



# HM STOP LOSS

## HM InSights: Plan Design Cost Containment

Since the implementation of the Affordable Care Act (ACA) and with the rising cost of health care across the nation, self-funded health plans have seen a spike in the frequency and severity of catastrophic claims. With that in mind, it is essential to consider certain elements of plan design to help policyholders better manage the cost of providing comprehensive health coverage to employees, while continuing to offer access to quality care and promoting healthier populations.

There are several key areas of plan design that can be considered in making well-informed decisions when designing benefits programs. These practices are to be considered only as a guide, and they do not replace more comprehensive, specialized plan design services.

### Gain Better Control of Claim Outcomes with a Well-Designed Plan Document

The following are **11 best practices** that may help to build a stronger plan document for groups seeking high-quality care over high-cost care:

1. Offering in-network incentives that encourage members to choose an in-network option when the network is effective
2. Using of Centers of Excellence (COE) for transplants to help provide quality care and lower the overall cost of a transplant
3. Including the following practices with dialysis services: requiring pre-authorization, requiring use of an approved treatment facility, coordinating with Medicare and using dialysis-specific reimbursement language
4. Specifying the following with regard to medical implants: the right to a retrospective review, that an invoice is required or that cost reference pricing will be used
5. Mandating the use of case management in order to help ensure that an appropriate course of treatment is used
6. Considering use of alternative treatment plans when home treatments, skilled nursing and rehab facilities can be used instead of more expensive inpatient options
7. Establishing a “step pharmacy” approach that includes a provision to require the use of a less expensive generic alternative when available
8. Addressing the high cost of specialty pharmaceuticals by requiring prior authorization and/or using a specialty pharmacy vendor
9. Defining eligibility clearly, with special consideration to the following areas: retirees 65 and older, retirees not eligible for Medicare, dependents, continuation of coverage and termination provisions and late entrant provisions
10. Stating in the plan that when traveling abroad, the member will be covered only in emergency situations for a defined period of time
11. Stipulating the coordination of benefits (COB) in the plan document to provide an advantage in recovering claims costs where another party is responsible; provisions to consider include right of recovery, order of benefit and order of recovery

**Further details regarding each of these best practices are available. Contact your HM Insurance Group sales representative to learn more.**



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