THE PHIA GROUP
EMPOWERING PLANS
It's Time To Renew – Revisiting Stop Loss Trends
September 21, 2017
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The Phia Group vs. Massachusetts

Phia Monthly Premium

Single - $127.62 – $0 co-pay for generics and urgent care
Family - $357.33

Massachusetts Average Monthly Premium – UBA 2017 Survey

Single - $554.00 – Avg. co-pay is $25 for generics and urgent care
Family - $1,320.00

HOW CAN WE DO THIS? – OUR EMPLOYEES CARE ABOUT THE COST OF CARE

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The Phia Group vs. Massachusetts

Phia Actual Cost Per Employee - $5,858.11

Norm Cost Per Employee in Region - $11,858.00

Norm Cost Per Employee Employer Size - $10,439.00

Norm Cost Per Employee Industry Type - $10,871.00

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Today's Speakers

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Agenda

- Political Update
- PGC FAQ
- Stop-Loss Discussion Topics:
  - Reference-Based Pricing
  - PPO vs. U&C
  - Gaps in Coverage:
    - Soft Gaps
    - Hard Gaps
  - Payment: The How and the When
  - Begging for Forgiveness, or Asking for Permission?

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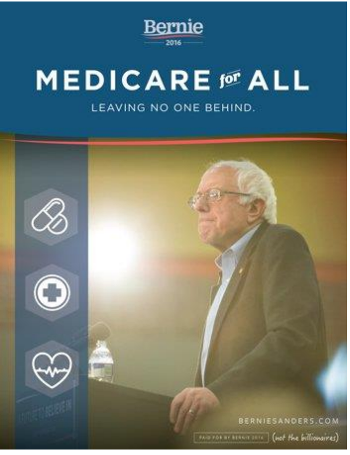
A TALE OF TWO PROPOSALS

Medicare for All

Graham-Cassidy



One Last Hail Mary: Graham-Cassidy

- Despite signals that Republicans have moved on, Lindsey Graham (R-SC) and Bill Cassidy (R-LA) have put together a final repeal and replace bill.
- Republican governors largely support it; so does the W.H.
- What's in it?
  - Replace money given to states for premium tax credits, for cost-sharing reductions, and for Medicaid expansion with a block grant
  - Individual and employer mandates repealed
  - Some ACA taxes repealed (i.e. medical devices)
  - Cap federal spending on Medicaid

- Nothing motivates Congress like a deadline!
- After Sept. 30th, procedural protections expire and Republicans will now need 60 votes to pass a healthcare bill.

Bernie Sanders Introduces a Serious Single-Payer Bill

- The **Medicare for All** bill has the support of 1/3 of Senate Ds.
- What's in it?
  - Expand Medicare over 4 years (by age group).
  - Establish annual budget for covered health services.
  - Benefits expanded to include coverage of dental care and hearing aids.
  - Covers "comprehensive reproductive, maternity and newborn care, including abortion."
  - Establish standard list of covered drugs – empower HHS to negotiate prices with drug mfgs.
  - Eliminate deductibles and most other OOP costs, but keep co-pays to entourage use of lower-cost generic drugs.
- Employer-sponsored plans could not duplicate benefits provided by the universal Medicare program, but could offer extra benefits, like coverage for private hospital rooms.
- How would he pay for it? → We do not know. Could cost $1.4T.

Single Payer
Medicare for All

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The Political Reality

- 150 million people receive health insurance from their employer. That would end if the gov't became the single-payer.
- The **Medicare for All** bill has a 0% chance of passing, but these proposals have picked up steam, splitting the Democratic Party.
- **Cassidy-Graham** faces a tricky schedule and tough politics → we will be watching it progress.
- Meanwhile, a Senate panel began bipartisan hearings last week to stabilize the exchanges.
  - Both parties agree on the need to continue the federal cost-sharing subsidies that President Trump has threatened to end.
  - Key Republican Governors also testified at these hearings.

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PGC FAQ

- Does a Plan Sponsor need to provide a translated copy of the Plan Document or SMMs in a foreign language?
- Can a benefit plan request information to prove a dependent's relationship to the member, or status as a dependent?
- If a benefit plan provides for automatic enrollment of newborn children, can coverage be retroactively terminated (rescinded) to the date of birth if the child is not enrolled within 30 days?

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STOP-LOSS DISCUSSION: REFERENCE-BASED PRICING

- Introduction to RBP
- Areas where stop-loss cooperation is crucial:
  - Holding claims open
  - Reimbursing negotiated rates
- This includes "partial" RBP such as out-of-network RBP too!

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STOP-LOSS DISCUSSION: REFERENCE-BASED PRICING

Holding Claims Open

- Balance-billing doesn't always occur immediately
- Some claims appear to be closed for months, or years
- Statutes of limitations of contracts apply (as long as 10 years)

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STOP-LOSS DISCUSSION: REFERENCE-BASED PRICING

Reimbursing Negotiated Rates

- Plan language should provide a percent of Medicare…
- …but some plans may elect to pay a higher negotiated rate to settle a given claim
- Plan should discuss with carrier to determine who is on the hook if the Plan decides to negotiate above the Plan allowable

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STOP-LOSS DISCUSSION: PPO VS. U&C

- The most common gap, since most plans utilize PPO networks
- Many stop-loss policies define U&C independently of the SPD, and don't take network rates into account
- Some policies have exclusions for amounts paid pursuant to *any* contract other than the SPD
- Different carriers will treat this differently…**how will yours?**

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STOP-LOSS DISCUSSION: PPO VS. U&C

Real Example:

- Claim incurred for $305,500, subject to 22% PPO discount
- Plan paid claim at PPO rate of $238,290 (in 2015)
- Stop-loss carrier repriced based on Medicare (pursuant to the policy) – and denied over $164,000 in spec reimbursement
- Dispute is ongoing!

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STOP-LOSS DISCUSSION: GAPS IN COVERAGE

Soft Gaps

- Can arise if:
  - Same (or substantially similar) language
  - Carrier "adopts" plan language
- Plan and carrier each have separate discretion to interpret, and can reach very different conclusions*
- *** Adopting *language* ≠ adopting *interpretation***
- Language in Proposals/Applications often incorporated into the Policy

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STOP-LOSS DISCUSSION: GAPS IN COVERAGE

Soft Gap: Example

- SPD and stop-loss policy each exclude "services rendered by a relative of the patient."
- Member seeks treatment from his second cousin, who is a physician, and who renders appropriate care and bills the plan appropriately.
- Plan pays the claim; Plan Administrator did not intend for a second cousin once removed to be considered "a relative."
- Carrier disagrees; second cousin once removed *is* considered to be "a relative," and the carrier denies that portion of the claim.

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STOP-LOSS DISCUSSION: GAPS IN COVERAGE

Hard Gaps

- Arises when SPD and policy have different language
- If plan is more restrictive than policy, no issue…
- …but if policy is more restrictive, then the plan may have to pay claims that have no reimbursement
- Common “hard gaps” include illegal acts and U&C

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STOP-LOSS DISCUSSION: GAPS IN COVERAGE

Hard Gap: Examples

Illegal Acts (felonies vs. *all* illegal acts)	Independent discretion to interpret SPD
Payment Timeframes (“mailbox rule”)	Workers’ Comp (“eligibility” for benefits)
Experimental Treatment (off-label drug use)	Usual and Customary (PPO? Medicare?)
Dependents (same-sex / domestic partners)	Leaves of absence (employer discretion)
Medical tourism (emergencies only)	Extra-Plan documents (handbook, PPO)

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STOP-LOSS DISCUSSION: REPORTING & DATA

Who is Doing the Reporting?

- Don't make assumptions! The ASA is key!
- "Standard reporting" vs. "custom reporting"

What is Considered Adequate "Proof of Loss"?

- Know what is required. E.g. medical records, lab results, eligibility records, case management notes.
- Be prepared and do not hesitate to ask for clarification.

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STOP-LOSS DISCUSSION: PAYMENT

- Raise your hand if:
  - You use a clearinghouse for payment
  - Your clearinghouse doesn't pay *immediately* upon the TPA's direction
  - Your clearinghouse controls the money once instructed to pay
- Raise your hand if your stop-loss policy has defined timeframes for payment (X months from claim, end of policy year, etc.)
  - *Hint: Every payor's hand should be up now.*

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STOP-LOSS DISCUSSION: PAYMENT

Here's how the story goes.

- Claim incurred December 26
- Policy year ends December 31
- TPA adjudicates on December 29; clearinghouse given instructions
- TPA rests easy, believing payment was timely and will be reimbursed
- **Provider receives payment on January 2**
- Carrier denies, citing untimely payment!

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STOP-LOSS DISCUSSION: PAYMENT

- According to the TPA, once the clearinghouse was given payment instructions, the TPA and plan have done everything they could have done to make payment
- According to the carrier, the policy language is clear; the provider must have received payment by December 31

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STOP-LOSS DISCUSSION: PERMISSION OR FORGIVENESS?

- In some circumstances, begging for forgiveness is preferable
- When it comes to stop-loss, because so much is on the line and because business relationships must be maintained…
- **A best practice is always – ALWAYS – to discuss situations with your carrier whenever possible, and as soon as possible**

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