



MODULE 5

Next Gen Plan Design

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EMPOWERING PLANS

A Man With An Agenda

Planning for success...

- SPDs
- Gaps
- Vendors
- Claims Data
- Transparency
- Stop-Loss
- RBP
- Cost Containment
- The Big Fiduciary

SPDs

Planning for success...

- Cookie Cutter SPD – aka the “ASO Approach”
 - Pros
 - Cons
- Don’t Leave the SPD Behind! Match the SPD:
 - Claims system (Bridge the Two)
 - Vendors and Their Actual Processes (Macy’s Case)
 - ASA Requirements of TPA vs. Plan
 - Employers Handbook
 - State and Federal Law
 - Third Party Contracts (Including Networks) & Stop-loss Policies

SPDs

Planning for success...

- Perform Tiered SPD Reviews to Meet Need, Budget, and Deadline
- Keep the SBC in Mind
- Balance Customization Against Ease of Use (Best Practices? Flagship)

Gaps

Eligibility & Disability

- SPD has 90-day waiting period; Handbook has 60 days
- SPD defines full-time employee as 40 hours; Handbook says 35 hours
- SPD covers full-time employees without specifying hours; Handbook says 35 hours; ACA says 30 hours
- SPD promises coverage for eight weeks of disability; Handbook promises ten weeks

Gaps

Leaves of Absence

- SPD does not provide the state-mandated leaves of absence, but Handbook does
 - Ex: Oregon's 36 weeks of FMLA/OFLA leave
 - Ex: Massachusetts' 12 weeks of paternity leave
- Handbook allows any various approved leaves of absence; SPD does not reference those

Vendors

Ron Peck's LinkedIn Post – December 31, 2017

“Group hires international medical tourism vendor ... no SPD change or stop-loss notification ... claim is received above spec ... stop-loss denies, citing SPD provision excluding all international claims ...”

- “The TPA is at fault for not contacting the stop loss or amending the plan document to allow for the off shore procedure.”
- “Whoever brokered the stop loss is directly accountable...”
- “Not to worry, even though Stop Loss is 100% not at fault they will be asked to reimburse. If they refuse, they will be told that they must do it or risk losing their entire block...”

Vendors

Vendors Are Cool... Until Stop-Loss Denies the Claim

- Employer utilizes international medical tourism program; SPD excludes all non-emergent claims outside the US
- Employer utilizes Medicare reference-based pricing; SPD defines payable rate as “traditional” U&C (prevailing charge)
- SPD references a dialysis carve-out but the PPO contract does not support it

Vendors

The Need for Independent Consultation and Evaluation

- Leveraging info and insight from working with all industry members
- Compare to traditional consultants and legal counsel
- Wide range of industry expertise
- The use of a neutral third party is looked at favorably when decisions are scrutinized
- Ex. Never Events vs. Malpractice
 - Deny vs. Subrogate

Claims Data

Understand Your Claims Data

- Analyze, Modify & Monetize Data
- Understand Your Risk Area
- Identify High Cost Claims and Behaviors – Including RX
- Educate EEs on Options and Revise/Incentivize as Needed
- Tech Integration – ISO, Litigation Databases, Subro, Abuse & Fraud
- Data Analytics – Toxic Torts, Product Recalls & Class Actions
- Claim Negotiation – In & Out of Network Options

Claims Data

Understand Your Claims Data

- 7 births in 2017
- 3 occurred at non-preferred facilities. Average cost at a non-preferred facility was \$26,667.28.
- The other 4 deliveries took place at preferred facilities. In all 4 cases, the expectant parents advised that our incentive program influenced their decision. Average cost was \$9,356. The 4th involved complications, and drive the cost at the preferred facility to \$13,441.91

Claims Data

Understand Your Claims Data

- Had all 7 births taken place at non-preferred facilities, we would have spent \$186,670.94. Instead, we spent \$133,769.46. That's a savings of \$52,901.48.
- We have paid \$3,600 in diapers and wipes to the 4 employees who took advantage of the program; \$14,400 total. Deducting this from the savings cited above, we have still saved \$38,501.48.

Transparency

Ron Peck's LinkedIn Post – March, 8, 2018

- “Until they are actually paying for healthcare out of their own pocket, why would they care about how much something costs?”
- “Not only would transparency without patient ‘skin in the game’ not have the positive effect we seek, I argue it would have a negative effect!”
- “Hey Janet! I see you need a hip replacement. Well, Hospital A charges three-times as much as Hospital B... so... I guess Hospital A must be better! Good thing insurance is paying for it! Thanks transparency!”

Transparency

Transparency

- Hero or Zero?
- Patients want the best care possible...and members (incorrectly!) perceive higher billing to be correlated with higher quality
- Providers can use transparent pricing to artificially inflate their quality perception
- TPAs, brokers, and plans aren't fooled – but patients choose their own providers
- Part 1 of a Trilogy... Quality and Skin in the Game are Books 2 and 3

Transparency

Incentivize Employees - Plan Incentives (Where Allowed)

- **Emergency Medical Outpatient Services** – No co-pay for urgent care
- **Hospital Alternative Facilities** – No co-pay for non-hospital facility Generic
- **Prescription Drugs and Supplies** – No co-pays
- **Claim Audit Review Program** – Plan Participants who identify erroneous charges on medical bills receive 20% of the savings
- **Skin in the Game** – Find alternative means to purchase supplies or care; get a percent of savings
 - Ex. Nebulizer: \$300 (w/ 30% discount) ... or buy from Amazon for \$118

Transparency

Incentivize Employees - Employer Incentives

Maternity: We start with a list of the safest facilities. Next, identify the ones that “deliver” the most bang for the buck. A pregnant member that uses one of these facilities gets \$300/month, for a year, to use on Diapers.com

Always Check Hospital Pricing

Communication: Members that consult with HR regarding proposed (planned) medical procedures, to see what plan incentives exist, the most efficient options for them, etc., will receive \$100

Stop-Loss

Stop-Loss “Rules”

- Rule #1 – Read the Policy!
- Rule #2 – Who is Responsible for the Relationship?
- Rule #3 – Communication
 - New Program? New SPD verbiage? Notify the Carrier!
 - Vague Terminology? Agree on Definition
 - Questionable Claim Decision? Warn Them
- Rule #4 – When You Assume...
 - Not Health Insurance!
 - Level-Funding Issue
 - “Mailbox” Problems

Stop-Loss

A Tangled Web and the Stop-Loss Example

- Unlike Traditional Insurance, Self-Funded Plans = Many Parts:
 - Sponsors, Brokers, TPAs, Networks, Vendors & Stop-Loss
 - Communication and Coordination are Key
- Example: Who Places the Stop-loss?
 - 10 Years Ago – TPAs After Vetting
 - Today – Almost a 50/50 Split
 - Either Refuse and Lose Business, or Allow and Be Blamed
 - Think it Through! Address the Concern Preemptively
 - Get a “Hold Harmless” Signed, and Coordinate With the Plan, Broker, and Stop-loss

RBP

Reference-Based Pricing

- Evolution Since October 2016 FAQ
- Industry pushback against “RBP-only” (without contracted providers) & percent-of-savings fees
- A spectrum of approaches from “**PLAN IN A VACUUM**” to “**BALANCING INTERESTS**”
 - **PLAN IN A VACUUM:** Just pay what the SPD allows, and don’t negotiate or deal with balance billing
 - **BALANCING INTERESTS:** Pay more to resolve disputes, negotiate direct contracts, and fund defense of patients against balance billing when the plan can’t resolve the dispute

RBP

Reference-Based Pricing

- Emerging lawsuits (mostly against “**PLAN IN A VACUUM**” plans)
- Applicability of Fair Debt Collections Practices Act – applicable law versus disincentivizing behavior
- IRC §501(r) – *Not always* a silver bullet but *always* a disincentive
- Consider the **OON-only** approach to RBP...

Cost-Containment

A New Approach to OON Claims

- OON Options:
 - U&C (SPD Definition – No Contract) or Deny (EPO)
 - Noise (a.k.a. Balance Billing)
- Wrap or Supplemental Network
 - Little Noise, Most Waste
- A New Definition of U&C
 - RBP for OON Only
 - Legal and Conceptual Differences from “Full” RBP
 - DOL’s “Operating Without Network Options” Rules Don’t Apply
 - Members Keep the Network they Know and Love

Cost-Containment

Carve-Outs

- Dialysis
 - Network contract gaps
 - Watch out for discrimination
 - MPA & Opportunity Unique to Dialysis
- Specialty Drugs
 - PBM vs. PB-Advocate
 - Exclusion, Limitation, & Sourcing
 - International Rx Importing & “Selective Enforcement”

Cost-Containment

Be Careful What You Sign!

- Network Access Contracts Incorporating Provider Contracts with Unknown Terms (Provider Contract Controls Discrepancies!)
- ASO Contracts (ASO ASA's?) Incorporating BUCA "Standard Practices," Overriding Terms of SPD

Cost-Containment

New Era for Primary Care: *Direct Primary Care*

- Price-Transparent, and Budgeted
- Familiarity with Terms of the Plan's Coverage
- Focuses on Cost-effective Care
- Steerage to Best Options with Patient Needs and Plan Details in Mind
- Telemedicine Included?
- The Phia Group's Maiden Voyage into DPC



Cost-Containment

Protect the Plan!

Plans, TPAs, and brokers are being accused of fiduciary breach...

- Imprudent management and wasting plan assets
- Mishandling claims and appeals
- “Indirect” violation: knowledge of co-fiduciary’s violation
- Comparison to long-standing pension fiduciary rules

Many employers aren’t receiving proper fiduciary education from brokers and TPAs!

The Big Fiduciary

Fiduciary Duty – The Issue to Watch in 2018

- Fiduciary concerns – focuses on:
 - Botched appeals determinations
 - Prudent management of assets
 - Claims pricing issues
- Can You Outsource Some (Not All) Duties?

Thank You!

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Q&A