United States

Baptist Health
International Center of Miami

8940 North Kendall Drive,
Suite 601-E, Miami, FL 33176
Web: www.baptisthealth.net/international
Email: international@baptisthealth.net
Tel: +1 786 596 2373
Facsimile: +1 786 596 5979
Speciality: General Health

Washington Hospital Center
MedStar Health
110 Irving Street, NW,
Washington DC 20010
Web: www.whcenter.org
Tel: +1 202 877 2102
Facsimile: +1 202 877 2106
Speciality: Cardiac surgery

airambulance

Skyservice air ambulance

YUL/Trudeau Int Airport,
9785 Avenue Ryan, Montreal
(Quebec) H9P 1A2 Canada

Web: www.skyservice.com
E-mail: skyservicemiami@aol.com
Tel: +1 514 497 7000
Facsimile: +1 514 636 0096

funeraldirectors

Bongo Funeral Service

ul. Skrzetuskiego 34A
02-726 Warsaw
Poland

Web: www.bongo.com.pl
E-mail: m.cichewicz@bongo.com.pl
Tel: +48 22 831 00 36
Tel: +48 22 635 21 93
Facsimile: +48 22 831 00 36
Facsimile: +48 22 635 21 93

healthcareinsurance

Travel and Medical
Insurance Services Limited

1st Flr Suite, West Hs,
46 High St, Orpington,
Kent, BR6 0JQ, UK

Web: www.travelandmedical.co.uk
E-mail: sales@travelandmedical.co.uk
Tel: +44 845 058 8000
Facsimile: +44 845 053 3000

Cost containment - what's all the hype about?

The amount paid on a claim is of major concern to the ultimate payer, namely the underwriter of the insurance product. Dr Colin Plotkin reveals how insurers can do right by the cost containment process

International private medical insurance (IPMI) is no different to any other form of insurance, be it home contents, property, motor or travel, in that it adheres to the same basic principle of insurance – that of the requirement 'to mitigate the loss'. With IPMI, the complete trust that is placed in those delivering (and billing for) medical services is often compounded by vast distances, differences in standards of care in different countries, the emergency nature of medical care, and the explosive combination that health and finances constitute when mixed. A home that is burning is not left to burn: it is incumbent on the insured person to dowse the flames, and mitigate the loss and financial exposure to the insurer from whom restitution will be claimed. The same principle applies to IPMI.

The emphasis on discounting

Cost containment has evolved to be called by numerous names, such as 'loss recovery', 'care management', 're-pricing', 'bill audit', and in its most crude form, 'discounting'. But whatever name is chosen, the required end result remains the same. Essentially, the overall process is a fine balancing act between sourcing the best possible care for an ill or injured expatriate or traveller with international medical insurance, payment of a fair and equitable price to the provider of medical services, the elimination of balance billing once the claim is settled, and an arrangement for possible repeat patronage to the medical provider for the treatment of future patients.

In fact, cost containment begins long before a medical service is rendered. It begins with the formulation of policy wording, the setting of an equitable premium for the benefits offered within an insurance policy, the correct marketing of the product, and finally, how the product is sold. The 'discounting' of a bill should be the last thing in the chain of events that mitigate a loss, and hence provides a favorable loss ratio to an insurance underwriter. Interestingly, based on current procedures and protocols, this seems to be the converse of what occurs in reality, as a heavy reliance is often placed on this 'last' link in the chain, namely that of discounting the bill.

Assuming a perfect world where the above parameters of an insurance cycle have all carefully and astutely been thought out and executed, mitigating costs, especially in catastrophic cases, can be carried out in a variety of possible ways.

For example, in countries that have a socialistic healthcare system, IPMI patients would be repatriated home to receive treatment, with the insurer having to deal with the fixed cost of a medevac, rather than the potentially unbridled cost of foreign hospital care. Transferring a patient within a city from one facility to another where a greater degree of cost control is practiced is another option, but with its own set of litigious scenarios.

Meanwhile, the requirement for pre-authorization of treatment becomes nothing more than a false sense of security to case managers working on behalf of insurance underwriters. While certainly this creates an environment of 'big brother is watching', the idea of a case manager six or eight thousand miles away making third-hand decisions is analogous to walking through a minefield. This is irrespective of the involvement of an insurance company's on-call medical officer playing a role in this decision. There have been numerous cases, irrespective of whether insurance-authorised or not, where 'unauthorised' intervention proceeds under the guise of being a necessary, life-saving event. In such instances, obtaining insurance approval becomes a moot and very subjective point.

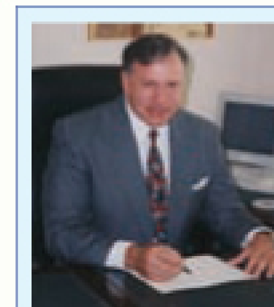
Enough is enough

The above brief summary of cost containment measures brings us ultimately to the discounting of a bill for services rendered. It is perhaps at this point that the most hype is attached to the emergency treatment of IPMI patients. The

IPMI market is based on the premise that those who travel or live abroad for work or pleasure require affordable insurance to cover the expense of medical care in a foreign destination. While domestic insured persons are usually treated in a hospital within a geographical area based on their policy, international insured persons often receive care in an emergency situation and are then taken to the closest available facility that is equipped to treat them. The fact that many policies will allow the insured to be treated at any hospital in the world creates an unstable and unpredictable cost model that is at best a nightmare and at worst a huge risk to the insurer. But here is where it gets juicy.

In the United States, for example, domestic PPO networks are able to secure large discounts with medical providers, so many cost containment companies are attempting to process international claims through existing PPO contracts. Not only is this being done to make the cost containment company as much profit as possible, but also to attract clients that are unfamiliar with the US healthcare system. While this vast increase in recent activity is not new, healthcare providers and insurance companies as clients are increasingly frustrated with the negative effects of funneling international cases through domestic PPO networks. With a rapid increase in medical providers' knowledge and understanding of health insurance, there is a limit to the amount of abuse that hospitals and other healthcare providers are willing to take when it comes to receiving payment for services rendered, and dealing with various 'negotiators' all trying to get the best deal. The practice of badgering a medical provider into submission, a favored tactic by some, is increasingly being fought and protested by providers with costly litigation. Providers are finally saying 'enough is enough'. In an industry filled with money, and plenty of hunger, it will be interesting to see if this unique market can prevent downfall in the future by suppressing greed in the present.

So how do insurers get the best out of the cost containment process? Like every business, it comes down to the bottom line, but with some added niceties. Manage cases accordingly, and focus on creating a fair and thorough evaluation and case management process by choosing a cost containment provider that gives you reproducible results, has credibility with providers, and most importantly, removes unequivocally the specter of balance billing. Check the fine print in your discount provider's contract yourself. Don't allow an escape clause exonerating your discount provider from liability in the event of an audit some years hence, when the medical provider realizes that a discount was illegitimately obtained. Listen to the industry: it is small enough for the bush telegraph in its tried and true form to be operational. If your competitor is being sued by a healthcare provider for an ill-gotten discount, the chances are you will be next in line.



Dr Colin Plotkin graduated a MB. B. Ch (Bachelor of Medicine and Bachelor of Surgery) from the world renowned University of the Witwatersrand Medical School in Johannesburg, South Africa. Currently, as an independent consultant, Dr Colin Plotkin provides insurers, underwriters and reinsurers, locally and abroad, with expert skill, knowledge and understanding of the medical provider market in the US and worldwide.