



# Managing Out of Network Costs: Phia Unwrapped

# The Phia Group



- ✦ **LEARN**

- *Various Legal & Consulting Services*

- ✦ **PLAN**

- *Plan Document Services & Software*

- ✦ **SAVE**

- *Claims Recovery, Negotiation, Network Alternatives*

- ✦ **PROTECT**

- *Plan Administration Defense & Outsourcing Fiduciary Duties*

## **OUR MISSION:**

- ✦ *To reduce the cost of healthcare through innovative technologies, legal expertise, and focused, flexible customer service.*
- ✦ *We support employment based group health insurance and are confident that self-funded health plans lead the way.*

# OVERVIEW



- ✦ Phia Unwrapped – 60,000 Foot View
- ✦ RBP Generally
- ✦ Balance Billing & Patient Advocacy

# Phia Unwrapped – 60,000 Foot View



- ✦ Plan replaces wrap network access and modifies non-network payment methodologies to a fair market model
  
- ✦ Full support system for a plan, including:
  - Plan language (including ID cards & EOBs)
  - Legal arguments
  - Consultation
  - Negotiation with a goal of sign off
  - Manage provider pushback

# Phia Unwrapped – 60,000 Foot View



- ✦ No minimum threshold on claims to be repriced
- ✦ No minimum threshold on balance bills to be negotiated
- ✦ Payer Compass & CareValent

# What's Wrong With Networks



- ✦ Arbitrary and inflated billed charges
  - Lack of accountability or objective metrics
- ✦ Severely unequal bargaining power
- ✦ Cookie-cutter networks and agreements
- ✦ “Insurance Company” mentality – stuck in the past
- ✦ Network loyalty to providers, not to plans

# How Does RBP Help?



- ✦ Significantly reduces cost to the plan and therefore to the member
- ✦ Virtually eliminates medical trend increases
- ✦ Provides reasonable reimbursement to providers for services rendered to members
- ✦ Utilizes accepted and understood rates as benchmarks

# Best Practices for RBP



- ✦ Education
- ✦ SPD language, EOB language, ID card language
- ✦ “Ground-level” patient advocacy and escalation where possible
- ✦ Help the patient v. represent the plan
- ✦ The three As of claims repricing:
  - Assortment
  - Accuracy
  - Accountability



# Is RBP Illegal? Wait... What?



- ✦ Providers: Yes, it's illegal – we hate it.
- ✦ Networks: We don't care if it's illegal – but it violates our contracts!
- ✦ Vendors: It's totally legal.
- ✦ DOL: No, it's not illegal. RBP is a network, right? Wait. What industry are we talking about?
- ✦ Plans: No, it's not illegal. Billing should be illegal.
- ✦ TPAs: I sure hope it's legal.
- ✦ Bottom Line: RBP is legal. But, balances may apply to max OOP limits & create other disruption.

# APPEALS & BALANCE BILLING



Three main types of appeals and pushback:

- ✦ **Pricing Disputes:** Disputes over Medicare pricing applied in a given case
- ✦ **Balance-Billing:** The provider will not accept the plan's payment but does not challenge its accuracy
- ✦ **Benefit Determinations:**
  - Disputes over plan coverage unrelated to payment amount

# BALANCE-BILLING



- ✦ Providers don't actually expect patients to pay balances
- ✦ Can provider justify its charges?
- ✦ Unjust enrichment, restitution, quantum meruit
- ✦ Incentives not to balance bill: AOB, steerage, prompt pay, media attention, threat of lawsuit

# MINDSET OF THE PATIENT



- ✦ Patients become “pawns” without realizing
- ✦ “But I have insurance. This must be a mistake!”
- ✦ Upset patient talks to HR Department
- ✦ Patient doesn’t care how it’s settled as long as the \$50,000 balance bill gets corrected

# MINDSET OF THE EMPLOYER



- ✦ Employer cares about the patient's well-being
- ✦ ...but must also care about the Plan's well-being
- ✦ Higher plan payments mean more employer funding...
- ✦ ...but balance bills are bad for HR and possibly even PR

# MINDSET OF THE PROVIDER



- ✦ The unfortunate state of our industry: unregulated charges
- ✦ Providers typically don't care where money comes from
- ✦ “Unjust enrichment” argument

# PATIENT ADVOCACY



CareValent patient advocacy services provide support for out-of-network balance bills

- ✦ Educate/support member during balance bill process
- ✦ Outreach to provider
- ✦ Keep member & TPA updated on balance bill status
- ✦ Escalate to Phia when appropriate

# ESCALATION TO PHIA



## ✦ Escalation can occur if:

- CareValent believes it is necessary
- Provider involves an attorney
- Receivable transferred to third party
- Plan appeals are exhausted
- Certain claim sizes or types

## ✦ Phia assesses case, recommends options to TPA

- Ultimate goal is sign off
- When necessary, negotiations will have written agreement



# Stop-Loss Concerns



- ✦ Make sure the stop-loss carrier understands the intricacies of the program (we can help!)
- ✦ Many carriers expect an auto-adjudication program based on a fixed Medicare rate, versus a program that allows for negotiation
- ✦ As long as it still results in savings, carriers are encouraged to keep claims open & accept negotiated rates

# THANK YOU



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