

# The Administrator

WINTER 2009

Important news and updates from your benefits professional

## A Point-of-Care Solution that Simplifies the Lives of Employees Enrolled in Limited Benefit Plans

Working in conjunction with some of the leading Limited Benefit and Mini Med carriers, Hammerman & Gainer (H&G) has developed a web-based eligibility and payment portal that significantly improves communication between employees and their health care providers and accelerates payments from the carrier as well as the patient. Leveraging the latest technology for the electronic submission of claims, real-time adjudication and pricing, the H&G solution delivers value to health care providers, employers and employees alike.

For health care providers, the cost as well as the complexity of patient billing and collections is burdensome. According to a recent McKinsey study, physicians and hospitals typically collect only about 50 percent of the post insurance balance – and only 10 to 20 percent for self-pay patients. The challenge, then, is to find a solution that addresses this problem at the source, before services are provided.

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### Feature Story

## TPAs: Strategically Positioned to Maximize Provider Savings

**A**fter completing another year-end renewal season, it has become increasingly apparent that the entire practice of quoting based on “provider discounts” is out of control. Facts have become very distorted and in many cases, nonexistent. Big percentage discounts are marketed fiercely with no explanation of how these provider discounts are calculated.

While few people would shop for a retail item and choose the higher percentage discount without comparing retail or “list” prices (the price from which the percentage discount is being deducted), employers still agree to spend thousands, even millions of dollars on employee health care this way every year.

### We Help Clients Ask the Right Questions

Even though large insurance carriers are often reluctant to share the data needed to make an apples-to-apples comparison, we provide meaningful reports to our clients and we know which questions to ask of a provider network. Here are a few examples:

#### ■ What is the basis for the promised discount?

While many networks are providing discounts based on “averages” of the fee schedule, these averages may not reflect frequency and can easily overstate potential savings. As an example – if procedure “A” is discounted 60 percent, but performed only once in every 1,000 patients and procedure “B” is discounted 20 percent but required by half of all patients, the actual savings would be much closer to 20 percent. A similar overstatement often occurs when ineligible charges are removed from the analysis.



■ **Are reimbursement rates benchmarked before contracting with providers?** A network cannot simply choose a figure and use that as a starting point. Negotiations must be planned and sources used to validate its reimbursement rates and the provider’s rates must be documented and reported.

■ **Is the network really managed or are they simply negotiating a rate?** TPAs and our valued agents know that while the rate is an important factor, the key to cost control is information. Because we have claims data and extensive reporting capabilities, we can make comparisons based on meaningful, consistent criteria, such as average length of stay, the average payment per day for local in-hospital care or cost per local hospital admission.

These are just a few of the factors to consider when provider discounts are being discussed, and we will focus on others in future issues of this newsletter. As a full service benefits administration firm, we’re accustomed to helping our clients analyze and evaluate projected provider savings.

# Q&A

Bringing you answers to tough questions

## Are your employees avoiding the medical treatment they need?

Economic difficulties are causing people to delay medical care and prescription refills. What can employers do to help lighten the financial burden and avoid increased medical costs down the road?

Before employers can ease health care costs, they have to understand what's behind them, figure out which treatments employees are using and what types of claims are being made. Is your health care plan covering the procedures and medications your employees are using most? If not, you may want to rethink your plan parameters.

Provide some incentive for wellness upkeep items like regular physicals. The longer people wait to see their doctor, the greater their risk. "Sick" visits will be more costly for the plan in the long run, so it makes good sense to make wellness an important part of your work environment.

The key lies in encouraging total health management and open communication. Remember to emphasize that failing to seek regular care will only increase everyone's health care costs later on.

## Industry Approaches

# Don't Let ID Cards Fall Into the Wrong Hands



Most people rarely give their own medical records a second thought, especially if they're generally healthy. Other people, however, are thinking about your records, in an effort to steal your medical identity. They don't want your asthma or chronic arthritis, but they do want access to your coverage, a virtual gold mine they can sell to an uninsured person in need of costly medical procedures.

Once your medical identity is stolen, you will be left to pick up the tab for those procedures and clean up the mess made of your medical records. This is no easy task. Reversing medical identity theft is more difficult than financial identity theft because there is no central repository for medical records – they could be divided among a number of different providers.

Under HIPAA, even an identity thief is entitled to medical privacy. So even if you find your records, you may not be able to look at them. This might seem crazy, but it's true. If you are able to gain access

to those records, there is no way for you to erase the imposter's medical history from your chart. The best you can do is make a correction, which could lead to confusion the next time you seek treatment.

## Not Just the Consumer's Concern

Health care providers are falling victim to this scam as well, because most of the time, medical identity theft is an inside job. Employees in a physician's office or hospital may have unrestricted access to patients' medical information.

At this stage, there is little we can do to protect against ID theft from the inside. Congress recently introduced a bill that would increase safeguards that protect access to consumers' medical information. The new bill would also require that a patient be notified if their health care information is exposed.

For now, the best way to protect yourself is by holding tight to your health plan ID card. Letting it fall into the wrong hands could spell disaster.



## TRENDS *Latest Happenings In Today's World*

### Trading Power Ties for Khakis

Today's employees are giving the term "dressed for success" a whole new meaning. More than 1,100 top executives were polled in a recent non-scientific survey about work attire, and 42.2 percent said more companies are adopting increasingly casual dress codes. Over 22 percent even thought that the term "business casual" now includes jeans. This more casual dress code has its good and bad points.

Casually dressed people, while viewed as creative and fun, are often taken less seriously than their professionally dressed counterparts. Employees who dress more professionally can be viewed as having higher-level positions. Some bosses today seem to be putting more value on the quality of your work than on what you wear while you're working. Regardless of what you are wearing to work, remember to always be professional.



### Cancer Cases On The Decline

According to the American Cancer Society, the rates of cancer cases and cancer deaths have both decreased for the first time in the U.S. Cancer deaths have been declining since the early 1990's, but rates have dropped most dramatically since 2005. The decrease in cases and deaths is seen as real progress in the fight against cancer and is attributed to improvements in early detection and treatment.



# BENEFIT BEAT

*Keeping An Eye on What's Happening*

## 2009 Brings Change to FMLA Rules

On January 16, 2009, employers and employees will notice some major changes in the Family Medical Leave Act (FMLA). While these will mean an increased administrative load on employers' shoulders, they will benefit in the long run.

The revised rules will require employees requesting leave to notify employers the day they realize the need for leave and no later. Easier access to more detailed information will be provided to employers regarding an employee or eligible family member's health. The revised Act enables the employer to contact the health care provider directly. Employees will benefit from the new Act as well, gaining more detail about what their rights are.



## 2010: A Good Year for Mental Health

For many years, employees using mental health services have faced a harsh reality - their health issues don't receive the same coverage as "physical" ailments. This often means scraping the money together to pay out-of-pocket or holding off on treatment completely because they can't afford to pay. These worries may be alleviated as soon as January 2010.

New legislation was recently signed into law requiring employers and their health care plans to offer equal coverage for mental and physical illnesses. One hundred and thirteen million Americans are currently covered by

plans that will fall under this new law. This new mental health law further expands the coverage already in place from the 1996 version.

Most employees won't need to worry about an increase in cost. It is estimated that they will only rise by 0.04 percent, much of which will probably be covered by employers. The new law will likely mean reduced co-pays at future doctor visits as well. It is important for employees to clarify with their employer or health care provider which illnesses are covered, however, because the employer is responsible for making the final benefits decision.

### Health Wise

## Choosing a Doctor: Do Your Homework

Choosing the right doctor these days is much more complicated than just opening the phone book. The best way to find the one that suits your needs is by doing your homework. When it comes to comparing doctors, you need to have all the facts.

### If You're In the Need of Surgery

The most important question to ask is how many times the doctor has performed the procedure you are having. Does he do this operation 50 times a year or five? If you get a vague answer, ask more questions - you have the right to know.

How do you know if the doctor has done "a lot" of these surgeries? Medical professionals say if it's a common operation, the number should be relatively high. For example, if your hospital has done a thousand of that type of surgery in the past year, you could potentially expect your doctor to have done 50 or more. If the surgery is rare however, even the best doctor in that specialty may only have done a few. Whatever the number, you need to make sure it's one you're comfortable with.

### Check for Board Certification

You should also find out if the doctors you are considering are board certified in the area of medicine that applies to you. Board certification signifies that this is an area of specialty for your doctor and they are up-to-date on the latest techniques in the field. The most important factor of all, however, is your comfort level. You have to be comfortable with the doctor you choose. The more you know about your procedure, your doctor and your options the better decisions you can make for yourself in the long run.

Lung, colon and prostate cancer - the three most common in men - have all declined in recent years, as have breast and colon cancer, two of the three most common in women. This is a big factor in the overall drop in cancer statistics. These statistics are promising, but even more people could have been saved with preventative care. Preventative care and research are essential in continuing to bring these rates down.

### Vacation For a Healthy Life

Many employers are beginning to realize that an important key to increased job productivity is vacation time. It may seem odd offering time off to increase business, but a vacation may be just what employees need to relieve stress, recharge their batteries and restore some work-life balance. Vacations can be beneficial to physical health and even increase psychological health and life expectancy.

Eighty-four percent of employers offered paid vacation last year and only four in ten employees actually used it. That number is expected to decrease further in 2009 to 33 percent, partially due to fears about appearing uncommitted in this challenging economy. In order for vacation policies to be effective, employees must make use of the opportunity and realize that vacation time is an essential component to their wellness and well-being.



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## Simplify the Lives of Employees

The inability for providers to determine immediate eligibility, the applicable discount and/or coverage limits for patients has been a frequent hurdle to implementing Limited Benefit Plan programs. The H&G solution overcomes this hurdle. Using H&G's eligibility and payment portal, providers are now able to submit a claim in real-time, determining the patients' benefit eligibility and financial liability at the point of care. Providers will know in real-time what the carrier is paying as well as the amount to collect from the patient. Not only does this improve operational efficiency, but it also reduces administrative costs and the need for balance billing, which leads to a better experience for the provider. As an added incentive to use the H&G portal, providers may elect to receive payment directly from the carrier via Electronic Funds Transfer (EFT) to speed receipt of payment.

Employers sponsoring Limited Benefit Plans are better able to meet the needs of the provider community and, offset the potential backlash typically associated with these types of programs. Additionally, employers are likely to see increases in participation and retention in these programs as a result of an improved employee experience.

But providers and employers are not the only ones to profit from the H&G solution - employees win too. Their benefits are

maximized at the point of care, thus reducing out of pocket expenses for services covered by the plan. Plus, the question of "what is this going to cost me?" is finally answered accurately and in real-time.

The H&G web-based eligibility and payment portal provides a better experience for all key stakeholders.

To learn more about the innovative carriers that have adopted this solution, please contact Jimmy Hersman at H&G's Irving office at (800) 929-9525 or jimmyh@hng.com. H&G will be announcing some of its partnerships with carriers at the Workplace Benefits Renaissance at the Tropicana Casino & Resort in Atlantic City, New Jersey, March 10-12, 2009. More information about this event can be found at <http://www.workplacebenefits.org>

*Overhauling the US Health Care Payment System*, Nick A. LeCuyer and Shubham Singhal, The McKinsey Quarterly, Web exclusive, June 2007.

**Please Contact Us:** This newsletter is not intended as a substitute for personal medical or employee benefits advice. Please consult your physician before making decisions which may impact your personal health. Talk to your benefits administrator before implementing strategies which may impact your organization's employee benefit objectives.

## Hammerman & Gainer, Inc. Hires Randy Wright as VP of Group Benefit Products



Hammerman & Gainer, Inc. hired Randy Wright as Vice President of Group Benefit Products in our Atlanta office. In this newly created position, Mr. Wright will be responsible

for identifying opportunities and expanding H&G's presence in the employee group benefits market. This includes developing new markets and producer relationships, as well as working to position H&G for success in the employee group benefits business.

Wright brings the strong credentials of an industry veteran with twenty-six years of Executive Management, Sales, Marketing and Client Service experience in the group health and life insurance industry. As Vice President of Marketing & Sales at the nation's eleventh largest TPA, Wright was instrumental in the creation of group self-funded plans and the development of the distribution sales forces. Mr. Wright earned an Undergraduate Degree in Business Administration and is a licensed Insurance Agent – Counselor.

Hammerman & Gainer, Inc. is the largest minority-owned TPA in the nation and provides a wide range of administrative management services, business process outsourcing, and project management services that help public and private sector employers maximize the value of their people. For more information, contact Larry Whyde at (800) 929-9525.



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