

Understanding How Reimbursement Is Calculated For Those Without Insurance

Reasonable & Customary, Using Fair Health 80% Benchmark

Using the provider’s ZIP code for reference, New Directions will apply data published by FAIR Health¹ to establish reasonable and customary (R&C) benchmarks. FAIR Health provides data by geographical locale, broken down by percentiles. The calculation is made by cross-referencing ZIP code and service code at the 80th percentile.

Example

If 80% of providers in ZIP code 48823 charge \$150 for a 45-minute psychotherapy session (service code 90834), New Directions will allow \$150 or the provider-billed amount, whichever is less.

To further clarify, if a provider in ZIP code 48823 bills \$500 for a 45-minute psychotherapy session, New Directions will not allow 80% of the billed amount (\$400). New Directions will allow \$150, which is the established FAIR Health benchmark charged by 80% of providers in ZIP code 48823 for the same 45-minute psychotherapy session.

ZIP Code 48823

Service Received 45-minute psychotherapy (90834)

FAIR Health Benchmark \$150 (rate charged for this service by 80% of providers in this ZIP code/geographical area)

	Examples		
	Provider A	Provider B	Provider C
Provider charge for 45-minute psychotherapy session (90834)	\$150	\$94	\$500
New Directions’ allowance Based on FAIR Health¹ benchmark	\$150	\$94	\$150

¹FAIR Health was established to bring transparency to healthcare costs and health insurance information. A conflict-free, nonprofit organization, FAIR Health is charged with maintaining and making available trusted claims data resources that are used to promote sound decision making by all participants in the healthcare industry.