

Case Study – Large Claim:

National Healthcare Payer Networks (“NHPN”) was successful in negotiating maximum revenue on a large claim on behalf of one of its client. This case study demonstrates how NHPN’s Single Source Administration and Proactive Negotiations program works on non-contracted commercial insurance claims.

Background:

The situation and opportunity for increased revenue demonstrated here by NHPN is not limited to large claims like this one. The potential revenue from non-contracted commercial claims should always be based on what a payer is legally obligated for each individual claim. Unfortunately most providers currently focus on network contracting and not on payer and patient liability from plan design. The numbers for the deductions shown below were based solely on what an actual payer disclosed to NHPN about the plan design for this patient.

Registration:

The Patient was properly registered at time of admittance as having insurance coverage that would not treat the patients’ stay as in-network. When the provider contacted the payer to confirm coverage, it was noted that there was no direct contractual agreement governing the eventual payment terms for the claim. This combination meant that the payer would have less financial responsibility, the patient’s deductibles and co-payments would be higher and the timeliness of payments were not set.

Medical Charges:

As the length of the patient stay was extended due to medical necessity and the interim charges reached mid-six figures, diligent provider personnel contacted NHPN to proactively negotiate the maximum settlement from the payer on the charges. The NHPN Payment Agreement with the payer was also avoid any delays or denials from the payer after the claim was dropped and to eliminate the utilization of UCR payment methodology or any third party PPOs that would lead to inappropriate discounting.

Negotiations:

At initial contact with the payer, NHPN confirmed patient coverage, pre-authorizations and plan design. Again, there was no contractual agreement between the payer and the provider which specified benefit levels, payer liability or payment terms; however the payer did mention a number of repricers that they routinely access. The insured’s plan called for the patient to have a \$500 deductible, \$5000 in-patient out of pocket maximum and 60% unlimited co-payment of total hospital charges. NHPN was able to

get the payer to process the claim as in-network and make a prompt interim payment for a 10% discount off of total charges to date.

The initial calculations do not include any network discount that the payer would have taken given the opportunity without negotiating with NHPN.

Results:

Out-of-Network Plan Design – Without NHPN

\$419,624.25 – Total Charges

- 500.00 - Deductible

- 5,000.00 - Out-of-Pocket Maximum

\$ 414,124.25 x 40 % (payer responsibility) = **\$165,649.70** would have been paid

If this claim had been dropped to the payer without a prior payment agreement, it would have allowed them to be process it through any of number of network contracts available to them with this particular facility. The payer would have taken a network discount off of the Total Charges regardless of the particular patient's plan design.

Out-of-Network Plan Design with Network Discount – Without NHPN

\$423,859.00 – Total Charges

- 54,551.15 – Network Discount (13% average secondary network discount)

- 500.00 - Deductible

- 5,000.00 - Out-of-Pocket Maximum

\$359,573.10 x 40 % (payer responsibility) = **\$143,829.24** would have been paid after plan design and network discounts.

Managing the claim this way would have produced an ADDITIONAL DECREASE OF \$ 21,820.46 below what actual payer liability.

Since NHPN's negotiated agreement precludes any repricing of the claim by third parties, the only discounts available to a payer are ones authorized by the NHPN and approved by the provider.

Proactive Negotiated Payment Agreement – With NHPN

\$419,624.25 -Total Billed charges

- 41,962.43 - 10% prompt pay discount

\$377,661.82 will be paid – 100% payer responsibility.

This proactive negotiation produced an INCREASE OF \$ 212,012.12 over what would have been paid based on actual plan design.

Conclusion:

This claim gained visibility because it was properly coded at registration and because of its size, which resulting in NHPN's services being utilized to proactively negotiate a payment agreement. Where similar size claims will happen once a month for any provider, this inappropriate accessing of discounts from network contracts occurs daily which leaves all providers with less revenue collected then the potential based on actual payer liability.

Please contact Ian Michel at NHPN (imichel@nhpn.net or 610-725-0785) to let us know if you interested in getting additional information on our services.