New Opportunities to Save, Create Revenue & Avoid Scary Practices

October 20, 2020

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1

Overview

- PGC FAQs
- 2020 Election Update
- Supreme Court Nomination – What It Means for Healthcare
- Case Studies – Trick or Treat?
- Political Update

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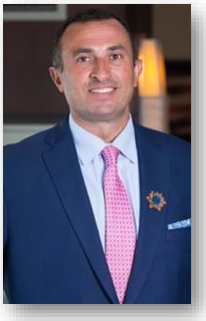
2

Today's Speakers



Adam V. Russo, Esq.
Chief Executive Officer

Ron E. Peck, Esq.
Executive Vice President
& General Counsel

Brady C. Bizarro, Esq.
Director, Legal Compliance
& Regulatory Affairs

Kelly E. Dempsey, Esq.
Vice President, Consulting

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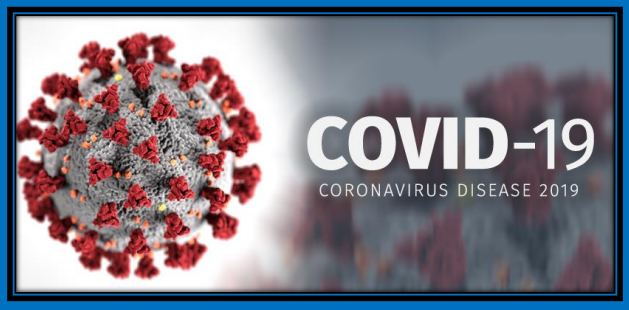
3

Phia Group Consulting & COVID-19

STAY AHEAD OF CORONAVIRUS



Contact Us At PGCReferral@phiagroup.com with any and all questions on COVID-19

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4

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5

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Thanks for listening!

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6

Thanks for Listening

Special Shout-Out to…

Denise Kaestner, RN
Senior Clinical Management Specialist
TrueNorth Companies

Denise Told Us:

"I am the youngest of eight [8] children from an Iowa farm family. Child labor laws were not in effect back then. My sister is the eldest, then six [6] brothers, then me. Once the baby now at age 56, called another 'b' word…'Bonnie', gotcha! Bonnie was bestowed upon me by my brothers as a nickname, why…who knows they are guys!!"

Thanks for listening!

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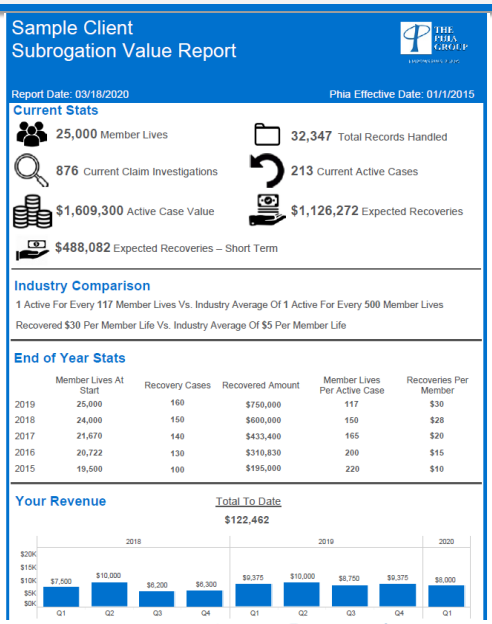
7

Subrogation Value Reports



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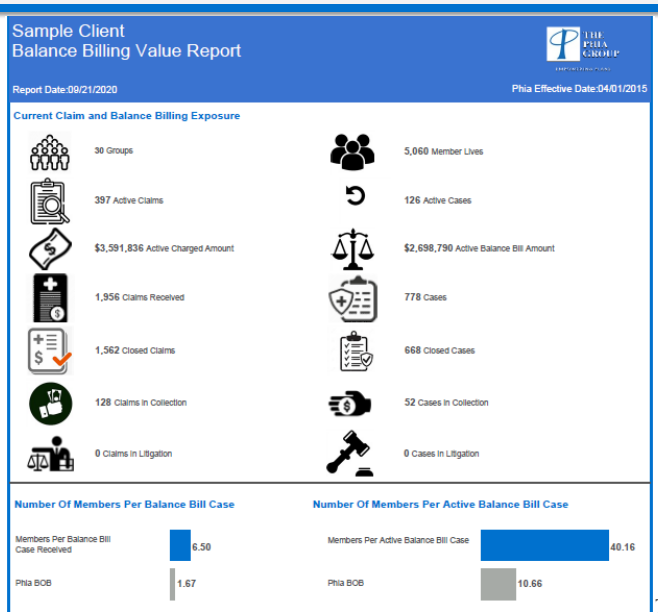
8

Balance Billing Value Reports



Sample Client
Balance Billing Value Report

Report Date:09/21/2020 | Phia Effective Date:04/01/2015

Current Claim and Balance Billing Exposure

30 Groups	5,060 Member Lives
397 Active Claims	126 Active Cases
$3,591,836 Active Charged Amount	$2,698,790 Active Balance Bill Amount
1,956 Claims Received	778 Cases
1,562 Closed Claims	668 Closed Cases
128 Claims in Collection	52 Cases in Collection
0 Claims in Litigation	0 Cases in Litigation

Number Of Members Per Balance Bill Case

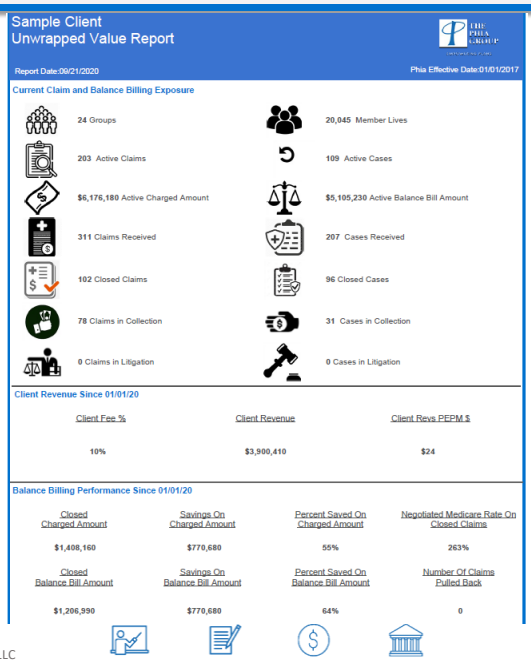
Members Per Balance Bill Case Received	6.50
Phia BOB	1.67

Number Of Members Per Active Balance Bill Case

Members Per Active Balance Bill Case	40.16
Phia BOB	10.66

9

Unwrapped Value Reports



Sample Client
Unwrapped Value Report

Report Date:09/21/2020 | Phia Effective Date:01/01/2017

Current Claim and Balance Billing Exposure

24 Groups	20,045 Member Lives
203 Active Claims	109 Active Cases
$6,176,180 Active Charged Amount	$5,105,230 Active Balance Bill Amount
311 Claims Received	207 Cases Received
102 Closed Claims	96 Closed Cases
78 Claims in Collection	31 Cases in Collection
0 Claims in Litigation	0 Cases in Litigation

Client Revenue Since 01/01/20

Client Fee %	Client Revenue	Client Revs PEPM $
10%	$3,900,410	$24

Balance Billing Performance Since 01/01/20

Closed Charged Amount	Savings On Charged Amount	Percent Saved On Charged Amount	Negotiated Medicare Rate On Closed Claims
$1,408,160	$770,680	55%	263%
Closed Balance Bill Amount	**Savings On Balance Bill Amount**	**Percent Saved On Balance Bill Amount**	**Number Of Claims Pulled Back**
$1,206,990	$770,680	64%	0

10

Phia's Client Success Team

What Is Our Client Success Team?

- Centralized point of contact for all clients
- Relationship-focused client managers
- Align client and operations goals

What Will the Team Do for Me?

- Fix any issues and ensure you are happy with our services
- Identify any delays or roadblocks preventing us from doing our jobs
- Deliver all reports and resolve any issues associated with them
- Fully analyze, utilize, and interpret Value Reports and other reporting tools
- Respond to routine file specific client questions (e.g., status on file #12345)
- Provide subject matter expert ("SME") assistance as needed

Key Contacts		
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Krista Belanger	Client Account Manager	502-213-5704, KBelanger@phiagroup.com

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11

Last Month's PGC FAQs

- **We are receiving claims for COVID-19 testing mixed in with various other claims which appear to be unrelated to COVD-19. Which claims must we cover at 100%, and without "medical management" requirements?**
  - Our interpretation is that for the FFCRA's prohibition against cost-sharing to apply, the item or service must relate to the furnishing or administration of the test or the evaluation of an individual's need for the test. Per the FFCRA, the provider makes the determination of whether COVID-19 testing is necessary/medically appropriate.
  - Based on our interpretation of these laws, the payer's obligation to pay a posted "cash price" applies both to the COVID-19 testing and to the charges related to the administration of the test, however the provider's obligation to actually post a cash price applies only to the test itself.
  - Where it comes to coding concerns, the FFCRA and CARES Act prohibit "medical management requirements" on COVID-19 testing and related charges.

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12

Last Month's PGC FAQs (cont.)

- **Our stop-loss policy imposes a dollar limit maximum on transplant benefits – can we mirror that in our SPD?**
  - A group health plan would be unable to impose dollar limits, either lifetime or annual, on any essential health benefits under the ACA. This includes inpatient services, which an organ transplant would certainly fall under, as well as prescription drugs (see https://www.cms.gov/cciio/resources/data-resources/ehb).
  - Stop-loss is not health coverage, and isn't directly subject to the ACA, ERISA, or various other federal rules applicable to health plans.

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13

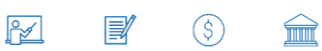
Political Update

Election 2020 Preview

- Latest Polls – déjà vu?
  - **FL**, GA, NC, VA, **PA**, NH, IA, **MI**, **WI**, **OH**, CO, UT, AZ, NV
- What Is at Stake for Employer-Sponsored Healthcare?

Donald J. Trump	Joseph R. Biden Jr.
Repeal ACA	Strengthen ACA, add public option
Limit funding & eligibility for Medicare	Retain ACA's Medicaid expansion, lower Medicare eligibility to 60
Lower drug prices	Lower drug prices
Eliminate surprise billing	Eliminate surprise billing
COVID-19 relief, state focus	COVID-19 relief, federal government focus

- Our Predictions



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14

Political Update

Supreme Court Confirmation Hearings

- Judge Amy Coney Barrett
  - What is her background?
  - Judicial philosophy and position on legal issues
- Judge Barrett's Healthcare Positions
  - The Affordable Care Act
    - She was critical of Justice Roberts's decisions upholding Obamacare
    - Dissent had the "better of the legal argument"
    - **Brady's take** → severability is the key
  - *Roe v. Wade*
- The Impact of Her Potential Confirmation
  - She will hear oral arguments in the ACA case
  - She may decide a case involving the 2020 presidential election

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15

Case Studies – Trick or Treat?

"Wrap Network" Trick:

- Patient Was Involved in a Car Wreck on Vacation
- Med-Flight to Area Hospital
- Treated at Hospital
- Air Ambulance and Hospital were in the "Wrap Network"
- 5% Discount Off of $30,000 Med-Flight and $285,000 Hospital Bill
- Contractually Bound to Pay
- Bonus Trick! Stop-Loss argued it was not bound by the same contract, so it based its reimbursement on U&C rates

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16

Case Studies – Trick or Treat?

"Unwrapped" Treat:

- Provider was an air ambulance company which was notorious for its position that it would not negotiate claims
- Claim details:

Total Balance:	Billed Amount:	Allowed:	Medicare Rate:
$42,450.90	$61,470.56	$19,002.47	140%

- Patient received collections notice. First few contacts were uncooperative
- Our attorneys were persistent, working up the chain to the CFO's office. Explained the situation and eventually negotiated the bill down to $5,000 (and a payment plan)
- When dealing with providers, despite their reputation, the contact person with whom you deal is critical

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17

Political Update

Air Ambulance

- Government Accountability Office Report (2019)
  - ~70% of air ambulance services are out of network
  - Median price is $36,400 for helicopter transporter; $40,600 for fixed-wing transport
- What Do Air Ambulance Providers Say About Their Prices?
  - Rural patients & Medicare reimbursement
- What Is Congress Doing?
  - Consumer Protections Against Surprise Medical Billing Act
    - Protection from surprise medical bills for out-of-network services
    - New patient protections
    - Mediated dispute resolution process
    - Help for uninsured patients or those paying cash

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18

Case Studies – Trick or Treat?

"Large Claim" Trick:

- $1 Million+ In-patient Stay for COVID-19
- Plan Pays Full Bill (Minus PPO 30% Discount) and Subsequently Seeks $700K from Stop-Loss (Billed Charges Minus 30% Discount and $100K Deductible)
- Stop-Loss Denial Due To:
  - Failure to Disclose High-Risk Patient
  - Condition Was Present & Undisclosed When New Coverage was Bound
  - Failure to Timely Disclose Catastrophic Illness Within Policy Requirements

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19

Case Studies – Trick or Treat?

"Claim Negotiation & Signoff (CNS)" Treat:

- Another $1+ Million Inpatient Stay (for Cardiac Issues, Surgical Intervention and Subsequent Care)
- The Phia Group's Provider Relations Team Notified Stop-Loss and Coordinated with the Carrier
- The Team then Engaged Provider in Negotiations Pre-Payment
- The Phia Group Secured an 80% Discount, with Blessing of Plan and Carrier

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20

Political Update

Executive Order Guaranteeing Coverage for Those with Pre-Existing Conditions

- What the Order Says
  - "It has been and will continue to be the policy of the United States to give Americans seeking healthcare more choice, lower costs, and better care and to ensure that Americans with pre-existing conditions can obtain the insurance of their choice at affordable rates."
- What the Order Does
  - Nothing. It has no enforcement power
  - Such protections are only possible by congressional action, not regulation
- Takeaways
  - If the ACA is repealed, protections for pre-existing conditions would go with it
  - 54 million Americans have a pre-existing condition that would have led to a denial of coverage in the individual insurance market before the ACA took effect (source: KFF)

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21

Political Update

Federal Guidance on Canadian Drug Importation

- October 1st – FDA Published a Final Rule, Effective November 30th
- The New Regulation Itself Imposes Many Requirements and Restrictions
  - Managed by importation program sponsors that are states or Indian Tribes, or in certain circumstances pharmacists or wholesale distributors;
  - Limited to a supply chain that includes only three entities: manufacturer, foreign seller and importer;
  - Approved by Canada's Health Canada's Health Products and Food Branch (HPFB);
  - And on and on…
- Administration Issued RFPs to Set Up A System of Importation Through Local Pharmacies
- FDA Also Issued Final Guidance Under Which Manufacturers May Import Certain FDA-Approved Drugs That Are Also Authorized for Sale in a Foreign Country in Which the Drugs Were Originally Intended to be Marketed

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22

Case Studies – Trick or Treat?

"Claim Appeal" Trick:

- Plan Denied Claim Due to Experimental / Investigational Nature of Treatment
- Participant (and Provider) Appealed
- Plan Sought Confirmation from Medical Reviewer that "Treatment was Appropriate"
- Medical Reviewer (Correctly) Determined the Treatment Was Appropriate (Medically Necessary and Meant to Treat this Condition).
- Plan Overturns Denial and Pays… but Stop-Loss Denies because the Treatment was Still E&I!

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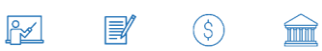
23

Case Studies – Trick or Treat?

"Plan Appointed Claim Evaluator (PACE)" Treat:

- Claim was previously denied by the TPA. Participant appealed
- The TPA's medical management team reviewed the treatment plan and determined that the charges were considered experimental and investigational and not covered under the employer's Plan Document
- The employer's Utilization Review/Case Management company requested an independent review
- The TPA had difficulty framing the issue and posing questions to the medical reviewer
- The questions were unclear or irrelevant, leading the review to come back with the same problems
- As a result, the Plan was unable to secure stop-loss reimbursement



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24

Case Studies – Trick or Treat?

"Plan Appointed Claim Evaluator (PACE)" Trick:

- An employer that sponsors a non-grandfathered health plan has an active employee (not on leave I presume) who received a diagnosis with 6 months to live. Employee learned of a non-covered $3M E&I treatment, and employer covered this treatment
- This is likely a breach of the plan's fiduciary duty – and to pay claims contrary to the terms of the underlining medical PD/SPD
- The entire expense was not covered by the Plan, leading the patient to receive a large balance bill
- Stop-Loss raised objections and did not reimburse this expense
- This established a bad precedent for the plan
- They could have considered this to be an employee benefit (NOT a plan benefit)

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25

Political Update

President Trump's COVID-19 Experience & Treatment

- The President's Experience
  - The President spent 3 days in the hospital. He arrived and left by helicopter. He received multiple coronavirus tests, oxygen, steroids, and an experimental antibody treatment
- What Would This Level of Care Cost a Typical Plan Participant?
  - > $300,000
  - Air ambulance alone could cost $50k or more
- Experimental/Investigational
  - The President received a cocktail of drugs that most self-funded health plans and stop-loss carriers would not cover
  - Regeneron's REGN-COV2
  - Remdesivir
  - Dexamesthasone

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26

Case Studies – Trick or Treat?

"Failed Recovery" Trick:

- Large Carrier Owned "ASO" is Scrubbing Claims Data to Identify Third Party Liability
- Claims for Non-Hodgkin's Lymphoma Slip By (Not Traditional "Trauma" Codes)
- Participant Recovered Funds in Class Action Against Herbicide Manufacturer
- Funds Dispersed + No Notice of Lien Nullify Right to Recovery

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27

Case Studies – Trick or Treat?

"Subrogation" Treat:

- Patient suffered from a recall of a hip replacement – as well as some preexisting knee issues.
- Member advised that both the hip and knee surgeries, totaling over $200,000.00, were related to the faulty hip implant. There was a class action suit over this faulty hip implant, but the member did not apply as a member of the class. Accordingly, we engaged in true subrogation and filed a claim on behalf of the plan.
- The third party identified that the knee issues were "pre-existing" and argued that almost ½ of the medicals were not compensable.
- Information that came out during the member's deposition established causation such that the third party included those costs as part of the negotiated reimbursement and the plan received full recovery.

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28

Case Studies – Trick or Treat?

"Balance Bill" Trick:

- Plan Utilizes Reference Based Pricing Methodology
- Patient is Balance Billed $12,000
- Plan and Vendor Make Cursory Effort to Resolve
- Provider Wants 60% of Balance ($7,200)
- Plan Balks; Patient Goes to Collections
- Patient Sues the Plan!

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29

Case Studies – Trick or Treat?

"Patient Defender" Treat:

- Patient was treated for a heart condition, including surgery. During recovery, the patient suffered from an infection, resulting in additional care and costs. Plan paid using RBP methodology and excludes claims attributable to and/or arising from provider's won errors ("never events")
- The patient was balance billed $87,500
- The administrator could not resolve the matter; retained The Phia Group. The provider refused to settle, sent the patient to collections, and sought a court order
- The Phia Group referred the member to legal counsel, who immediately advised the provider that the patient was represented by legal counsel and appeared at the hearing
- The collections attorney, floored by seeing counsel, advised client to accept a settlement
- The Plan paid an additional 20% of Medicare for the eligible claims, and nothing for the claims attributable to the infection

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30

Thank You!

Join Us For Our Next Free Webinar:
November 17, 2020 at 1:00pm EDT
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31