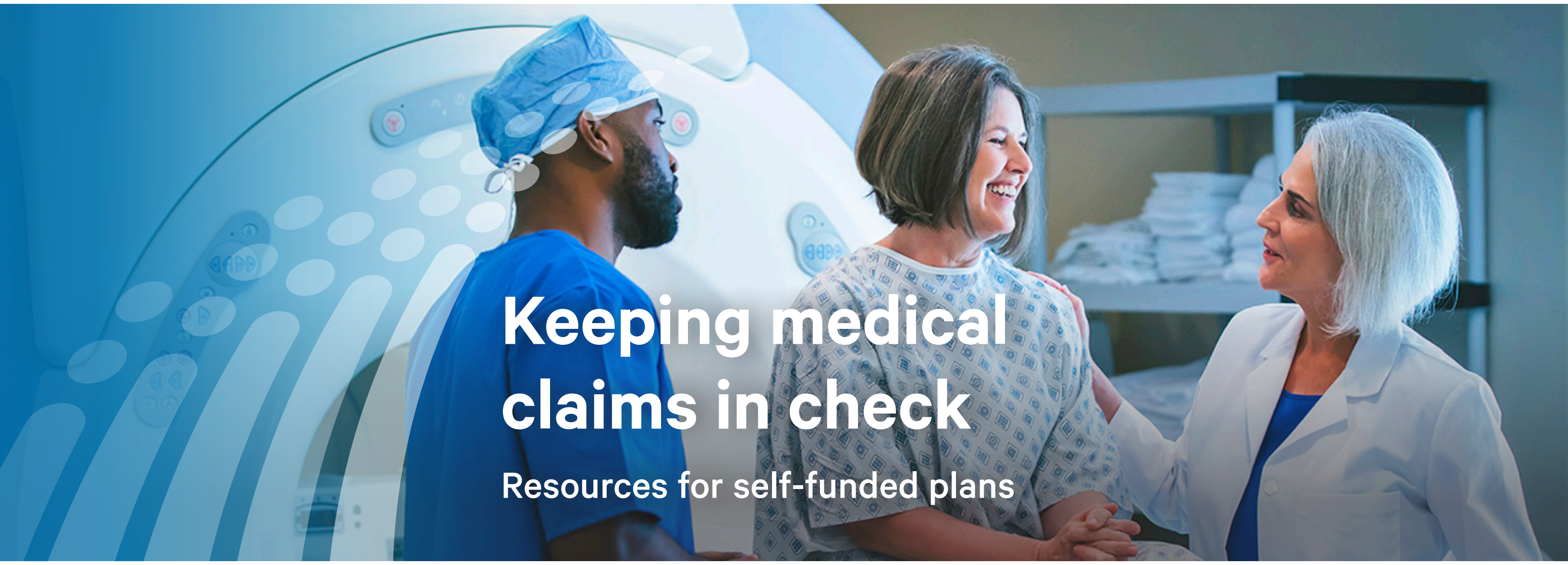

# Keeping medical claims in check

## Resources for self-funded plans

A stop loss carrier can provide an objective review of billed charges, provider pricing and network discounts to help ensure you are paying the lowest possible price for medical claims.

**It's no surprise that American health care has entered a new era. The price for medical care continues to rise, and the Affordable Care Act (ACA) has altered the way coverage is provided and paid.**

To help keep benefit expenditures in check, more employers are self-funding their employee medical coverage and looking to stop loss to protect them and their benefit plans against large or catastrophic claims.

Without stop loss protection, benefit claim costs can quickly spiral out of control. That's why it's important to look at the entire scope of a claim and try to reduce any excessive charges before they hit the books.

## Understanding high claim costs

Mitigating high claim costs starts by understanding the conditions that lead to higher expenses. In most cases, one of the following is at work:

**Traditional high-cost conditions:** Cancer, cardiac disease, renal (kidney) failure, transplants, neurological and genetic disease, and premature births are typically the largest sources of high-cost medical claims. While these conditions are certainly not new, treatment and management costs continue to climb.

**Pharmacological advances:** The speed at which advanced pharmaceuticals are being developed and delivered is exciting, but can also be very costly. For example, new developments such as gene therapies and Car T-cell therapies.

**No lifetime maximums:** The ACA's removal of lifetime insurance maximums means these high-cost claims are required to be paid by the plan on an unlimited basis.

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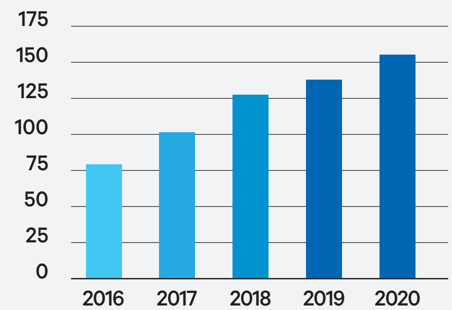
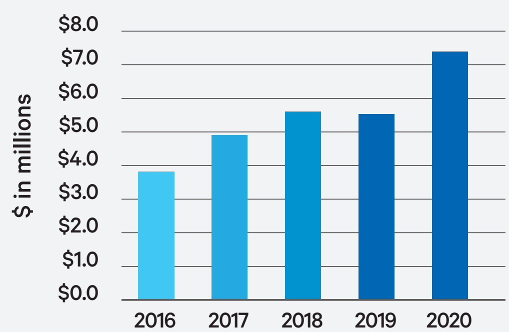
Together, these factors mean that the frequency and cost of catastrophic claims are increasing. In examining Symetra's own stop loss claims data between 2016 and 2020 (the most recent claims information available):

- The number (or frequency) of claims exceeding $1 million has more than doubled since 2016, increasing in frequency from 2% to 4% of all submitted claims.
- The largest claim paid during one policy period to date was $7.4 million.

**Symetra policyholders:** frequency of $1 million claims by policy year




**Symetra policyholders:** maximum first-dollar claims by policy year




Given the price and complexity of treatment today, traditional cost containment programs are not enough. An objective review of billed charges, provider pricing and network discounts can help ensure you are paying the lowest possible price on each claim. That's where a stop loss carrier can help.

## Working together for better results

Self-funded employers, claims administrators and stop loss carriers all play a role in managing health care costs. Here are some items to consider:

1. **Monitor non-network providers.** To join a network, hospitals and doctors must go through a rigorous validation process. If they choose not to be screened by a network, it is fair to ask why. Plan administrators should carefully review all billed charges from non-network providers to ensure they are accurate and fairly priced. Most state insurance commissioners maintain a database of providers that are under investigation for fraudulent billing, and non-network providers top the majority of those lists. Being wary of potential fraud will help ensure that you only pay what you should.

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2. **Compare 'reasonable and customary' provisions.** Make sure the plan document has a "reasonable and customary" charge provision that supersedes any network agreements. Why? "Discounted" network charges may be inflated to begin with. A contractual "reasonable and customary" provision gives the claims administrator a legal foundation to review and challenge network charges. This is an important step in validating the appropriateness of the charges, and not simply paying according to the schedule of discounts.

3. **Review excessive charges.** Whether from in- or out-of-network providers, product and service mark-ups can be exceptionally high and should be reviewed by a team of experts. Many stop loss carriers employ registered nurses (RNs) to help evaluate questionable or excessive charges because they have experience with both billing and administering medication.

   For example, as we've discussed, high-cost pharmaceuticals are a key driver of inflated health care costs. If a pharmacological bill appears excessive, an RN can review the employee's age, height and weight to ensure the dosage is appropriate. Here are some examples of potentially excessive charges from Symetra's billing reviews:

| Medication | Appropriate charges | Potentially excessive charges |
|---|---|---|
| Soliris | $800,000 per year | Up to $2.3M per year |
| Chemotherapeutics | $13,000 per month | Up to $150,000 per month |
| Yervoy (Melanoma) | $42,000 to $64,000 per dose | Up to $200,000 per dose |

4. **Get expert assistance.** Make sure your claims administrator is partnering with cost-containment vendors that offer optimal solutions. Stop loss carriers can offer a second layer of access to quality vendors, including "Centers of Excellence," which are considered the best of the best for complex, high-cost procedures and conditions. If your business is geographically diverse, your stop loss carrier can provide supplemental access to cost-containment vendors in areas where the claims administrator may not have access to appropriate resources.

   A stop loss carrier can also act as a second reviewer to help confirm benefits are paid according to the plan language, identify duplicate charges, review bills for appropriate and "reasonable and customary" charges, assist with stop loss reimbursement positions, and assist with out-of-plan exceptions and alternative care solutions such as off-label drugs or clinical trials that do not meet ACA required plan language.

## Don't pay more

You don't have to tackle cost containment on your own. By keeping a watchful eye on suspicious charges, challenging networks and providers, and partnering with effective vendors, attention can be properly focused where it belongs—on quality, affordable health care for employees.

**For more information about managing large claims, talk with your stop loss representative.**

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