as to whether the account is being established for investment purposes, the proposed providers will be required to certify their intent to provide professional services on behalf of the assignment account.
- G. Groups Providing Non-covered Services** – In general, assignment accounts will not be permitted in situations where it is apparent that the majority of services to be provided will not be covered under Highmark Blue Shield contracts. However, Highmark Blue Shield, at its discretion, may establish such an account when necessary for its business purposes.
- H. Outstanding Utilization Review Issues** – Highmark Blue Shield will not permit an assignment account to be established in any situation in which any proposed member(s) of the assignment account has a pending utilization review issue with Highmark Blue Shield. Furthermore, Highmark Blue Shield will not permit the addition or deletion of members in any situation in which any of the members or the existing payee under assignment account have a pending utilization review case with Highmark Blue Shield.
- I. Groups Seeking Multiple Assignment Accounts** – Highmark Blue Shield reserves the right to refuse duplicate assignment accounts. Multiple accounts composed of the same providers, with the same tax identification number, practicing at the same office address will be refused.
- J. Mixed License Assignment Accounts** – In general, limited license providers may not be included in a Highmark Blue Shield assignment account which also contains health service doctors. Highmark Blue Shield has concluded that it will not permit such an assignment account, since it would eliminate the ability to determine that a limited license provider reporting services is operating within the scope of his or her license.
- K. Other Business Entities** – Any and all legal entities or groups not included in Section II. may not be permitted by Highmark Blue Shield to establish an assignment account.
- L. Physician Assistant**– Physician Assistant do not fulfill the obligations of the Assignment Account in Pennsylvania or Delaware as they are not credentialed for commercial networks. In West Virginia Physician Assistants can be credentialed.

IV. Application Process

A group of providers desiring to establish an assignment account must complete and submit an application form provided by Highmark Blue Shield.

The following requirements apply to the application process (additional instructions are included on the form itself):

- A. Each member of the group must provide his/her name, National Provider Identification number, specialty, signature and Highmark Blue Shield individual provider number.
- B. The group subject to the assignment account must provide its proposed tax identification number, a copy of their IRS notification and their National Provider Identification number. If a tax identification number of an entity other than the group making the application is to be used, the group must identify the entity whose number is being used.
- C. The group must provide a statement signed by each member who certifies that each member is billing fee-for-service and agrees to assign his or her fees to the group account.
- D. The group must agree to inform Highmark Blue Shield of any changes in the group's contractual arrangements that would necessitate Highmark Blue Shield payments being made to some entity other than that designated in the assignment account application.
- E. The group must agree that every claim submitted to Highmark Blue Shield will bear the name of the individual provider who actually performed the service(s).
- F. The group must agree to notify Highmark Blue Shield in writing of any subsequent changes in the membership of the assignment account **prior to the effective date of each change**.
- G. Each member of the group must sign a statement agreeing that the entity subject to the assignment account and each individual member will be jointly and severally liable for any overpayment that the entity receives.
- H. The group must provide a main practice address and telephone number that is accessible for Highmark business purposes and to Highmark members. A Post Office Box address is not acceptable.
- I. The application must contain the signature of the authorized representative of the group and a signature date.
- J. The applicant must specify if the group employs CRNAs, if the group is located in a hospital or hospital owned building, and if the group is billing under a tax ID number. Groups employing CRNAs must complete the supplemental CRNA Employment Status.

V. Termination

Highmark Blue Shield reserves the right to immediately dissolve any assignment account in its sole discretion. The assignment account and its member providers shall be given written notice of a decision by Highmark Blue Shield to dissolve the account. Dissolution of an assignment account will not affect the right of the individual providers to submit claims under their individual provider members.

VI. Appeals

Because it is impossible to address all possible billing and business arrangements in these guidelines, providers shall have the right to appeal Highmark Blue Shield's decision to deny an assignment account in any situation in which there is a question whether the group qualifies for the assignment account.

Such appeal must be in writing. Proposed assignment accounts that do not strictly meet the eligibility criteria stated in these guidelines may be approved if it is established, to the satisfaction of Highmark Blue Shield, that the creation of the assignment account will significantly increase the delivery of high quality, cost effective health care to Highmark Blue Shield members. Such exceptions will only be granted in extraordinary circumstances; they are not a matter of course. Highmark Blue Shield reserves the right to deny any proposed assignment account that does not comply with all of the criteria set forth in these guidelines.