



Large TPA Saves \$1.2M Monthly With Integrated Out-of-Network Strategic Partner



Customer

A large third-party administrator (TPA) organization

Challenge

The TPA was experiencing a significant rise in costs due to an increasing percentage of out-of-network claims—and fielding a number of complaints about surprise bills. The organization needed a strategy to minimize the risks associated with unregulated out-of-network costs.

Products

Integrated Repricing Network

Results

- Implemented integration with almost 100 national preferred provider organization (PPO) networks within 60 days
- Realized immediate \$100K in savings within first month of use
- Averaged \$1.2M+ in savings per month within the first full quarter

Patients who receive common medical services from out-of-network doctors and facilities routinely receive bills charging 118% to 1,382% of what the Medicare system is billed for the same service.¹

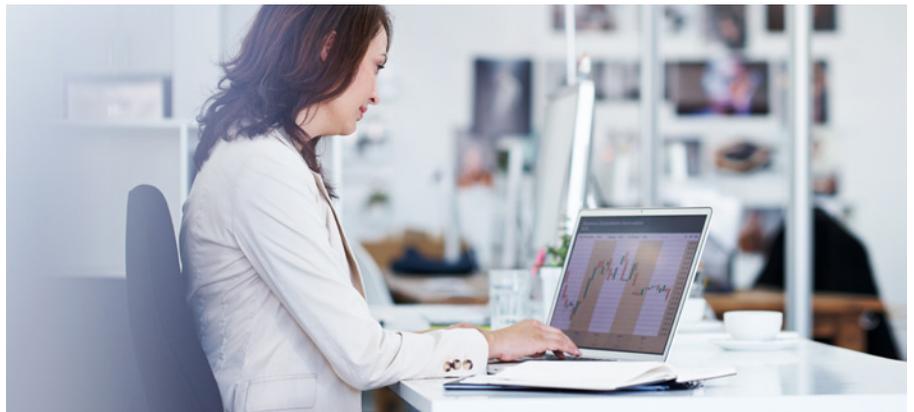
The Customer: Large Third-Party Administrator

Change Healthcare partnered with a large third-party administrator (TPA) to reduce the negative impact of costly out-of-network charges. The organization's out-of-network risk had rapidly expanded as a result of membership growth, an increase in high-dollar bills for emergency services, and provider refusal to participate in network contracts.

The TPA sought to minimize the risk associated with out-of-network care and address the needs of its members and employers—while maintaining strong relationships with out-of-network physicians.

The Challenge: Reduce the Costs Associated With Increasing Volume of Out-of-Network Claims

Healthcare providers within a network agree to a reasonable and fixed fee structure for all care services. When a member uses an in-network provider, a health plan processes the claim under the member's in-network benefit—using the contracted fee schedule.



Out-of-network care is an expected component of the healthcare system, and is often driven by emergent care needs, provider expertise, or patient preference. When a member uses an out-of-network provider, however, service rates can be completely unregulated. The cost can surge dramatically above national averages, leaving both payers and patients vulnerable to unexpected costs.

While recognizing the necessity of occasional out-of-network care, the TPA wanted to reduce the negative impact of out-of-network charges on employers, providers, and patients. These charges typically create abrasion with employees and/or members, and often lead to an expensive, time-consuming appeals process that can delay payment to providers.

The organization sought a solution that would address out-of-network claims to minimize risk, reduce costs, and help eliminate waste from the system.

¹Center for Policy and Research, "Charges Billed by Out-of-Network Providers: Implications for Affordability." AHIP, September 29, 2015.

The Solution: Reprice and Negotiate Claims With an Integrated Out-of-Network Solution

As a long-term customer of Change Healthcare, the TPA relied on its existing partnership for help creating an effective out-of-network strategy. The organization implemented Change Healthcare's Integrated Repricing Network solution, which includes three cohesive solutions designed to maximize savings for out-of-network claims: AccessPlus Network, Fee Negotiations, and Reference-Based Pricing.

While the offerings can be implemented independently to reduce network leakage and reinforce existing programs, the TPA chose to implement all three offerings for an integrated out-of-network strategy to maximize savings.

With the Integrated Repricing Network, the organization can now access more than 2 million preferred provider discount agreements. The solution uses a single interface to process claims within 24 to 48 hours, resulting in the steepest discounts available.

The AccessPlus Network helps the organization manage and reprice claims for care delivered outside of the primary network. The TPA can integrate seamlessly with almost 100 national and regional PPO networks.

The organization also implemented the Reference-



Based Pricing service to reprice claims at a percentage of government fee schedules. The service addresses high-dollar surprise bills and egregious billing practices by leveraging market standards to successfully negotiate out-of-network claims.

When PPO discounts are inadequate or unavailable, and reference-based pricing does not result in an agreement, the TPA uses Change Healthcare's Fee Negotiations service to negotiate mutually satisfactory payment agreements. In these cases, the

In one year, the TPA realized a:

42% average discount in supplemental PPO agreement savings via AccessPlus Network

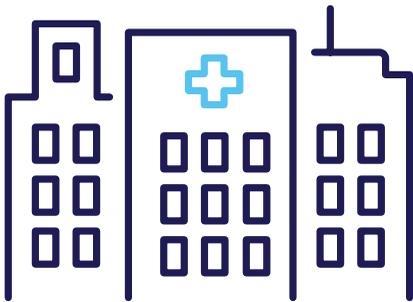
56% average negotiated discount via Fee Negotiations service

76% average savings on claims via Reference-Based Pricing

service contacts the provider directly to discuss the allowable cost versus the billed charge. By achieving provider sign-off on the new charges, the Fee Negotiations service mitigates the risk of members receiving bills for the balance.

By using a fair and systematic, provider-centric approach for repricing out-of-network claims, the organization maintains relationships with providers who may eventually join the network. The Integrated Repricing Network also provides full appeal support for the < 1% of claims that are appealed.

By leveraging all three Change Healthcare repricing solutions, the TPA was able to gain access to providers who would have otherwise remained out of network. As a result, the TPA decreased the frequency of the high-dollar surprise bills received by its members.



With the Integrated Repricing Network, the TPA can now integrate seamlessly with more than 100 national and regional PPO networks, which include more than 4,500 hospitals and 900,000+ provider locations.

The Result: Three-Pronged Approach Generates Average \$1.2 Million in Monthly Savings

Within the first month of using Change Healthcare's Integrated Repricing Network, the TPA realized immediate savings of \$100K. After two months, the organization had fully implemented its integration with almost 100 national PPO networks, and was poised to realize additional savings.

In the first full quarter after the Integrated Repricing Network was live, the TPA averaged \$1.2 million in monthly savings. After a full year, the organization now has comparative data on the efficacy of each of the Integrated Repricing Network solutions.

With the AccessPlus Network, the TPA is achieving an average discount of 41.6% in supplemental PPO agreement savings. Using Reference-Based Pricing, the organization is achieving an average discount of 76.2% in savings using government guidelines. For the remaining claims, the TPA is achieving an average discount of 56.1% using Change Healthcare's Fee Negotiations service.

By partnering with Change Healthcare, the TPA was able to implement a successful multi-pronged approach to cost containment for out-of-network claims. The TPA organization's determination to protect its members from surprise balance bills provides a template for other payers to follow.



About Change Healthcare

Change Healthcare is inspiring a better healthcare system. Working alongside our customers and partners, we leverage our software and analytics, network solutions, and technology-enabled services to help them improve efficiency, reduce costs, increase cash flow, and more effectively manage complex workflows. Together, we are accelerating the journey toward improved lives and healthier communities.

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