

**Automatic Approval Process**
**HMO Policy and Procedure**
**BLUE CROSS AND BLUE SHIELD OF ILLINOIS  
POLICY**

<b>DEPARTMENT:</b> Network Provider Performance	
<b>POLICY NUMBER:</b> Administrative 53	<b>POLICY TITLE:</b> Automatic Approval Process
<b>EXECUTIVE OWNER:</b> Executive Director, Provider Performance	<b>BUSINESS OWNER:</b> Manager, Provider Performance
<b>ORIGINAL EFFECTIVE DATE (IF KNOWN):</b> 05/01/2000	<b>COMMITTEE APPROVAL DATE:</b> 11/14/2024

**I. SCOPE**

This Policy applies to the following lines of business and products:

Line of Business / Product Scope / Plan Scope/Contract Number (if applicable)	In Scope [x]
HMO Commercial	x
HMO IFM	x
PPO Commercial	
PPO Exchange	

**II. PURPOSE**

- To allow appropriate group approved services performed at facilities to be automatically processed electronically through BCBSIL claims processing system.
- To reduce the volume of paper claims.
- To increase electronic submissions by the facility to BCBSIL while also reducing the delay in claims processing by eliminating the need to contact the IPA for approval via the 095 report.

**III. POLICY**

Blue Cross and Blue Shield of Illinois (BCBSIL) has established a voluntary automatic approval process to pay claims. This voluntary agreement is between the Medical Group/Individual Practice Association and Physician Hospital Organization (hereinafter the "IPAs"), participating facility and BCBSIL (Expedited Approval Agreement attached).

**IV. CONTROLS/MONITORING**

Line of Business and/or Area	Control Requirements
HMO	Controls are described in Policy and Procedure

## **V. RELATED DOCUMENTS**

**Automatic Approval Process – Procedure 53A**

## **VI.IMPACTED BUSINESS AREAS**

HMO Contracting  
HMO Financial Analysis  
HMO Network  
HMO Operations  
HMO Service Centers including claims, eligibility etc.

## **VII. POLICY REVIEWERS**

Person Responsible for Review	Title	Date of Review
Rachel Schmitt, Jessica Whaley	HMO Provider Network Consultants	10/30/2024

## **VIII. POLICY REVISION HISTORY**

Description of Changes	Revision Date
No content changes	10/30/2024

## **IX. POLICY APPROVALS**

Company, Division, Department and/or Committee	By: Name	Title	Approval date
BCBSIL P&P			11/14/2024
Provider Performance	Geoff Guiton	Executive Director, Provider Performance	11/14/2024

## BLUE CROSS AND BLUE SHIELD OF ILLINOIS PROCEDURE

<b>DEPARTMENT:</b> Network Provider Performance	
<b>PROCEDURE NUMBER:</b> Administrative 53A	<b>PROCEDURE TITLE:</b> Automatic Approval Process
<b>EXECUTIVE OWNER:</b> Executive Director, Provider Performance	<b>BUSINESS OWNER:</b> Manager, Provider Performance
<b>ORIGINAL EFFECTIVE DATE (IF KNOWN):</b> 05/01/2000	<b>COMMITTEE APPROVAL DATE:</b> 11/14/2024

### I. SCOPE

This Procedure applies to the following lines of business and products:

Line of Business / Product Scope / Plan Scope/Contract Number (if applicable)	In Scope [x]
HMO Commercial	x
HMO IFM	x
PPO Commercial	
PPO Exchange	

### II. POLICIES IMPLEMENTED BY PROCEDURE

This Procedure implements the following Policy(ies):

Policy Name	Policy Number
Automatic Approval Process	Admin 53

### III. PROCEDURE

1. IPA and the facility will agree upon a process by which the IPA will notify the facility of all group approved hospital admission, ambulatory or outpatient surgery covered services (i.e., daily log, auto process based on admitting physician, etc.)  
If the claim (electronic or paper) was submitted on a UB-04 and the claim has a value of 1 (Physician Referral) or 3 (HMO Referral) in the Source of Admission field (15) and "GAP" in the Treatment Authorization field (63), the BCBSIL claims processing system will read the online provider file to verify if the facility and IPA have an Expedited Approval Agreement (GAP) Agreement in place.

If the IPA and hospital have a GAP agreement and the claim is not correctly coded (i.e., GAP is not entered in box 63), the claim will go through the 095 process. See Claims Processing Procedures under HMO Claims Processing Section via BCBSIL website provider manual.

2. If the service is not approved by the IPA via the agreed upon process, the facility will leave field number (63) blank. These claims will be sent back to the IPA, via the 095 report, for approval/non-approval status.

3. If the facility places “GAP” on the claim form in error for services that are not group approved, all parties agree that:
- The IPA is responsible to identify errors.
  - The IPA will notify the Hospital of the error.
  - The Hospital will refund the claim payment to BCBSIL within 14 calendar days of notification by the IPA to the hospital.
- BCBSIL will review the claim under the appropriate guidelines for the specified time period. If the claim cannot be paid, the approval code is changed to Not Group Approved and an Explanation of Benefits is generated to the Member indicating the claim was denied.

#### IV. CONTROLS/MONITORING

Line of Business and/or Area	Control Requirements
HMO	Controls Monitoring listed in the policy

#### V. AUTHORITY AND RESPONSIBILITY

The Expedited Approval Agreement (GAP) is entered into by and between BCBSIL, the IPA and the Hospital. The HMO Provider Network Consultant (PNC) obtains the signed GAP agreement from the IPA and Hospital to complete the agreement with BCBSIL. The signed GAP agreement is entered in the BCBSIL database for appropriate claim adjudication.

#### VI. IMPACTED BUSINESS AREAS

HMO Contracting  
HMO Financial Analysis  
HMO Network  
HMO Operations  
HMO Service Centers including claims, eligibility etc.

#### VII. IMPACTED EXTERNAL ENTITIES

HMO Medical Groups  
BCBSIL Contracted Providers

#### VIII. PROCEDURE REVIEWERS

Person Responsible for Review	Title	Date of Review
Rachel Schmitt, Jessica Whaley	HMO Provider Network Consultant	10/30/2024

#### IX. PROCEDURE REVISION HISTORY

Description of Changes	Revision Date
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#### X. PROCEDURE APPROVALS

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BCBSIL P&P			11/14/2024
Provider Performance	Geoff Guiton	Executive Director, Provider Performance	11/14/2024

## XI. PROCEDURE ATTACHMENTS / ADDITIONAL INFORMATION

### ***EXPEDITED APPROVAL AGREEMENT AMONG HEALTH CARE SERVICE CORPORATION, (IPA) AND (HOSPITAL)***

This Expedited Approval Agreement ("Agreement") is entered into by and between Blue Cross and Blue Shield of Illinois ("BCBSIL"), a division of Health Care Service Corporation ("HCSC"), a Mutual Legal Reserve Company and an Independent Licensee of the Blue Cross and Blue Shield Association,

\_\_\_\_\_, ("IPA") and \_\_\_\_\_  
 ("Hospital") (individually, a "Party" and collectively, the "Parties") as of \_\_\_\_\_  
 (the "Effective Date"). Terms capitalized but not defined herein shall be as defined in the Hospital Agreement or Medical Service Agreement, as applicable.

WHEREAS, BCBSIL and Hospital have entered into a Hospital Service Agreement ("Hospital Agreement") whereby Hospital has agreed to provide Covered Services to Covered Persons enrolled in health maintenance organization ("HMO") benefit programs issued or administered by BCBSIL;

WHEREAS, BCBSIL and IPA have entered into a Medical Service Agreement ("MSA") whereby IPA has agreed to provide professional Covered Services, including, but not limited to, ordering or approving hospital admissions for Covered Persons at Hospital;

WHEREAS, Claim Payments by BCBSIL for Hospital Covered Services are contingent upon an order or approval by IPA; and

WHEREAS, the Parties desire to develop a procedure for the expedited transmission of IPA order and approval status for Covered Services to Covered Persons, all as set forth herein.

NOW THEREFORE, in consideration of the mutual consideration, covenants and obligations set forth herein, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties agree as follows:

1. **Written List of Covered Persons.** During the Term of this Agreement, IPA shall provide to Hospital a written list identifying Covered Persons for whom IPA has ordered or approved hospital admissions/ambulatory or out-patient surgery Covered Services for the preceding day or week. IPA shall provide such list to the Hospital on a daily or weekly basis in a format agreed upon by IPA and Hospital.
2. **GAP Requirements.** After receipt of the list described in Section 1 above, Hospital shall submit to BCBSIL, through Hospital's Off-Site Terminal or other electronic medium as approved by BCBSIL, any Claim(s) for payment of IPA ordered or approved Covered Services rendered to Covered Persons. Hospital shall submit such Claims to BCBSIL by inserting the term "GAP" in field 63 and a "1" in the "Source of Admission" code field on the UB04 form.

3. Notice of Disposition. Within fourteen (14) days of receipt of a Clean Claim, BCBSIL shall process the Claim and send notice of the disposition to Hospital. The Claim Payment shall be remitted by BCBSIL to Hospital under the terms of the Hospital Agreement.
4. Errors. Any errors identified in adjudicating Claims based upon incorrect IPA order or approval status will be promptly corrected by BCBSIL. In the event of an erroneous Claim payment resulting from an incorrect IPA order or approval status, Hospital shall refund the Claim payment to BCBSIL within fourteen (14) days of notification by the IPA to Hospital of the error. Furthermore, if Hospital represents that it approved a Claim, BCBSIL and IPA are entitled to rely upon such representation.
5. Term and Termination. The term of this Agreement shall be for one (1) year period commencing on the Effective Date (the "Initial Term") and will be renewed for successive one (1) year periods (the "Renewal Term(s)," unless terminated as provided in this Agreement (the Initial Term together with the Renewal Term(s), the "Term").
  - 5.1 Immediate Termination. This Agreement shall terminate immediately and without notice upon termination of the Hospital Agreement or the MSA.
  - 5.2 Termination Without Cause. Unless terminated as provided in Section 5.1 above, this Agreement may be terminated by any Party at any time upon ninety (90) days' prior written notice in accordance with the notice provision in Section 17 of this Agreement.
  - 5.3 Effect of Termination. Upon termination, for purposes of expedited approvals the terms and conditions of this Agreement shall survive with respect to any Covered Person admitted to Hospital prior to the effective date of termination. Furthermore, the post-termination provisions set forth under the Hospital Agreement and the MSA, as applicable, shall apply to the termination of this Agreement.
6. Definitions. For purposes of this Agreement the following terms shall be defined as follows, and this provision shall survive termination of this Agreement:
  - 6.1 Claim means notification in a form acceptable to BCBSIL that service has been rendered or furnished to a Covered Person. This notification must set forth in full the details of such service including, but not limited to, the Covered Person's name, age, sex and identification number, the name and address of the Provider, a specific itemized statement of the service rendered or furnished, the date of service, applicable diagnosis and the Claim Charge for such service.
  - 6.2 Claim charge means the amount which appears on a Claim as the Provider's regular billed charge for services rendered to a Member (as defined in the MSA or Hospital Agreement (as applicable)), without further adjustment or reduction and irrespective of any separate financial arrangement between BCBSIL and Hospital.
  - 6.3 Claim Payment means the benefit payment made by BCBSIL, upon submission of a Claim, in accordance with the benefits specified in the health maintenance organization benefit program of each Covered Person. All Claim Payments shall be calculated on the basis of the Hospital's Claim Charge for Covered Services rendered to the Covered Person, irrespective of any separate financial arrangement between BCBSIL and Hospital.
  - 6.4 Clean Claim means unless state law imposes a distinct requirement(s), a Claim submitted to BCBSIL for Covered Services which has no defect, impropriety or special circumstance, including incomplete documentation (including incomplete medical records), coding or marking, that delays adjudication by BCBSIL, and which consists of the UB04 or CMS 1500 data set, or its successor form, with entries stated as mandatory by the National Uniform Billing Committee or its successor, and with respect to electronic Claims, in the format and with the data content and data conditions consistent with the Health Insurance Portability

and Accountability Act ("HIPAA"), as amended from time to time, or as required by other applicable Law. A Claim that does not include all the required information, or for which BCBSIL will request additional information (for example, properly authenticated medical records, other coverage information, or subrogation information) is not a Clean Claim until BCBSIL receives the required additional information.

- 6.5 Off-Site Terminal means the Cathode Ray Tube ("CRT") installed in Hospital which enables Hospital to obtain direct access to limited data in BCBSIL's computer system.
7. Dispute Resolution, Remedies of the Parties.
- 7.1 Dispute Resolution. In order to avoid the cost and time consuming nature of litigation, any dispute between or among the Parties arising out of, relating to, involving the interpretation of, or in any other way pertaining to this Agreement or any prior agreement between BCBSIL and IPA or Hospital that relates to IPA or Hospital's role as a participating provider for BCBSIL, or any laws relating thereto, shall be resolved using alternative dispute resolution mechanisms described in this Section 7 instead of litigation. Each Party agrees and acknowledges that it is its intention that this Section 7 be construed broadly so as to provide for mediation and/or arbitration of all disputes arising out of their relationship, including claims not yet filed that predate this Agreement. The Parties further agree that resolution of any dispute pursuant to this Agreement shall be in accordance with the procedures detailed in this Section 7.
- 7.2 Initial Resolution by Meeting or Mediation of Dispute. BCBSIL, Hospital or IPA, as the case may be, shall give written notice to the other Parties of the existence of a dispute (the "Initial Notice"). The Parties shall schedule a meeting not later than thirty (30) calendar days after delivery of the Initial Notice in order to attempt to resolve the dispute, unless the Parties agree in writing to proceed directly to mediation. If the dispute is not resolved at any meetings held, the Parties shall submit the dispute to a mutually agreed upon mediator. The mediation process shall be subject to the following conditions:
- 7.2.1 The Parties agree to participate in the mediation confidentially and in good faith.
- 7.2.2 The Parties agree to have present at the mediation one or more individuals in the Parties' employ with decision-making authority regarding the matters in dispute. Either Party may, at that Party's option, be represented by counsel.
- 7.2.3 The mediation will be held within sixty (60) days of the mediator's acceptance of the matter, unless the Parties agree on a later date. The mediation will be held in Chicago, IL.
- 7.2.4 Each Party shall each bear its own costs and pay one-third (or one-half if the dispute is between two Parties) of the mediator's fees and costs, unless the mediator determines that one Party did not participate in the mediation in good faith, in which case that Party shall pay all of the mediator's fees and costs.
- 7.2.5 The Parties agree that the obligation to mediate (but not the obligation to arbitrate) is not applicable to any dispute that was pending in any court on the Effective Date of this Agreement, or that had been submitted to binding arbitration on or before the Effective Date of this Agreement.
- 7.3 Binding Arbitration. In the event mediation is not successful in resolving the dispute, any Party may submit the dispute to final and binding arbitration under the commercial rules and regulations of the American Arbitration Association, subject to the following:
- 7.3.1 The arbitration shall be conducted by a single arbitrator selected by the Parties from a list furnished by the American Arbitration Association. If the Parties are

unable to agree on an arbitrator from the list, the arbitrator shall be appointed by the American Arbitration Association.

- 7.3.2 The arbitrator shall be required to render a written decision resolving all disputes, and designating one Party as the “prevailing Party”;
- 7.3.3 Except in the case of fraud, no arbitration decision may require any adjustment in compensation or payments respecting any dispute involving services rendered more than twenty-four (24) months prior to receipt of the Initial Notice.
- 7.3.4 The costs of arbitration, including the arbitrator’s fee and any reporting or other costs, but excluding lawyers’, consultants’ and witness fees, shall be borne by the non-prevailing Party, unless the arbitrator determines as part of the award that such allocation is inequitable under the totality of the circumstances. In the event that the dispute in arbitration concerns the appropriateness of BCBSIL’s adjudications of claims, the Party challenging the adjudications shall have the initial burden of proving that there is a reasonable probability that the disputed claims adjudications were incorrect adversely to that Party. When the other Party reasonably determines that it is required in its defense, or is required by the discovery process or otherwise by law, to research the basis for the adjudications of challenged claims for which such reasonable probability has not been proven, the other Party or Parties shall be awarded the administrative cost for such research for each such claim that is found in the arbitration proceeding, after such research, not to have been adjudicated incorrectly adversely to the challenging Party.
- 7.3.5 The arbitration hearing will be held in Chicago, IL.
- 7.3.6 The arbitrator may award declaratory or injunctive relief only in favor of the Party or Parties seeking relief and only to the extent necessary to provide relief warranted by that Party’s or the Parties’ individual claim. Provider and BCBSIL agree that any Party may bring claims against a Party only in its individual capacity and not as a plaintiff or class member in any purported class or representative proceeding. Further, unless the Parties agree otherwise, the arbitrator may not consolidate IPA’s or Hospital’s claims with the claims of any other provider and may not otherwise preside over any form of a representative or class proceeding.
- 7.3.7 IPA and Hospital acknowledge that this arbitration provision precludes IPA and/or Hospital from filing an action at law or in equity against BCBSIL and from having any dispute covered by this Agreement resolved by a judge or a jury. IPA and Hospital further acknowledge that this arbitration provision precludes IPA and/or Hospital from participating in a class action filed by any other provider or any other plaintiff against BCBSIL claiming to represent IPA’s or Hospital’s interest. IPA and Hospital agree to opt-out of any class action filed against BCBSIL that raises claims covered by this Agreement to arbitrate, including, but not limited to, class actions that are currently pending.

7.4 Exceptions. The provisions of this Section 7 shall not be applicable to the following:

- 7.4.1 Any legal proceeding brought by a third-party against a Party (a “Defendant”), as well as any cross-claim or third-party claim by such Defendant against a Party.
- 7.4.2 Termination of this Agreement pursuant to a termination without cause.
- 7.4.3 Immediate termination of this Agreement if based on external data relating to loss of licensure, status, certification, maintenance of insurance, breach of warranty,



inducement, or BCBSIL's judgment relating to cases involving standard of care or patient safety. However, a wrongful termination claim may be brought to recover the contractual rates under this Agreement.

- 7.5. Survival. This Section 7 shall survive termination of this Agreement.
8. Independent Contractors. BCBSIL, Hospital and IPA are independent contractors with respect to this Agreement, and nothing in this Agreement shall create, or be construed to create, the relationship of principal/agent and employer/employee between or among the Parties, nor shall a Party's agents, officers or employees be considered or construed to be considered agents, officers or employees of the others for any purpose whatsoever. It is understood and agreed that nothing contained in this Agreement shall confer or be construed to confer any benefit on persons who are not Parties to this Agreement, including, but not limited to, Covered Persons. This Section 8 shall survive termination of this Agreement.
9. Whereas Clauses. The Parties agree that the preamble and whereas clauses of this Agreement are incorporated into the Agreement by reference.
10. Entire Understanding. This Agreement, together with any exhibits, attachments and amendments hereto contains the entire understanding among the Parties pertaining to the subject matter contained herein and supersedes all prior agreements, either oral or in writing, with respect to the subject matter herein. This Agreement may be amended by mutual written agreement of the Parties. This Section 10 shall survive termination of this Agreement.
11. Assignment and Merger. Neither Party may assign this Agreement or any of its rights or obligations hereunder to any other person, entity or Affiliate, without the prior written consent of the other Parties. As an exception to the foregoing, any of the rights and obligations of BCBSIL under this Agreement may be assumed by, or assigned to, an Affiliate of HCSC or BCBSIL, including, but not limited to, subsidiaries, of HCSC (including any successor corporation, whether by merger, consolidation or reorganization) without the prior written consent by IPA or Hospital. Any reference in this Agreement to HCSC or BCBSIL will include its directors, officers and employees, as well as the directors, officers and employees of any of its subsidiaries or Affiliate companies (including any successor corporations, whether by merger, consolidation or reorganization) and HCSC or its successor corporation will be responsible and liable for all rights and obligations in connection with this Agreement. This Agreement will be binding upon and inure to the benefit of the respective Parties hereto, and their successors and permitted assigns. BCBSIL's standing or routine contractual arrangements for the acquisition and use of facilities, services, supplies, equipment and personnel from other entities will not constitute an assignment under this Agreement. BCBSIL does not recognize affiliates of Hospital or IPA which are not considered Affiliates, as defined in this Agreement for purposes of contracting, negotiations and legal relationships. This Section 11 shall survive termination of this Agreement.
12. Affiliate. For purposes of this Agreement, the term "Affiliate" means any corporation, firm, limited liability company, partnership or other legal entity that directly or indirectly controls, or is controlled by, or is under common control with, a Party, which may include subsidiaries, parent entities and sister companies. As used in this definition, "control" means (i) ownership of more than fifty percent (50%) of the shares of stock entitled to vote for the election of directors, in the case of a corporation; or (ii) any ownership of more than fifty percent (50%) of the equity interests in the case of any other type of legal entity; or (iii) status as a general partner in any partnership; or (iv) any other arrangement whereby a Party legally controls, or has the right to legally control, the governing body of a corporation or other legal entity.
13. Cooperation of Parties. The Parties agree to meet and confer in good faith on common problems or issues pertaining to this Agreement. Nothing in this Section 13 is intended to limit or prevent, nor will it have the effect of so limiting or preventing, a Party's full exercise of its rights under this Agreement.

14. Force Majeure. No Party will be held liable by the other Party or Parties for any failure to timely perform its obligations under this Agreement if prevented from doing so by a cause or causes beyond its commercially reasonable control including, but not limited to, acts of God or nature, fires, floods, storms, earthquakes, riots, strikes, wars or restraints of government. Each Party will resume its obligations under this Agreement as soon as practicable after a force majeure event.
15. Governing Law. This Agreement will be interpreted and construed in accordance with the laws of the State of Illinois, which laws will prevail in the event of any conflict of laws. This Section 15 shall survive termination of this Agreement.
16. Waiver. The failure of a Party to exercise any right or strictly enforce any provisions of this Agreement will not be construed as a waiver or relinquishment of such provision or right. No waiver by any Party of any term of this Agreement will be effective, unless it is in writing signed by the Party waiving its rights. This Section 16 shall survive termination of this Agreement.
17. BCBSA. Hospital and IPA hereby expressly acknowledge and agree that this Agreement constitutes a contract solely among the Parties, and that BCBSIL, is an independent corporation operating under a license from the Blue Cross and Blue Shield Association ("BCBSA"), permitting BCBSIL to use the Blue Cross and Blue Shield Service Marks in the State of Illinois, and that BCBSIL is not contracting as the agent of BCBSA. Hospital and IPA further acknowledge and agree that Hospital and IPA have not entered into this Agreement based upon representations by any person other than BCBSIL and that no person, entity, or organization other than BCBSIL will be held accountable or liable to Hospital IPA for any of BCBSIL's obligations to Hospital and IPA created under this Agreement. This Section 17 does not create any additional obligations whatsoever on the part of BCBSIL other than those obligations created under other provisions of this Agreement. This Section 17 shall survive termination of this Agreement.
18. Notices. All notices required under this Agreement shall be in writing and will be hand-delivered or sent by U.S. certified mail, postage pre-paid, return receipt requested, to the addresses below, and will be deemed received: (i) on the same date as proof of delivery (e.g. as evidenced by the certified mail green card), or (ii) on the date upon which the recipient refuses or otherwise fails to accept delivery.

If to BCBSIL:

Health Care Service Corporation,  
a Mutual Legal Reserve Company  
300 East Randolph Street  
Chicago, Illinois 60601-5655  
Attention: DSVP, Illinois Networks

With Copy To:  
Health Care Service Corporation,  
a Mutual Legal Reserve Company  
300 East Randolph, 28<sup>th</sup> Floor  
Chicago, Illinois 60601-5655  
Attention: Legal Division

If to Hospital:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

If to IPA:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

HEALTH CARE SERVICE CORPORATION,  
A Mutual Legal Reserve Company

IPA

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

HOSPITAL

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_