

Payment integrity: Getting self-insured employer groups on board

By Matthew Hawley, EVP, Payment Integrity

Self-insured employer groups, or administrative services only (ASO) partners, are managing more and more of the commercial covered population. As the prevalence of these groups develops, the pressure and demand for them to have visibility into payment integrity measures implemented by the administering plan is growing rapidly. According to the Kaiser Family Foundation, 65% of covered workers are on a plan that is self-funded. For large firms (200+ workers), that number jumps to 82%. Sharing the value of a high-performing payment integrity program with self-funded groups is more important than ever.

What does that mean for commercial health plans?

Those ASO-providing health plans that do not offer a robust payment integrity program to self-funded groups risk the possibility of losing a competitive advantage. According to Cotiviti data, 74% of Cotiviti health plan clients with self-funded business are already integrating prepay final filter editing with self-insured employer groups¹. Implementing payment integrity efforts with self-funded groups can help administering health plans improve client medical costs and ultimately improve their client retention and satisfaction while keeping employee out-of-pocket costs in check.

Self-insured employer groups are also all concerned with finding substantial medical cost savings at a low administrative effort, and a strong payment integrity program can help to provide just that. Within our own Cotiviti data, we've found that self-insured employer groups can save up to 4% in medical costs with Cotiviti's prepay payment integrity solutions.

To get started, commercial plans offering ASO services must consider how to roll out a strategy, gaining the buy-in of employer group clients. For success, the administering plan must engage the self-funded employer groups with the various stakeholders in the plans (the executive team, group sales, product teams, legal teams, etc). In this

¹This client group based on Cotiviti clients who utilize the Payment Policy Management solution

white paper, we will walk through the steps to engage these stakeholders through: program design, contracting, negotiating fees, group engagement, and technical updates.

Program design and contracting

Adding payment integrity services should start right at the beginning. Doing so benefits the self-insured group of course, but also benefits the commercial health plan, since adding self-insured groups to their payment integrity program creates consistency in the application of payment policy for their contracted provider network. Administering health plans should consider providing it as a value-add as part of a standard package of services during the

contracting phase of a new client acquisition, adding payment integrity shared services language to the contract to facilitate. This not only allows the self-funded group to benefit from payment integrity efforts from the outset, but provides value to the administering plan as well. Pass-through fees are easier to operationalize rather than trying to forecast rates through actuaries. There are two general ways to add payment integrity into an employer group contract: opt-out or opt-in.

The opt-out model requires shared services to be added to the contract typically as a payment integrity shared service. Shared services are usually contracted in a way that

allows health plan clients of the payment integrity vendor to pass through vendor fees along with any administrative plan fees. In an opt-out model, employer groups will typically have payment integrity programs added at their yearly renewal and will have to “opt out” of the additional savings and additional cost. Due to the nature of opt-out, clients generally keep payment integrity turned on as they see the value of the additional savings and there is a clear ROI. Opt-out also tends to have a higher penetration rate. Among our client base, we see an average prepay participation rate of 79% for opt-out arrangements, compared with only 44% for those with opt-in (Figure 1).

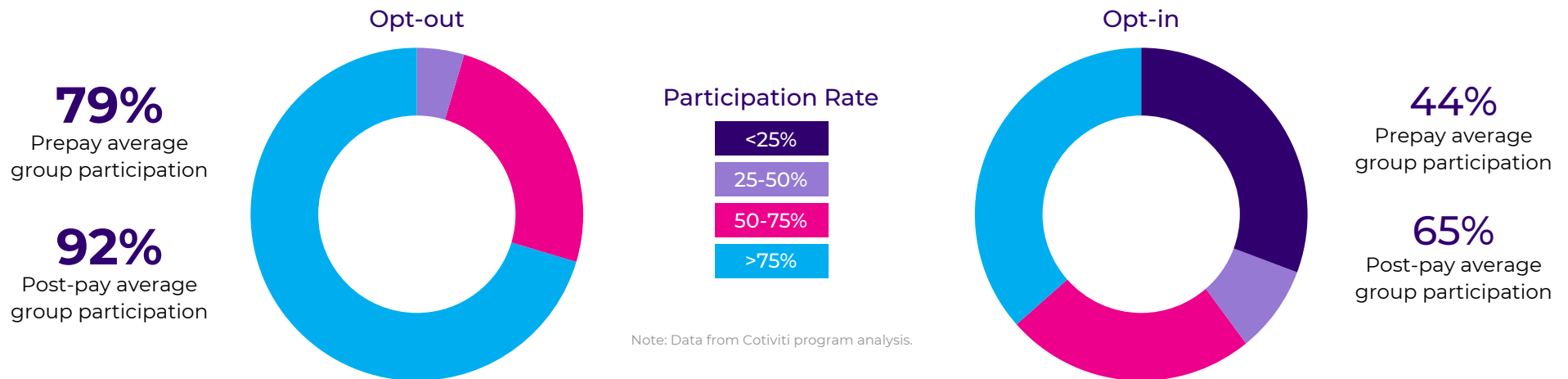


Figure 1. Opt-out participation rates vs. opt-in participation rates

Negotiating fees with self-insured employers

As part of the contracting process, whether choosing opt-in or opt-out options, administering plans should also consider their preference for setting up the contingency fees associated with payment integrity efforts provided by a vendor. The fees are typically handled in one of two ways, in order of popularity:

1. Passed on to a plan's self-insured employer groups at cost
2. Passed on to a plan's self-insured employer groups with a small value-add markup on each claim to cover administrative expenses

If possible, it's best to include payment integrity value-added services as part of a standard package of services during the contracting phase of new client acquisition. Deploying payment integrity solutions against employer group claims for incremental savings can also provide a more competitive product for commercial plans by allowing a better unit cost structure, which is a great selling feature and good for retention. Self-insured plans may also be able to benefit from tax advantages in the event that they qualify payment accuracy expenses as MLR.

Group engagement

Part of getting self-insured employee groups on board with payment integrity efforts is educating them about the benefits and roll-out process. Self-insured groups need help understanding why payment integrity matters to members, why it's worth it, the value of a payment accuracy policy specialist, and how contracting will work.

Plans should consider positioning value in a few ways:

- Delineate services: Separate payment integrity from claims administration services.
- Differentiate solutions: Distinguish between prepay and postpay solutions.
- Mind timing: Engage with employer group accounts before contract renewal or open enrollment.
- Reinforce net savings: Communicate to clients, as well as the fiduciary responsibility to administer proper claim payment.

Administering health plans should also remember to equip group sales teams with the right tools to set them up for success. Within Cotiviti, we equip plans with our Cotiviti experts and materials, highlight value with case studies and proof points, and

consider real-world opportunity analyses. That way, self-insured employer groups understand the benefits and processes up front and have the right tools at their disposal to understand what's going to happen.

Technical updates

Once self-insured groups are on board with payment integrity efforts, commercial plans should consider any technical updates needed to go forward and incorporate flexibility and expert help. There are little to no implementation tasks; program retention upon renewal requires no action at all on the part of the employer. Additionally, continuation of current editing maintains consistency in policy application and process for providers and ensures that self-funded clients continue to achieve cost of care savings without disruption. Finally, the payment integrity vendor should provide clear reporting so the administering plan can share ROI details to each self-insured employer group independently.

Those anticipating technical updates should make consistent program application goals, such as:

- Creating a multi-year plan to deploy payment integrity solutions across any employer group business.

- Ensuring consistency by implementing any and all possible groups at the same time.
- Managing policy decisions consistently across groups and match existing commercial policy management.
- Easing alignment and expansion by identifying key data points needed to implement any other desired payment integrity solutions.
- Managing exceptions and sending all data to allow for future expansion of additional payment integrity programs

Flexibility is needed for future implementations, as both technology and regulatory practices can change from year to year. With this in mind, commercial plans should always plan to provide 100% of employer group data to the payment integrity solution partner. They should also establish the point of claim, leveraging invoice detail for pass-through in the short term, and plan for point of claim invoicing in the long term.

While implementing payment integrity efforts for self-funded groups can seem daunting, gaining a competitive advantage and maintaining a good working relationship with self-insured employer groups makes it worth it. Rolling out the right strategy and the right group engagement plan can make all the difference. By taking a thoughtful approach, plans can extend savings to self-insured employer groups and simultaneously help their standing in the marketplace.

To learn the possibilities with your own self-insured employer groups, explore Cotiviti's Payment Accuracy solutions.

[Read the brochure](#)

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About the author



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As executive vice president of payment integrity operations, Matthew is responsible for the success of Cotiviti's prospective payment solutions and content development team. Since joining Cotiviti in 2004, he has held roles with responsibility for implementation teams, software development, clinical claim validation, and retrospective claims accuracy. Prior to Cotiviti, Matthew was a senior manager of healthcare at Accenture, where he consulted and defined solutions for Blue Plans and other large national payers with their business challenges as they sought to improve care and reduce administrative costs.

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