



Health Insurance - Self-Insurance & Reference-Based Pricing

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Today's Panel



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Clark Insurance is a Marsh McLennan Agency. They provide local expertise, service and support through their 135 employees in partnership with MMA New England.

Marsh McLennan Agency (MMA) is a wholly owned subsidiary of **Marsh**, serving the risk prevention and insurance needs of middle market companies in the United States.



<https://www.clarkinsurance.com>

At Imagine360, we are fixing health insurance. Our goal is to help businesses and their employees navigate through clutter and chaos and bring deep cost savings that protect everyone's well-being and budgets. It's way more than a health plan. It's a promise.

For more than 15 years, we've helped hundreds of self-funded clients use reference-based pricing to maximize savings and control costs. Our approach is proven. Our solutions are ready to implement. The results are real.

<https://www.elapservices.com/who-we-are/>

Since 1967, the Diversified Group has been the industry pioneer in discovering and creating innovative solutions to evolving healthcare demands. The balance between quality benefits and affordability is difficult; which is why we believe that clients should only pay for the claims actually incurred.

As a result, we eliminate the high premiums of fully-insured benefits and provide detailed accountability for how every healthcare dollar is spent.

We have developed the knowledge and "in-house" capabilities to manage every aspect of not only your healthcare plan and insurance needs, but proactive ways of managing costs through worksite health and wellness promotion, case management, pre-certification and disease management.

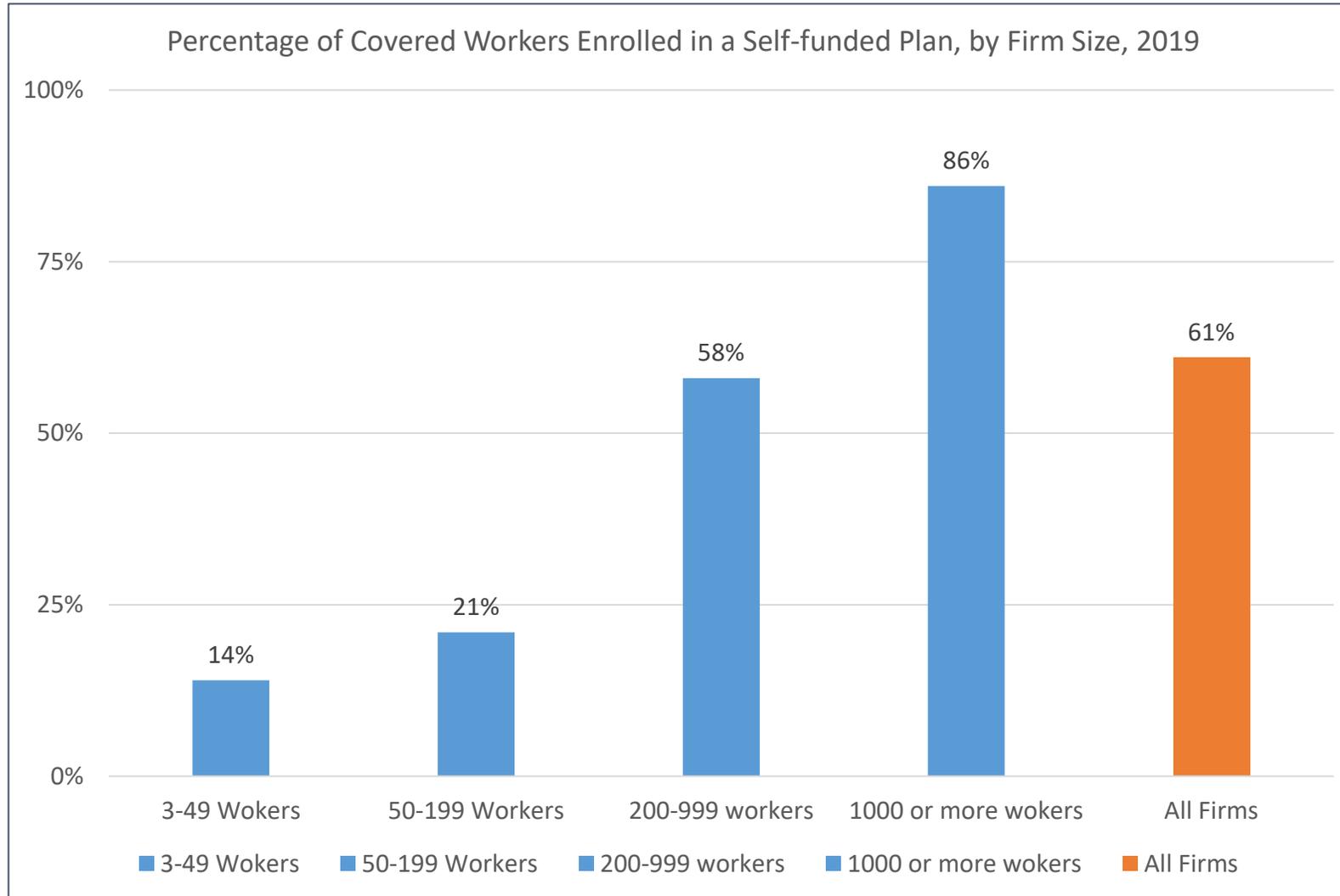
<https://www.dgb-online.com/>

Agenda

1. Self Insurance Introduction
2. Reference Based Pricing
3. Claim Administration Experience
4. Questions

Self-Insurance Introduction

More employers are self-funding.



Source: KFF Employer Health Benefits Survey, 2019

Self-funded Concept



DIVERSIFIED GROUP



Select an Administrator

Select your claims payer who processes claims, pays providers, submits stop loss claims, and provides customer service.

Can be an insurance carrier on administrative services only (ASO) agreement or a Third Party Administrator (TPA).

Buy Stop Loss Insurance

Stop loss Insurance protects the plan against large claims for individual member (specific) and/or the group as a whole (aggregate).

Group pays their small claims.

By paying for their own claims a plan only pays for what they use.

Typically, claims below the specific deductible.

One Strength of Self-Insurance

Expanded Cost Containment Options

Fully Insured Examples

Controlled by the insurance carrier and often rely on employee education and member action at time of claim.

- ✓ Centers on Employee Education and member decision at time of claim
- ✓ Walk-in Centers
- ✓ Service Referral programs (i.e. SmartShopper, ReduceMy Costs)
- ✓ Formulary changes including mandating generic RX
- ✓ Plan Design Incentives (tired networks, lower copays)
- ✓ Virtual Doctor Visits
- ✓ Limited disease management services

Self-Funded Examples

More direct control on care delivery model, and how the plan will cover services.

- ✓ Healthcare advocates (concierge model)
- ✓ Enhanced and targeted clinical care management
- ✓ Centers of Excellence (bundled payments)
- ✓ Pharmacy Strategies
 - ✓ Transparent PBMs
 - ✓ Copay Assistance Maximization
 - ✓ International Sourcing
- ✓ **Referenced Based Priced (RBP)**

What is Reference Based Pricing?

RBP

Bottom Up Approach to Repricing Claims

- Move outside the bounds of provider contractual agreements
- Use an established Benchmark, like Medicare, to determine how much the plan will pay for medical services.
- If balance billed, plans negotiate with providers for reimbursements.

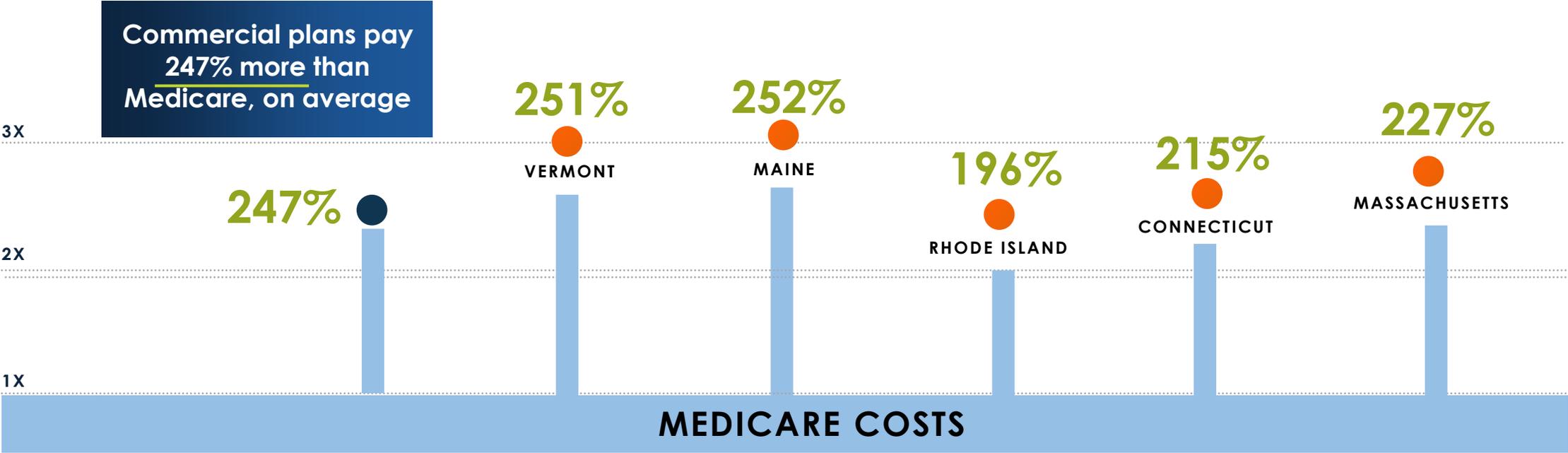
RBP Vendors

RBP Vendor Sampling

AMPS	HST	6 Degrees	Imagine360 (ELAP)
<ul style="list-style-type: none"> • 150% of Medicare • Discretionary threshold of up to additional 25% • Charges not to exceed 175% of Medicare 	<ul style="list-style-type: none"> • Facility: 140% Medicare • Professional: 120% to 160% of Medicare • Percentage selected by each client 	<ul style="list-style-type: none"> • % of Medicare • Percentage set by each client 	<p>Higher of:</p> <ul style="list-style-type: none"> • Facility specific cost +12% or • % of Medicare • Percentage selected by plan • Contracted provider relationships in key markets

Imagine360 -ELAP Referenced Based Pricing

According to the latest RAND Report, you're paying significantly more than Medicare for the exact same care.



Source: National Evaluation of Health Care Prices Paid by Private Health Plans, RAND Corporation, September 2020

What's a fair price for a CT scan in Maine?

	Average Billed	Average Cost	Medicare Pays	At a 50% Discount, the PPO Pays	We Pay
Maine Medical Center	\$930	\$120	\$109	\$465	\$133
Northern Light Maine Coastal Hospital	\$2,002	\$163	\$175	\$1,001	\$210
Central Maine Medical Center	\$1,388	\$335	\$171	\$694	\$375

Typically, PPO claims are paid on a "discount" off billed charges.

Our plans **use cost plus 12% and Medicare plus 20%** to determine a fair price.

Resulting in **significant savings** versus your standard PPO allowable.

Forensic Auditing of Claims



Traditional carrier's boast **high auto adjudication rates**. That means no one is doing a detailed review of claims before they are paid, unless the bill gets to at least \$100K, if it happens at that point.

We review every claim.

All claims reviewed for industry standard & proprietary edits such as NCCI Edits, unbundling, cross claim edits, billing errors, unclear/unexplainable charges, and charges that do not align to documentation provided.

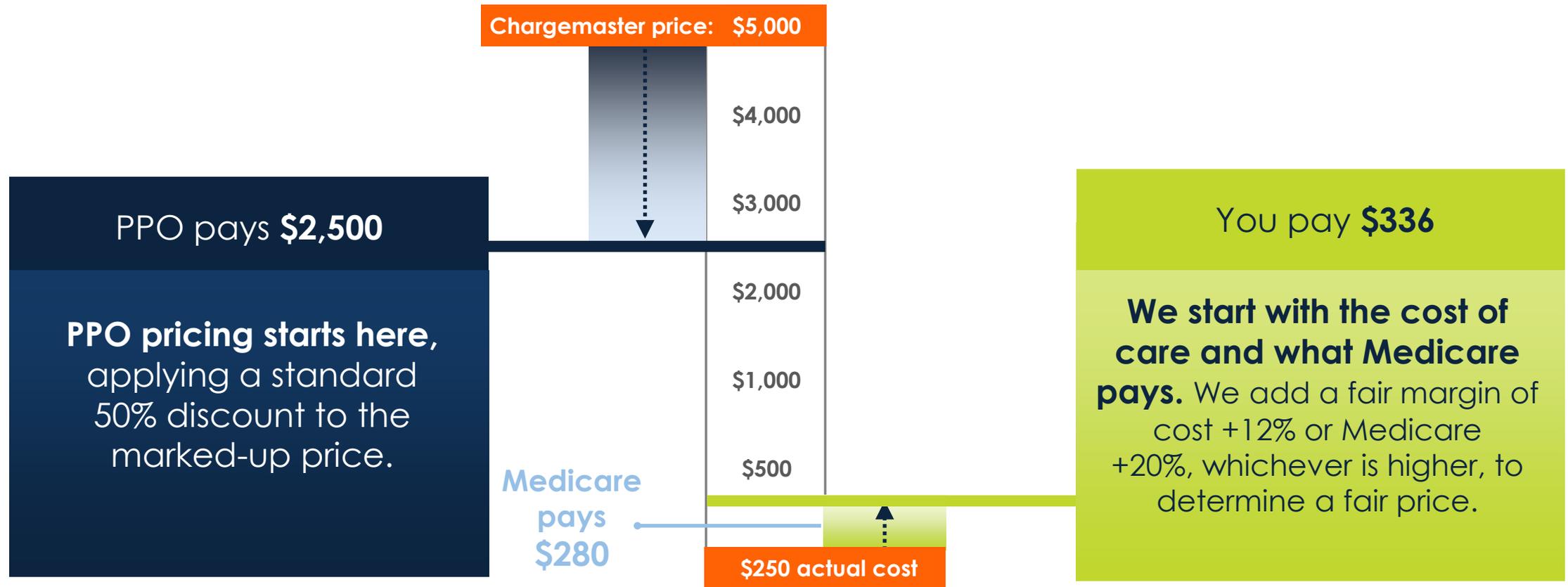
Certified coders review itemized bills over \$25K. This review includes edits for items that are often not itemized on the UB form billed by the providers.

\$100K+ claims undergo Internal Nurse Review Process to identify "Possible Experimental" services, confirm drug dosages, and provide additional details.

This creates additional savings of between 2-3% every year for the plan.

A smarter way to price and pay claims.

Reference-based pricing uses cost data to determine a fair price for care.



How the plan works for the member

In the majority of cases, members receive the care they need, payment is accepted and no further action is required.



Jane has knee replacement surgery at her local hospital.



She pays her copay/OOP.



The provider submits the bill.



The claim is paid, and payment is accepted.



For 99% of medical claims, this is where the process ends

1%

We have a proven process for the other 1%.

If a balance bill occurs, our team takes over.

We communicate with the provider on the members' behalf until the bill is resolved.



Jane checks the mail and notices a balance bill.



Jane sends the bill to us and we take it from there.

We communicate with the provider.

We manage all negotiations.

Using AI, we're able to resolve and pay claims before they become an issue for a member.

We provide **full legal support** through bill resolution.

Meanwhile, **Jane is kept informed** throughout the entire process.

Unlimited Legal Representation for Billing Disputes

Members are supported for the life of the claim

A dedicated Member Service Advocate provides regular updates, answers questions, and tracks progress

Experienced legal representatives work directly with hospitals and facilities on behalf of member



Diversified Group

Administration Experience



- Diversified Group (DG) has been administering ELAP (Reference Based Pricing or RBP) health programs for over 12 years.
- DG was the first TPA located in New England to offer an RBP option to employers.
- 52% of DG clients are on the RBP platform (including our own health plan).
- DG has processed over 70,960 RBP claims
- DG & ELAP have dedicated service teams that work together to make the process run seamlessly and to assist our clients and members.

Questions?





Thank you.

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