

Case Study:

Discounting Residential Care for Substance Abuse

HM's Strategy

HM Insurance Group (HM) researches discount vendors and works to build relationships with them in order to bring cost savings options to TPAs on potential high-dollar Stop Loss claims.

Our Approach

- Create vendor awareness by communicating discounting opportunities to TPAs
- Periodically remind TPAs of vendors to which HM has access that can help control/reduce costs on certain procedures
- Work with vendors to negotiate savings on high-dollar procedures
- Select vendors based on specialty programs, historical data, fees, etc.

Client Scenario

In reviewing a case that mentioned an inpatient stay, an HM cost containment specialist identified a long-term admission for residential care to treat substance abuse. Due to the three-month length-of-stay, outreach was made to the TPA asking if discounting assistance was needed.

The TPA accepted HM's discounting assistance, as the claim would process with their Tier 2 benefit plan. The HM cost containment specialist enlisted a vendor with historical success for achieving large savings on negotiations of this nature and was able to secure nearly 52 percent in net savings.

Results Achieved

Because of the vendor's dedication to providing cost containment solutions, a nearly 52 percent net savings with provider sign-off was achieved within one business day of being contacted. Additionally, the vendor's sliding fee schedule made the vendor fee 14 percent of savings.

Date of Service	Total Charge	Total Savings	Vendor Fee	Net Savings	Net Savings %
06/01– 06/30/2018	\$27,125	\$16,275	\$2,278.50	\$13,996.50	51.6%
07/01– 07/30/2018	\$27,125	\$16,275	\$2,278.50	\$13,996.50	51.6%
08/01– 08/30/2018	\$27,125	\$16,275	\$2,278.50	\$13,996.50	51.6%
	\$81,375	\$48,825	\$6,835.50	\$41,989.50	51.6%
Total Savings	\$41,989.50 = 51.6%				

For more information, contact your HM sales representative or visit hmig.com



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This is for illustrative purposes only; actual results may vary case by case.

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