HEALTHCARE

Payor Contracting

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Contracting Strategies for Non-contracted Healthcare Payors

Non-contracted payor plans are those plans sold to members and employers that provide the "appearance" of health insurance benefits, and as a result, they incorrectly assume these non-contracted health plans provide in-network (INN) benefits.

Here are some examples of non-contracted plans:

- **Reference Based Pricing (RBP)** - Payors pay % above Medicare (typically pays 50% of participating (PAR) payors).
- **Practitioner Only** or **Practitioner & Ancillary** - Covers professional claims, but there is ZERO hospital payment.
- **Limited Benefit** - Most have near ZERO facility payment.
- **Minimum Essential Coverage** - Basically preventive visits, ZERO coverage for facilities.
- **No Inpatient Coverage** - There is no coverage, so ZERO payment.
- **Sharing Plans** - ID cards identify the plan is not insurance, and typically pays 50% of PAR payors.
- **Reasonable & Allowable** - Whatever the payor determines is appropriate, which typically pays 50% of PAR payors.
- **Fixed Indemnity** - Some pay $100 per day for hospital stays (essentially ZERO payment).
- **Discount Only** - Provide "discount" of the network to the member with ZERO payment from insurance.

For reference, here is a copy of member ID card for a non-contracted health plan:

Though many providers are INN or PAR with MultiPlan, they are likely OON with health plans like this one that clearly states, “Discount networks provided through AWA and are not health insurance.”

There are other plans, but these are some of the most widely used out-of-network (OON) payor plans, and it is clear to see why these plans are beneficial to payors. Many of these products are sold without full disclosure, and many times, member ID cards are similar to those offered by “legitimate” payors that do offer covered health benefits.

Hospitals write off the losses since fighting the individual claims is cost-exorbitant, which is a glaring offense since hospitals provide courtesy billing to patients. Payors, then, mail patients Explanation of Benefits (EOBs), like the one seen below, misrepresenting hospitals as overcharging and incorrectly stating to the patient they are not responsible for the differences.

Dates of Service	Service	Billed Charges	Repriced Amount	% Saved	Ineligible	Annual Unshared Amount	Eligible for Sharing	% Shared	Amount Shared	Remark Code(s)
03/19/2021	Emergency Room	$2.00	$0.73	64%	$0.00	$0.00	$0.73	100%	$0.73	09
03/19/2021	Emergency Room	$130.00	$47.72	63%	$0.00	$0.00	$47.72	100%	$47.72	09
03/19/2021	Emergency Room	$99.00	$36.34	63%	$0.00	$0.00	$36.34	100%	$36.34	09
03/19/2021	Emergency Room	$1,155.00	$423.97	63%	$0.00	$0.00	$423.97	100%	$423.97	09
03/19/2021	Emergency Room	$595.00	$218.41	63%	$0.00	$0.00	$218.41	100%	$218.41	09
	Need Totals:	**$1,981.00**	**$727.17**	**63%**	**$0.00**	**$0.00**	**$727.17**		**$727.17**	

Your remaining responsibility to your provider: $0.00

To avoid the trap often set by some health plans, here are a few tips to review member ID cards to determine coverage status:

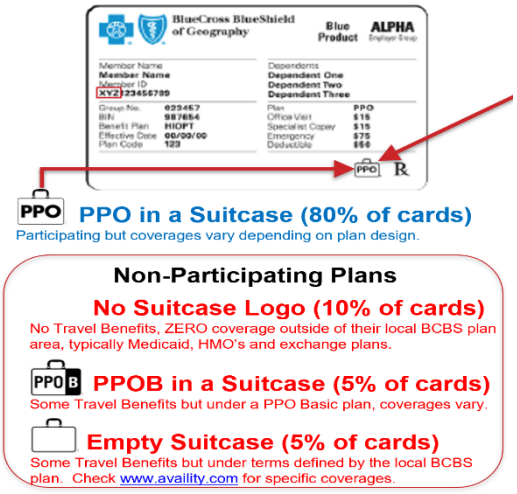
If the answer to any of the following questions is “NON-PAR,” there is no need to proceed unless the patient will agree to remitting payment for OON costs., except for emergency care.

1. Is payor listed with provider as NON-PAR or OON with health plan?
2. Is there a reference to Medicare payment, discount, or “NOT Insurance” on the back of the ID card?
3. Is there a medical network logo on the member ID card?

Another example is Blue Cross Blue Shield—Out of State. Without “travel benefits,” there may be ZERO payment (Exchange and HMO plans).

If an insurance card does not have a “PPO in a suitcase” logo, the member may only have emergency care coverage. Even with the PPO logo, a member ***may not be covered or may be subject to significant out-of-pocket expenses*** if the member has a narrow or tiered network benefit plan.

As a rule of thumb, BlueCard members should always verify provider PAR status directly with their home Blues plan.



Here are some operational strategies to address some of the issues that providers are experiencing with these types of health plans:

- Treat **non-emergent** patients who have the aforementioned health plans as NON-PAR.
- **Discontinue courtesy** billing for these NON-PAR plans.
- **Train patient** registration teams to identify NON-PAR ID cards.
- **Add Flags** to Epic or any other system you may use (from group #'s) to help identify these plans.
- Include key players/departments (revenue cycle, patient registration, legal, compliance) in **making necessary operational changes to avoid non-contracted payor traps**.

Reference-based pricing (RBP) plans continue to experience high growth, however, some large employers who utilize RBP are switching from RBP due to patient registration pushback regarding NON-PAR coverage concerns. As well, some third-party administrators and payors are removing providers from RBP and transitioning them to contracted rates. Fortunately, as complaints are directed to Payor Relations departments, the education of local brokers about RBP amongst providers is yielding some success.

FLuidity Writing Services partners with healthcare organizations to build new payor platforms and to enhance others by negotiating effective professional and hospital-based (facility) contracts to ensure organizations are yielding the highest profit ratio for their size and services.

If you find the information in this article helpful, this is just the start. We have established relationships with healthcare organizations in Arizona, California, Colorado, Florida, and South Dakota. Contact us to join our team, where our platform meets your needs.