

# **8 Mistakes to Avoid with your Health Plans**

*Provider insider knowledge for you  
and your groups*

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Houston Association of Health Underwriters

# Background

Compass Professional Health Services

- Tools for Healthcare Consumerism

General Internal Medicine Physician

- “Internist”, “PCP”

Johns Hopkins trained

Hospital finance consultant with

Stockamp & Associates

“In particular, I’ve come to love insurance sales representatives. After many years of skepticism, and despite many warnings from consumer “experts,” I have come to believe that you can rarely have too much insurance, and that whatever insurance you don’t have is exactly what you will wind up needing. The fact that so many people in insurance sell you what’s good for you, even when smart alecks are telling you not to buy it, makes their work extremely impressive. I wish I had paid more attention to them.”

--Ben Stein, NY Times columnist

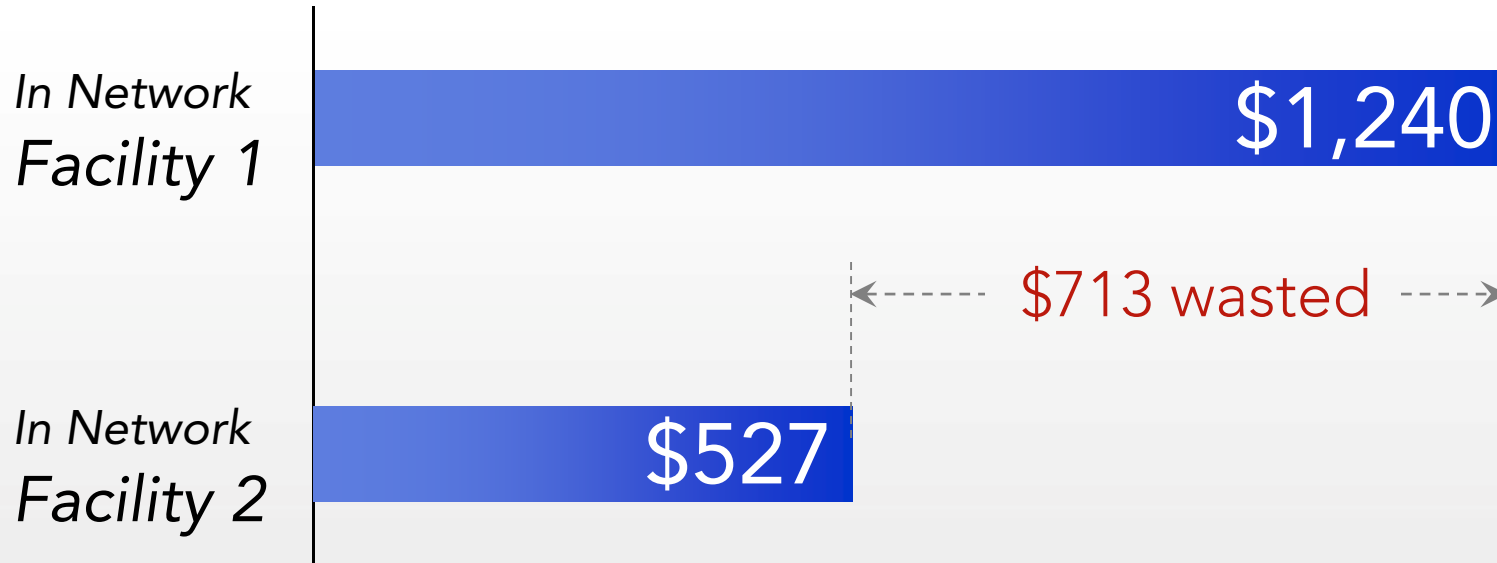
## Mistake #1 Failure to Take Advantage of the Healthcare Market Place

The price of healthcare services is very different depending on where you receive care locally, even WITHIN NETWORK.

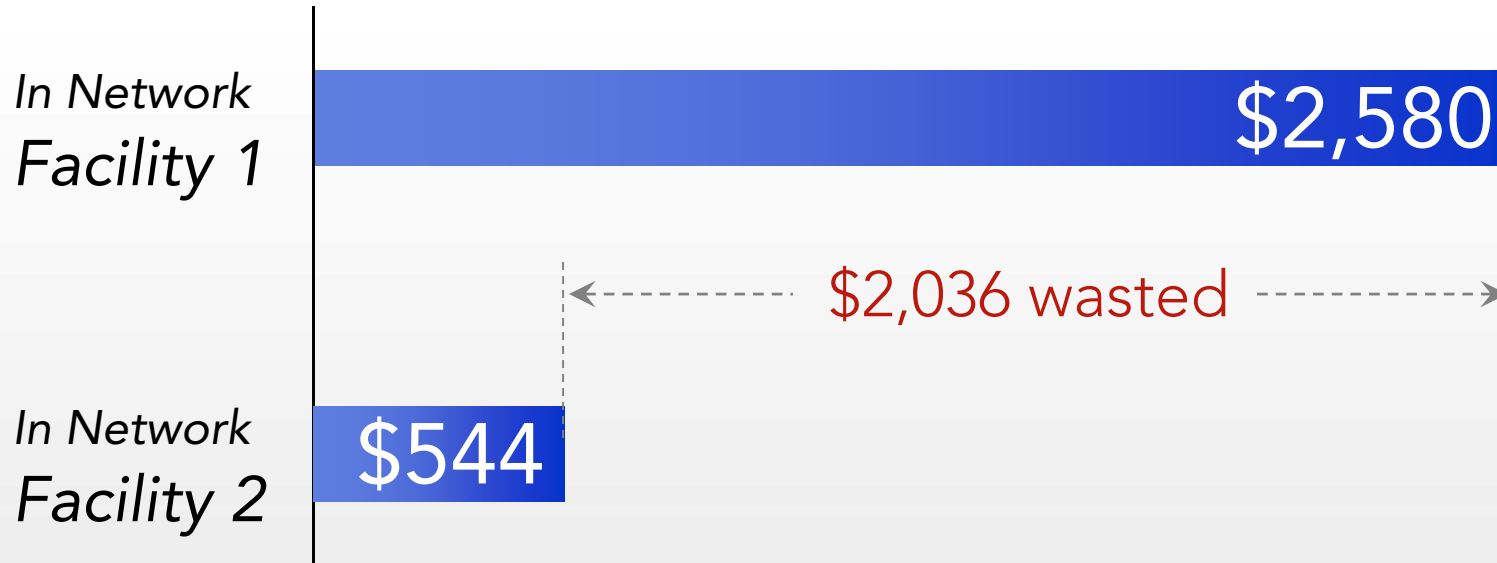
“I don’t think many people within our own profession realize this”

--Dallas Insurance Executive

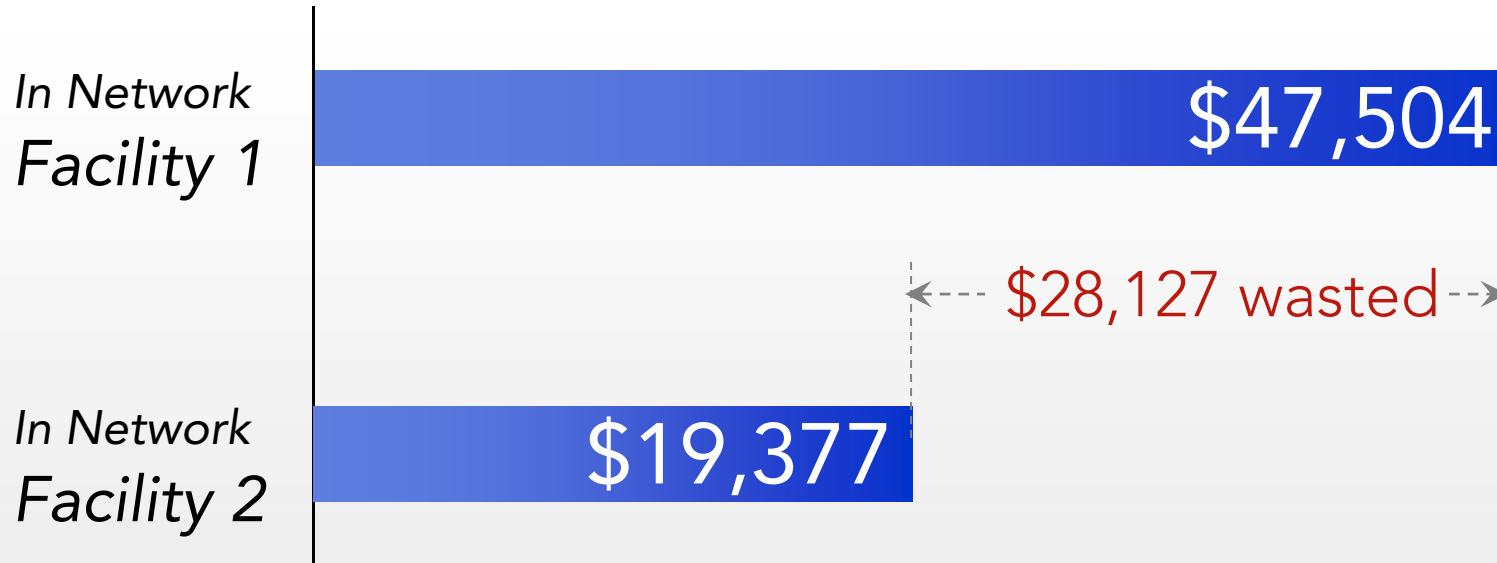
# Compare prices for CT scans



# Compare prices for GI Endoscopy:



# Compare prices for Knee Surgery:



# Why? How can this be?

## Hospital A

“I want good  
reimbursement for  
imaging”

Contracted Rate of \$1,240

“I am willing to take lower  
reimbursement for  
orthopedic surgery”

Contracted Rate of  
\$19,377

## Hospital B

“I am willing to take  
lower reimbursement for  
imaging”

Contracted Rate of \$544

“I want good  
reimbursement for  
orthopedic surgery”

Contracted Rate of  
\$47,504

Repeat that dynamic for:

- Labor and Delivery
- Endoscopy
- Outpatient Surgery
- Implantables—pacemakers, stents
- MRIs
- Med/Surg Day Rate

Final Average Discount Rate

Hospital A

50%

Hospital B

50%

# Implications for Groups

Premiums going to support inefficient, low-value utilization of healthcare services

Strategies:

Wellness—keep people from getting sick so they don't generate claims

Disease Management—clinical best practices to prevent or delay claims

Consumerism—empower individuals to be ACTIVE participants in care (i.e. claims)

PPO = Passive Patient Organization

EE \$850 / Family \$2,000 more per year

--Kaiser Foundation

Collaborative care resulted in better control of blood pressure, cholesterol and blood sugar

--J. of Ambulatory Care Management 2006

Patients receive 55% of recommended care

--New England Journal of Medicine 2003

“Don’t sit back and accept anything that fails to satisfy you. Speak up and protect your interests.”

--Dean U. Pennsylvania School of Nursing

# What can You Do?

Avoid these Mistakes that...

Promote PASSIVE behavior

Discourage ACTIVE involvement and  
stewardship

## Mistake #2 Low Deductibles

Little incentive to take advantage of more cost-effective care within Network

People may change behavior after deductible is met

--Busiest month of the year?

How HSA Plans affect behavior:

Followed their Treatment Plan

74% PPO vs 75% CDHP

Source: Employee Benefits Research Institute

# Mistake #3 Underutilization of Co-insurance

Align incentives—win/win relationship

--requires more benefit education

MERP/HRA—High deductible plan with funding back of 80/20 or 70/30 co-insurance

--use of TPA

1<sup>st</sup> dollar co-insurance plans now available from major carriers

# Mistake #4 Copays

## 1<sup>st</sup> Dollar Coverage for Managed Care

--Gate Keeper went away, but the copay didn't

Separation from true cost of care

Can end up costing more

Do not go towards deductible or OOP Max

“But my groups love their copays”

--Requires cultural change

## Mistake #5 No Price Information

Call provider and ask— give insurance information or ask for cash price

--Imaging, outpatient procedures, elective surgery

Carrier web-based tools—ranges, location

Requires interpretation

Not like prices in a grocery store

“It depends,” CPT codes, % of charge, stop-loss clauses, carve-outs

# Mistake #6 Not Pointing out Lower Cost Medication Options

## Generic vs. Therapeutic Alternative

Cholesterol (statin), Depression (SSRI), Heart Burn (PPI)

## Physician Copay ignorance

- Tier 1 \$5 (\$60/yr)

- Tier 2 - 3 \$10 - \$75 (\$900/yr)

## Free Sample = High Cost

- Not questioned, no upfront cost, good response to free sample, resistance to change

Brand Name Medications good value: Pneumonia, Rheumatoid Arthritis, Crohn's Disease, others

# Mistake #7 Leaving People to Coordinate Care by Themselves

Discharge information from the hospital only reaches the primary care doctor 33% of the time

--J. of the American Medical Association, issue 297, 2007

## Test Repetition & Duplication

80% of hospital bills are incorrect

--Good Morning America, April 7<sup>th</sup>, 2009

--More cost exposure = more error exposure

# Mistake #8 Little Relevant Quality Information

Board certification is not enough

US News based on reputation/popularity

Claims based data can be misleading

--cherry-picking, penalty for taking hard patients/diseases/cases, Johns Hopkins ICU

Patient Satisfaction can be misleading

--Press Ganey scores

“Red-Flags” helpful – Texas Medical Board

# Broker Response to Consumer Plans

“My groups will never do it.”

“More work for less money.”

“If I can lower a group’s premiums, then they will be much more loyal and I will not have to worry about them as much.”

“If I don’t offer an HSA-plan option and then another broker comes in and does, then I look bad.”

“About 80% of my groups are on HSA-plans. It’s what I mostly do.”

# Conclusion

“I have come to love insurance sales representatives.”

YOU are a VERY important part of the healthcare industry.

YOU can help promote ACTIVE involvement and discourage PASSIVE behavior.

WE are in this together.

# Comments and Questions

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Compass Professional Health Services

Tools and Support for Healthcare Consumerism

- Price Transparency
- Quality Transparency
- Patient Advocacy

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