



A True Impact on the Bottom Line

Identifying Current Issues, Implementing Solutions & Seeing Results!



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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



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



Today's Speakers



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Agenda



- Political Update
- PGC FAQ
- Burning Issues, Winners, and Losers
 - Reference Based Pricing
 - Twice Baked Claims
 - Getting to Yes
 - Fiduciary Comes Through
 - Leave of Absence Blues
 - Stop-Loss Holding the Bag



Skinny Repeal: A Last-Ditch Effort



- Despite immense pressure from the White House and Senate leaders, conservative and moderate Republicans were unable to agree on Senate repeal bill, and it seemed doomed.
- Some senators, including Ted Cruz (R-TX) scrambled to offer amendments to produce a version of the bill that could pass.
- As a potential solution, Senate Republicans proposed “**Skinny Repeal**”: a bill with narrow language only repealing the least-popular parts of the ACA.
- At this point, the Senate only had 8 hours of debate left and most details of Skinny Repeal were kept secret.



Donald J. Trump  @realDonaldTrump · Jun 30

If Republican Senators are unable to pass what they are working on now, they should immediately REPEAL, and then REPLACE at a later date!

 34K  25K  93K 



McCain Votes No!



Lessons Learned



- Lesson 01: Without a clear replacement plan or goal, repeal and replace will simply not happen
- Lesson 02: Taking away benefits is hard
- Lesson 03: Addressing Cost is Hard
- Lesson 04: Passing a Bill in Secret Doesn't Work
- Lesson 05: Repeal and Replace is Still Not Dead



The Road Ahead



Repeal and Replace Is Put On Ice



- Many Republicans are ready to move on, but the White House and a few senators want to make good on the GOP's 7-year old promise.
- President Trump publicly called out the Senate Majority Leader on Twitter, telling him, "Mitch, get back to work . . ."
- He also threatened to take away healthcare subsidies for Congress and congressional staffers.



Donald J. Trump  @realDonaldTrump · 6h

Can you believe that Mitch McConnell, who has screamed Repeal & Replace for 7 years, couldn't get it done. Must Repeal & Replace ObamaCare!

 23K

 13K

 54K



The Attention Turns to the White House



- Congress is on vacation. If a bill does emerge, it will probably go through the typical committee process.
- **The ACA remains the law of the land.**
- The President may choose not to enforce parts of the ACA.
 - He may withhold subsidies for those on the individual exchanges.
 - He may withhold cost-sharing reductions to insurance companies.
 - He may not enforce the individual/employer mandate.
- September 4th – Senate starts hearings on the individual market.
- September 27th – Insurers make final decisions about selling ACA plans in 2018.
- November – Open enrollment begins for the Obamacare marketplaces.



PGC FAQ



- Can a health plan exclude claims where the patient is discharged against medical advice, or is in non-compliance with a physician's orders?
- Does coverage of a domestic partner necessarily also entail coverage of the domestic partner's dependent child?
- Is it compliant with health care reform for a health plan to contain deductibles specific to certain circumstances, such as a deductible that applies specifically to motor vehicle accident claims?



Burning Issues, Winners, and Losers



Reference Based Pricing

- Patient Treated at Hospital
- Claims Paid at RBP (Medicare + 40%)
- Provider Files Appeal w/ Plan
- Provider Balance Bills Patient



Burning Issues, Winners, and Losers



Reference Based Pricing

- U&C Language in SPD Based on Charges in Region
- Patient is Counseled by Provider to Appeal to Plan
- Patient and Provider File Claims Against Plan
- Plan Forced to Pay and Accused of Fiduciary Breach



Burning Issues, Winners, and Losers



Reference Based Pricing

- SPD Supported Pricing & Threatened Revocation of AOB
- Patient Was Advised Preemptively About Process
- Patient Filed for Financial Aid – 501(c)(3) Facility
- Provider was Disincentivized from Balance Billing and Couldn't Force Anything Additional from the Plan
- Provider was Therefore Willing to Take a Small Settlement from the Plan to Close the Matter



Burning Issues, Winners, and Losers



Reference Based Pricing

- Bonus Round!
- Employer has a Narrow Network and Contracted Providers that Patient “Could” Have Used
- Further Defenses Against the Patient and Bargaining Power Against the OON Provider



Burning Issues, Winners, and Losers



Twice-Baked Claims

- Large Claims Received by Plan
- Paid per Network Contract
- Submitted to Stop Loss
- Stop Loss Audited and Repriced the Claims Based on Medicare
- Repriced Claims Didn't Hit Spec – No Reimbursement!



Burning Issues, Winners, and Losers



Twice-Baked Claims

- Review of Stop-loss Policy After the Fact Revealed the Carrier has the Right to Perform these Repricing Audits
- Stop-Loss is Not Bound by the SPD or PPO
- Denial Upheld



Burning Issues, Winners, and Losers



Twice-Baked Claims

- Review of Stop-loss Policy After the Fact Revealed Language Entitling the Carrier to Perform Such Audits (Usually Present in their Policies) had Been Identified During the Underwriting Process, and Edited in Exchange for Tougher SPD Pricing Provisions that Still Recognized the Negotiated Rates as Payable
- Denial Overturned



Burning Issues, Winners, and Losers



Getting to Yes

- A Broker For a Large Employer Moving Their Business from Fully Insured to Self Funded Submitted an RFP to a Number of TPAs
- One Question Asked Whether the TPA Would Function as a Fiduciary



Burning Issues, Winners, and Losers



Getting to Yes

- The TPA Said No, Deferring to Their Standard ASA and Disclaimer



Burning Issues, Winners, and Losers



Getting to Yes

- The TPA said Yes
- They Baked a Fee Into Their ASA Fee that Compensates the TPA for Serving as the Fiduciary (Makes Binding Decisions on Claim Payability) at the Initial Level (When the Claim is First Received) and in Response to the Initial Appeal



Burning Issues, Winners, and Losers



Getting to Yes

- Additionally, Part of the Fee is Then Used to Purchase PACE from Phia, Making Phia the Fiduciary Decision Maker on Final Appeals
- Effectively Protecting the TPA from any Liability or Penalty Arising from Their Decisions – as Only the Phia Group's Decisions would Ultimately be Reviewed by Outsiders



Burning Issues, Winners, and Losers



Fiduciary Comes Through

- A Claim was Denied by the Plan. The Denial was Appealed
- The Appeal was Denied
- A Final Appeal was Filed, and New Facts were Examined
- The Denial was Overturned and Claims were Paid
- Payment Exceeded the Plan's Specific Deductible
- The Request for Reimbursement was Submitted to Stop-loss for Payment
- Stop-Loss Denied the Request



Burning Issues, Winners, and Losers



Fiduciary Comes Through

- The TPA and Plan Filed an Appeal with Stop-loss, but Encountered Difficulty Explaining how the Same Entity that Had First Deemed the Claims Deniable, Later Deemed the Claims Payable
- Contradictions and Inconsistencies, Along With an Inadequate Rationale for the Ultimate Decision to Pay, Resulted in the Stop-Loss Denial Being Upheld



Burning Issues, Winners, and Losers



Fiduciary Comes Through

- The TPA and Plan Submitted the Final Appeal to The Phia Group, Acting as the PACE
- As the Fiduciary (Where Final Appeals Apply), Phia Documented the Basis for Payment



Burning Issues, Winners, and Losers



Fiduciary Comes Through

- Phia Filed an Appeal with Stop-Loss on the Plan's Behalf, and Worked with the Plan to Develop a Convincing Argument as to Why the Claims were Payable, What had Changed Between the Initial Denial and Payment, and Supplied Proof that an Objective Third Party Analyzed the Claims De Novo, Independent of Bias or Influence
- The Denial was Overturned and Reimbursement was Provided



Burning Issues, Winners, and Losers



Leave of Absence Blues

- EE Diagnosed with Major Illness, Employer Grants 6 Month LOA and Continues Health Plan Coverage Beyond FMLA and/or Allowance per SPD, but Didn't Offer COBRA
- Large Claims Received by Plan, Paid per Network Contract, Submitted to Stop Loss



Burning Issues, Winners, and Losers



Leave of Absence Blues

- Stop Loss Audits Eligibility, Determines Claims Incurred in Last 3 Months of Leave not Reimbursable Because Employee Wasn't Eligible After FMLA Ended
- Stop Loss Carrier will Not Accept the Handbook as Proof of Eligibility – Needs to be in PD/SPD



Burning Issues, Winners, and Losers



Leave of Absence Blues

- Review of Handbook and Plan Document After the Fact Revealed the Handbook Referenced a LOA that Would Apply Beyond FMLA that Also Extended Health Plan Coverage
- Plan Document Only Addresses FMLA, COBRA, and USERRA – Fails to Mention Non-FMLA Approved Leaves that Include a Continuation of Coverage
- Employer has to Pay the Claims Without Stop Loss Reimbursement



Burning Issues, Winners, and Losers



Leave of Absence Blues

- The Handbook and SPD were Reviewed Side by Side Prior to Stop-Loss Underwriting
- The SPD was Amended to Match the Handbook
- The Employee is Eligible and the Claims are Covered by the Plan



Burning Issues, Winners, and Losers



Stop-Loss Holding the Bag

- Stop-Loss Mirrors the SPD
- Health Plan Incurred a \$310,000 Claim
- This Group's Stop-Loss Specific Deductible was \$90,000
- The Claim was Billed at 1,230% of Medicare, but the Plan's Language said Claims Would be Paid Based on Prevailing Charges in the Area



Burning Issues, Winners, and Losers



Stop-Loss Holding the Bag

- The Plan's TPA Paid the Claim Exactly as the SPD Provided
- Stop-Loss Reimbursed Everything but \$90,000



Burning Issues, Winners, and Losers



Stop-Loss Holding the Bag

- The Plan's TPA Referred the Claim to The Phia Group to Negotiate; Phia Ultimately Negotiated a Payable Rate of \$55,000 (About 212% of Medicare)





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