



HM InSights: Proactive Cost Containment

HM STOP LOSS

Begin with the End in Mind

In the best relationships, all parties are committed to using cost containment programs actively and for all clients – from the very beginning. They know that cost containment is far less successful when attempts are made after the fact. Unmonitored, claims can arise quickly, with significant cost implications, so being watchful and committed to catching things before they escalate is essential to achieving the best results for self-funded clients. And while many Stop Loss carriers do have suggestions for potential solutions at first glance, some will consider them value-adds or use them as one-off success stories. Be sure you are working with a Stop Loss carrier that consistently uses a proactive approach to containing costs.

Take a Proactive Approach

Cost containment programs for self-funded groups covered by Stop Loss insurance should begin with the end in mind. The groundwork can be laid upfront during the creation of the plan document, in strong relationships forged between the plan sponsor and third party administrators (TPAs), through excellence in vendor management and in training and educating the team responsible for determining savings opportunities. In addition, a thorough claim review process that incorporates key practices, along with a pre-determined approach embraced by the plan, the TPA and the carrier, help in achieving the best results.

Much can be lost if all parties involved are reactive in their efforts to contain costs. Most carriers boast of the same basic cost containment practices when describing their approach; however, results can vary significantly based on all parties' diligence and dedication to the process. Some Stop Loss carriers, however, do provide additional insights that are unique and offer excellent solutions that incorporate proactive cost containment practices.

Let the Plan Be the Foundation

Ensure that key cost containment factors like notices, discounting, case management and subrogation have been addressed in the plan document. Successful plans allow for the use of essential tools for managing medical expenditures and containing costs to complement already strong business practices. **These practices include:**

- Repricing services
- Centers of Excellence for transplants
- Out-of-network discount negotiations
- Bill review to discern excessive charges
- Services for the management of cancer, kidney disease or neonatal care
- Specialty pharmacy services

Each practice can impact areas that can see wide cost variations and should be used as early in the claim cycle as possible to achieve optimal results.

Foster a Strong Carrier-TPA Partnership

When determining how much can be saved from claims costs, TPAs and Stop Loss carriers play different but complementary roles. A strong partnership between both allows for a more comprehensive approach to determining savings opportunities. TPAs manage first-dollar expenses, so it is important that they implement the initial tactics to help keep claims from reaching the deductible level tied to a large or catastrophic claim. When communication channels are open between the TPA and the Stop Loss carrier, there is a greater understanding of coverage details and requirements, helping the TPA to best manage the case. Greater savings on claims can be achieved when opportunities are being evaluated on both ends of the spectrum.

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To help ensure familiarity with its support capabilities, a diligent Stop Loss carrier will provide timely feedback to partner TPAs. Shared knowledge leads to ease with transactions and assurance that tactics are in place and working hand-in-hand for optimal cost containment opportunities.

While certain medical events will trigger notification to carriers, less talked about treatments or procedures also can benefit from programs put into place by excellent TPAs who want to protect against excessive costs in all situations. There are trends to watch for, and Stop Loss carriers and TPAs who are aware can share their information to keep each other current. For example, earlier identification and intervention on high cost spinal and cardiac implants recently put this type of treatment into the spotlight. If, at the TPA level, there is an effort to mitigate costs, the proactive attention will drive the TPA to send the claims to the carrier prior to the TPA paying them. At that point, the carrier can use specific ICD codes and verbiage to identify potential options for cost-saving opportunities. Previously, these types of medical events may not have been monitored so closely, but now that there is increased awareness of higher dollar amounts for these types of claims, monitoring them is a necessity – with vendor involvement as soon as they are detected, in order to help reduce costs.

Work with Proven Vendors

Vendors can provide savings opportunities in areas such as dialysis, specialty pharmacy and transplants. The right vendor may achieve cost savings of one-third to more than half when used appropriately on certain services. Experienced Stop Loss carriers conduct ongoing evaluations of vendor results to help determine if new and existing vendors are effectively providing expected savings. They track vendor performance by success rates with individual providers and also by results achieved at specific facilities with certain providers.

Stop Loss carriers who have excellent reporting of vendor results can provide timely feedback to TPAs, allowing them to triage cost containment referrals to the right vendor to maximize the success rate. Active vendors can be held to standards for success rates and savings amounts. If performance doesn't meet expectations, no further referrals are made.

Select an Expert Team

An experienced, educated cost containment team helps to keep practices in line with industry standards and current trends. A knowledgeable team can implement programs and plans that have the potential to generate savings through proper techniques and proven methods. Team members use their experience to look for areas where costs can be saved and practice early intervention to evaluate situations thoroughly. Because they have awareness of triggers that demonstrate a need for intervention, their efforts can impact service and price.

Continuing education enables all cost containment professionals to stay ahead of the game and poised for the future. Stop Loss carriers and TPAs alike know that when claim payment capabilities are matched with equally accomplished clinical expertise and cost containment initiatives, all-encompassing solutions can be created – solutions that benefit all parties through successful outcomes.

ABOUT HM INSIGHTS

HM developed InSights to provide producers and their clients with information about industry trends that impact Stop Loss insurance. The information is intended to empower readers with market knowledge that can help them to better make coverage decisions in the changing health care environment.



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