

Fiduciary Check In

A Case Study in Fiduciary Activation

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Speakers



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Lehigh County



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Role of Fiduciary

- Health plan sponsors have a fiduciary obligation to disperse plan assets in a prudent manner for the exclusive benefit of plan participants and beneficiaries.
- The standard to carry out such obligation for a health plan is simply a good faith compliance effort.



Lehigh County
Pennsylvania

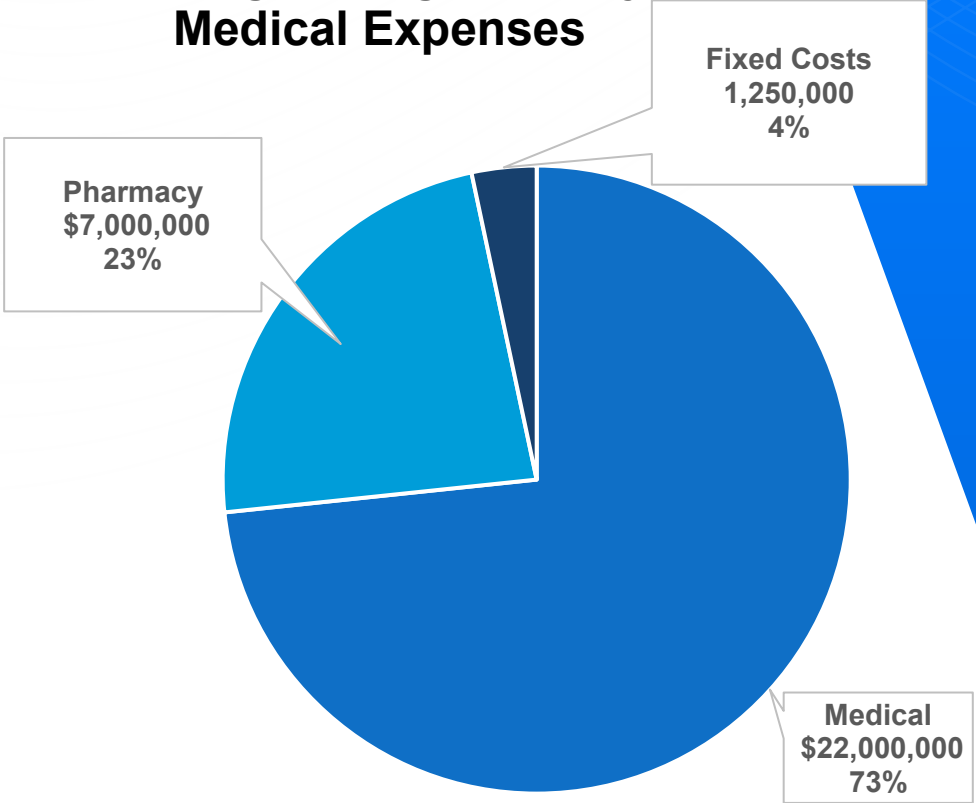
2022

Medical Fiduciary Responsibility

By Lehigh County Controller, Mark Pinsley

Lehigh County is self insured and spends ~\$30M for medical expenses each year

Average Lehigh County Medical Expenses



Number of Employees



Approx Per
employee per year
send (Med/Rx)

If you are NOT using these laws you are NOT fulfilling your Fiduciary responsibility (my opinion)

4 main laws & regulations aimed at increasing *transparency in healthcare* –

01

Transparency in Coverage Final Rule

Requires health insurers to disclose pricing for covered services and items

Aimed at National Insurers, National Network Administrators.

02

Hospital Price Transparency Final Rule

Each hospital operating in the United States is required to provide clear, accessible pricing information online about the items and services they provide

Aimed at hospitals

03

Consolidated Appropriations Act of 2021 (the CAA)

Established protections for consumers related to surprise billing and transparency in health care

impacts plans, Health Plan Fiduciaries, and third-party solution providers (brokers, optum, Zelis)

04

No Surprises Act

Protects people from some unexpected medical bills by banning certain practices, like surprise bills for emergency services, even if the services were out-of-network and without prior authorization.

Impacts Dr's, Hospitals, and health plan sponsors / fiduciaries

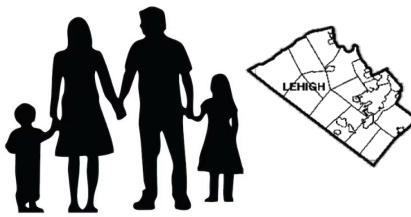



Notes

Provision	Relevant § of ERISA	Where to find the law for non-ERISA plans?
Gag Clause Removal	ERISA § 724	PHSA § 2799A-9
Advance EOB Requirements	ERISA § 716(f)	PHSA § 2799A-1(f)
Continuity of Care	ERISA § 718	PHSA § 2799A-3 and § 2799B-8
Provider Directory Requirements	ERISA § 720(a) and (b)	PHSA § 2799A-3 and § 2799B-8
Reporting on Pharmacy Benefits and Prescription Drug Costs	ERISA § 725	PHSA § 2799A-10
No Surprises Act §§ 102 & 103	ERISA § 716	PHSA § 2799A-1
NSA § 104	ERISA § 720	PHSA §§ 2799A-5(c) and 2799B-3
408(b)(2) Disclosures	ERISA § 408(b)(2)(B)	Not Applicable

The Cast

Complexity and a lack of pricing transparency results in diminished negotiation power for the County of Lehigh.



Role	Payor	Third-Party Administrator (TPA)	Broker of Record	Stop Loss Insurer
Entity	County of Lehigh	Highmark Blue Shield	McGriff Insurance Services	PA and US Depts. Of Health Services
Description	<p>The County of Lehigh (COL) pays the medical bills on behalf of our employees. EEs also pay</p> 	<p>COL employees can go to any of the providers within Highmark’s network and they pay the rates they have negotiated. COL employees have access to the TPA’s entire network.</p> 	<p>The insurance agency who manages and represents COL’s policies. They advocate by crafting RFPs, provide healthcare insight, and help manage the TPA and PBMs for COL.</p> 	<p>Agency that provides an insurance coverage for claims in excess of a defined claim amount. Prevents COL from paying out a very large claim in the event of a catastrophic event.</p> 
Add'l Roles	COL Employees and Families	Payment Integrity	Insurance Providers	Stop Loss Insurance Providers
	<p>COL’s 2,400 beneficiaries of self-insured benefits, include employees, their families and qualified retirees. The benefit is approximately \$12,500 per person annually.</p>	<p>Highmark subcontracts the role of payment verification with these two companies. They retain a percentage of claim recoveries received based on their audits.</p>	<p>Capital Rx provides prescription coverage as the Pharmacy Benefit Manager (PBM).</p>	<p>Highmark and other insurers identified by HHS provide stop loss coverage to avoid the risk of catastrophic loss when a claim is greater than expected.</p>

“Employers (aka Fiduciaries) have not (historically) have access to actionable data about the prices they pay via national and regional network agreements. **Until CAA!**”

**I hired all the
right
companies so I
did my duty!**

**Your
employees are
counting on
you!**

WRONG

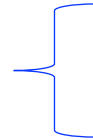
**Hiring outside companies
does not change your
fiduciary responsibility**

1. Are you getting reasonable pricing?
2. Are you paying MORE than self-pay?
3. Are you letting PBMs have spread pricing?
4. Is your broker getting a piece of the action?
5. Is your broker working for additional transparency

if you are not using **Transparency** laws to understand the above, you are not living up to (performing) your “fiduciary duties”.. My opinion

Are you paying more than Self-Pay?

Who is responsible to understand this? YOU



FacilityName	ST LUKES QUAKERTOWN HOSPITAL
ProcedureCode	55700
MSA / Code Description	Rate
Philadelphia-Wilmington-Atlantic City PA-NJ-DE-MD	
Biopsy of prostate	
Aetna (All Plans) Payment	3,110
Max Payment	3,110
United (All Plans) Payment	2,965
Cigna (All Plans) Payment	2,901
Geisinger (All Plans) Payment	2,740
Highmark (All Plans) Payment	2,736
CBC (Except EPO) Payment	2,719
CBC EPO Payment	2,544
Horizon (All Plans) Payment	2,314
Self Pay	1,936
IBC (All Plans) Payment	1,624
Geisinger Gold (All Plans) Payment	1,360
Freedom Blue (All Plans) Payment	1,210
Aetna MC (All Plans) Payment	1,139
Amerihealth NJ (All Plans) Payment	1,117
Keystone 65 (All Plans) Payment	1,097
Horizon Blue MC (All Plans) Payment	1,093
Gateway (All Plans) Payment	1,090
Geisinger GHP Family (All Plans) Payment	875
Amerihealth Caritas (All Plans) Payment	809
Amerihealth Northeast (All Plans) Payment	773
Horizon NJ Health (All Plans) Payment	610
Keystone First (All Plans) Payment	561
Min Payment	561

01

County of Lehigh

02

Uninsured Person

SIDE-BY-SIDE SELF PAY PRICING

Pricing for the same procedure can vary greatly from hospital to hospital

code	COORDINATED HEALTH ORTHOPEDIC HOSPITAL	LEHIGH VALLEY HOSPITAL	HOSPITAL OF UNIV OF PENNSYLVANIA	St Lukes Hospital	Medicare		LVH / St Luke	LVH / Medicare
97012	\$86.00	\$138.50		\$40.24	\$14.70		344%	942%
97537	\$51.00	\$106.00		\$48.95	\$32.90		217%	322%
99213	\$256.00	\$393.50		\$49.64	\$68.32		793%	576%
88311	\$46.00	\$46.00		\$53.63	\$21.36		86%	215%
92611	\$743.50	\$743.50		\$218.53	\$94.90		340%	783%
93320	\$356.00	\$718.50		\$147.52	\$53.54		487%	1342%
96368	\$173.50	\$173.50		\$50.68	\$21.00		342%	826%
97116	\$88.50	\$138.50		\$50.32	\$30.46		275%	455%
97130	\$148.50	\$148.50		\$34.03	\$22.41		436%	663%
99395	\$188.50	\$188.50		\$42.76	\$86.33		441%	218%
92524	\$651.00	\$651.00		\$101.92	\$113.44		639%	574%
96040	\$93.50	\$93.50		\$14.50	\$45.09		645%	207%
99212	\$93.50	\$256.00		\$34.21	\$37.16		748%	689%
97168	\$181.00	\$453.50		\$56.80	\$71.76		798%	632%
88334	\$773.50	\$773.50		\$24.62	\$57.38		3142%	1348%
96125	\$413.50	\$413.50		\$114.28	\$107.14		362%	386%
77065	\$571.00	\$326.00		\$182.80	\$131.58		178%	248%
94729	\$243.50	\$243.50		\$214.77	\$60.54		113%	402%
97150	\$88.50	\$83.50		\$40.24	\$18.20		208%	459%
97542	\$71.00	\$116.00		\$37.30	\$32.90		311%	353%
G0108	\$88.50	\$103.50		\$59.68	\$54.44		173%	190%
97113	\$91.00	\$146.00		\$55.66	\$38.15		262%	383%
97802	\$68.50	\$68.50		\$17.20	\$33.25		398%	206%
97032	\$88.50	\$183.50		\$37.58	\$15.05		488%	1219%
88177	\$116.00	\$116.00		\$17.56	\$29.39		661%	395%
						Min	48%	50%
						Max	3142%	1460%
						Mean	347%	691%

You should do a side-by-side of the price you are getting from your TPA, and the hospital self-pay rates

Use Reference Based pricing (not a vendor but a method)?

The largest purchaser of healthcare in the world

Set payor industry standards

Prices and methods are empirically based and transparent/free and publicly available

Their goal is to pay hospitals fairly based on the hospital's costs

\$4 MILLION SAVINGS

You may not need a reference based provider but at least review the pricing based on Medicare

If you are one of those people that say the lack of transparency makes it hard for individuals to make the right decision about what hospital to use etc

Meaning you are placing the blame on the patient (your employee)
Shame on you

The structure of contracts are part of the problem Broker, Pharmacy (spread pricing), and more

Optum

COTIVITI



HIGHMARK

\$350k

The amount we paid to recover \$ from errors

Why Does this Matter?

It looks like we are paying Highmark to make mistakes

You need to engage an independent 3rd party legal/contractual expert and remove gag clauses from your administrative agreements.

“You cannot be a party to a contract that limits your ability to perform your fiduciary due diligence process

Recommendations based on Audit Findings

Engage an independent ERISA /
legal expert to understand
Transparency laws



Engage an independent data
analytic expert- We used health
costs labs



Engage a third-party
independent fiduciary expert to
create a proactive procurement
process for your health plan..



If your contract with your broker
isn't directly with the
broker....change the contract



Make sure you send letter to your
TPA letting them know you will not
abide by gag clauses



Hire a group that is
focused on transparency
and reviewing fiduciary
responsibilities.



If you are using research through
your TPA to verify transactions...use
someone else



When going through the bidding
process ask everyone to let you
know there prices compared to
Medicare



Require disclosure and
information about all
claims referred to
TPA's Special
Investigations Unit**



More detailed review of claims
when transitioning between TPAs



If hospitals are not
complying report them to
CMS



Questions?



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Upcoming Webinars and Events

Achieving Value through Health: Latest Evidence on Pharmacogenomics

January 25, 2023, 3 p.m.-4 p.m.

Townhall: The Interplay Between Mental Health & The Spectrum of Addiction

March 22, 2023, 3 p.m.-4 p.m.

2023 Leadership Summits

June 28 -29



National Alliance
of Healthcare Purchaser Coalitions
Driving Health, Equity and Value

2023 LEADERSHIP SUMMITS

Surviving to Thriving | Architecting for Value | Innovation & Integration

JUNE 28-29 | Nashville, Tennessee

All times are ET