




# **Self-Funded Risk Management: A Stop Loss Perspective**

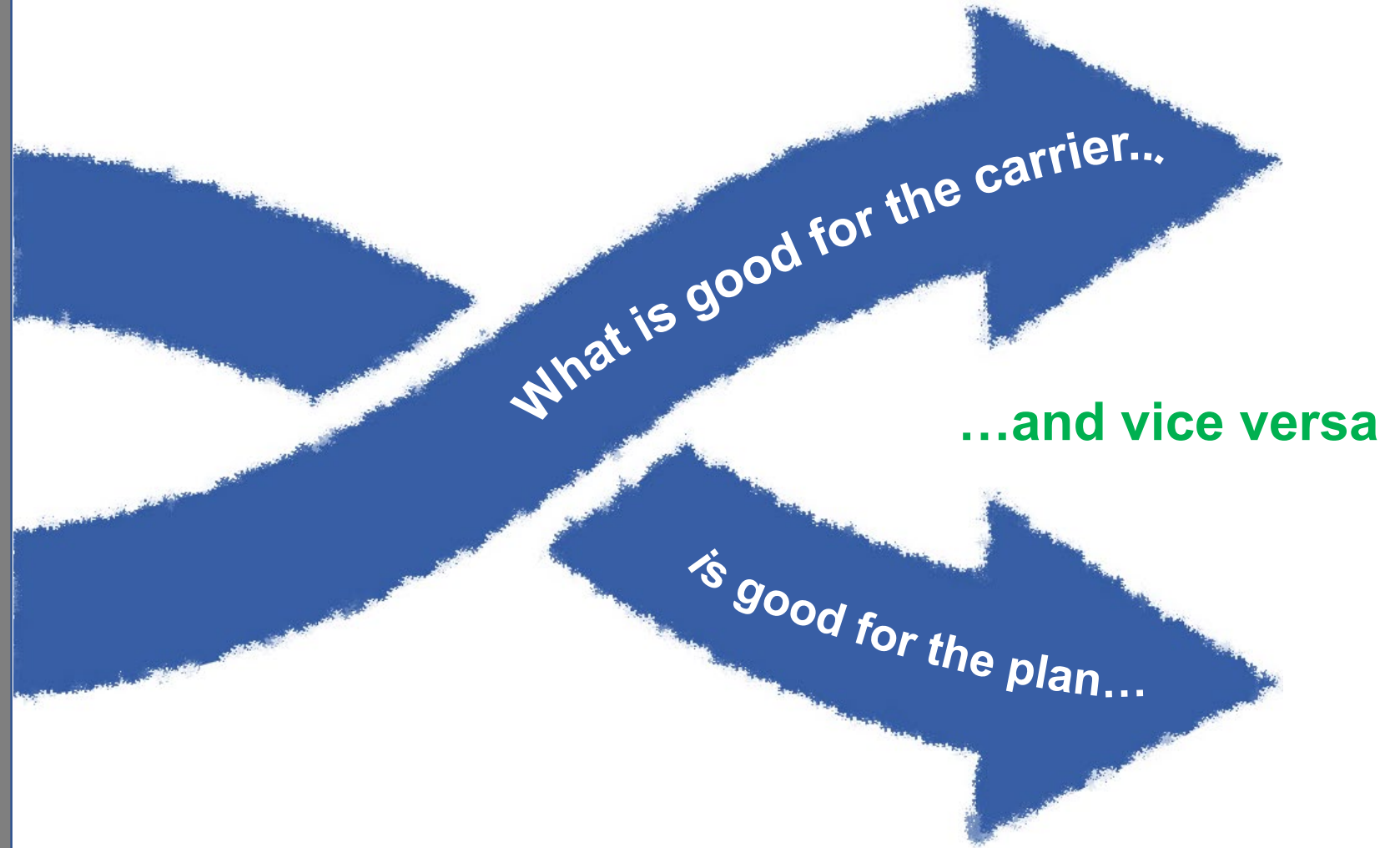
A blue-tinted photograph of Bob Knight, a former basketball coach, pointing his right index finger forward with an intense expression. He is wearing a dark sweater with a small logo on the left chest. The background is a blurred crowd of spectators.

*"The key is not the 'will to win'...everybody has that. It is the will to prepare to win that is important."*

**--Bob Knight**

If you stop to consider the relationship between the stop loss carrier and the plan...

their interests are nearly perfectly aligned.



**Stop Loss  
underwriting  
is trained to  
evaluate the  
components  
that affect the  
risk of the  
plan**

- **TPA**
- **Payment platform**
  - indemnity
  - network
  - RBP
  - “hybrid”
- **PBM**
- **PreCert/Medical Management**
- **“Other” cost containment/claim management initiatives**

## **Obstacles to the Win**

### **Critical “Pain Points”**

- PPO network arrangements; egregious billing practices permitted under network contracts
- Traditional PBM model
- Access to and cost of Specialty Rx
- Integrity of the Plan Document
- Lack of integration of critical cost containment components
- % of savings cost containment fees

# Traditional PPO Network Model: “Then and Now”

## Then:

- Limited Provider Access / Strong Plan Steerage
- Strong Provider Contracts / True Discounted Cost of Care for the Plan
- Balanced Alignment of Network Providers and Plan Sponsor

## Now:

- Open Provider Access / Weak Plan Steerage
- Weak Provider Contracts / Increased Cost of Care for the Plan
- Misaligned Incentives Across All Parties; Network, Provider & Plan Sponsors

“From the Plan Sponsor’s perspective, the PPO Network today exists solely to prevent their employee from receiving a balance bill.”

# Common PPO Network Contracting Practices

## “The Waste, Fraud & Abuse Loopholes”

- “Percentage-Off-Billed” contracting for critical, high-cost services
- Restriction/Prohibition of industry-standard claim editing
- Restriction/Prohibition of industry-standard claim auditing
- Restriction/Prohibition of industry-standard “Reasonable & Customary”
- Network Access on “% of savings” model

# Critical Pain Point: Medical Bill Errors & Overcharges

**Upon Further Review.....**

**Up To 80% of Medical Bills Contain Errors...**

**And The Problem Is Getting Worse...**

Billing advocates and other health professionals estimate errors on **three out of four** medical bills they review.

*“We have such a complex billing system, that it leaves so much room for errors...and usually not in favor of the patient.”*

Pat Palmer, CEO of Beacon Cost Containment







**“It’s the little details that  
are vital. Little things make  
big things happen.”**

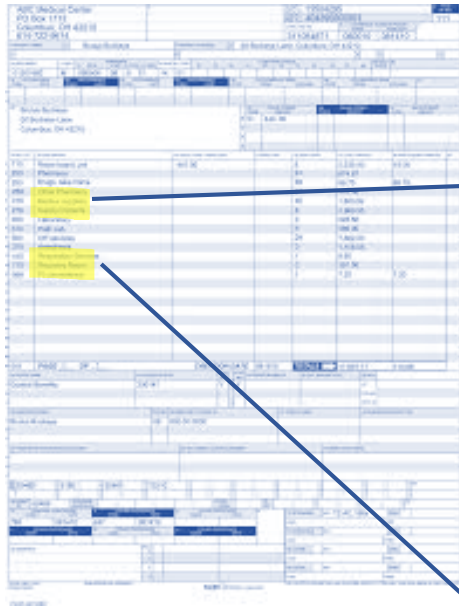
**John Wooden**

# Critical "Pain Point" Example: Network Provider Charges

Procedure: Laparo Cholecystectomy/Graph  
(gallbladder) Surgery  
Provider: Hospital, Out-Patient - Fairfield, CA

**Facility Total Billed Charges:** **\$219,692**  
PPO Discount: \$49,069 (22%)  
Plan Paid: \$170,623

**Surgeon Total Billed Charges:** **\$1838.00**  
PPO Discount: \$1232.85 (67%)  
Plan Paid: \$605.15



## UB-04 Notable Revenue Code Lines:

### Rev Code 360 Operating Room Services

- \$102,680.87

### Medicare Allowable

- \$5,485.09

Rev Code 710 Recovery Room  
Rev Code 710 Recovery Room  
Rev Code 272 Sterile Supplies

This one Revenue Code billed at  
**1872% of Medicare Allowable**

\$19,527.00  
\$28,495.50  
\$46,837.50

# Real Example: Network Provider Charges

Diagnosis: C34.90 – Stage IV Non-Small Cell Lung Cancer

Provider: Hospital, Out-Patient - Dallas, TX

232741293 20016500906 EDT Facsimile 2020 012 211 10

DALLAS TX

PHARMACY-IV SOLUTION  
LABORATORY-GENERAL, C  
LABORATORY-CHEMISTRY  
LABORATORY-CHEMISTRY  
LABORATORY-CHEMISTRY  
LABORATORY-CHEMISTRY  
LABORATORY-CHEMISTRY  
RADIOLOGY-THERAPEUTIC  
DRUGS REQUIRING SPEC  
TREATMENT OR OBSERVA

36415  
80053  
82024  
82533  
84439  
84443  
96413  
19299  
99211

121919 2 UN .02  
121019 1 UN 23.00  
121019 1 UN 102.00  
121019 1 UN 284.00  
121019 1 UN 156.00  
121019 1 UN 88.00  
121019 1 UN 162.00  
121919 1 UN 692.00  
121919 480 UN 51915.54  
120919 1 UN 192.00

PAGE 01 OF 01 CREATION DATE 12/10/20 TOTAL CHARGE 53614.56

IGNA HEALTH CARE

751.62 C34.91 279.899 C79.51 R59.0 H53.8 280.1 287.899

Billed Charges  
\$53,614.56 (1 of 6)

Medicare Allowable Price:  
\$13,396.23

Annual savings to the plan by billing  
PBM vs Medical Plan:  
**\$234,239.34**

## Billed Charges

- \$53,614.56.....**\$321,687.36** for 6 infusions
- **400% of Medicare Allowable**

## PPO Cost after In-Network Discount (10%)

- \$48,253.10.....**\$289,518.60** for 6 infusions
- **360% of Medicare Allowable**

## Alternative Billing Process- Same Site of Care

- \$14,574.67.....**\$87,448.02** for 6 infusions
- **109% of Medicare Allowable**

# Addressing The Problem: Existing Methods



## **Alternative Traditional Network Models**

Identify network options which allow for pre-payment editing, and auditing for waste, fraud and abuse; provide accountability for some degree of R & C

## **Reference Based Pricing**

Identify preferred model and vendor(s)

## **Transparent/Fiduciary PBM**

Identify preferred model and vendor(s)

## **Precert/UM/LCM/Care Management**

Identify preferred vendors; opportunities for better integration

## **Direct Contracting**

Who is responsible? How are they compensated?

## **Model Plan Document**

Changes to critical administration processes, vehicle for complete integration of all cost containment functions



*“The difference  
between a good  
defensive team and a  
bad defensive team is  
as little as three  
possessions.”*

Brad Stevens



**Steve Butz**  
**Executive Vice President**

### **Our Beginning**

Principals and key Executive Staff began working together with the Brougher Insurance Group (VASA Brougher) in the early-mid 1980's. Director level and above staff average over 28 years experience in the stop loss MGU business.

### **Formation of Certus Management Group**

Current staff executed the start-up of International Medical Group-Stop Loss, Inc in 1998, and successfully operated the subsidiary for over 18 years. In May of 2017 current Principals participated in a management buy-out of IMG-Stop Loss and renamed the company Certus Management Group. Now in our 22<sup>nd</sup> year of operation.

### **Insurance Carrier Relationship**

CMG has been integral to Sirius Insurance Group presence in the stop loss market; managed filing and approval process for Sirius America initial stop loss policy, wrote the first Sirius America stop loss client. CMG has continuously represented Sirius America in the stop loss business for over 21 years.