Segal

Client Story

Health Benefits Consulting

Faced with soaring charges for participants' out-of-network healthcare claims, a mid-sized group health plan used a repricing service to slash those costs by 90% — saving more than $6 million in medical costs in under three years.

The challenge

The sponsor of a mid-sized, self-funded group health plan had a large-sized problem.

At issue was the plan participants' growing use of overpriced out-of-network healthcare services, with fees running a staggering 10 times the cost of what in-network providers charge for the same services. In all, some 10 percent of the participants were choosing to go out of network for care, greatly undermining the plan's cost-management efforts.

Moreover, use of out-of-network services was increasing the plan participants' out-of-pocket costs. Through balance billing, they were responsible for uncovered costs for claims not addressed by the No Surprises Act

Our solution

After conducting a review of the situation, Segal's team recommended that the plan engage a specialized out-of-network repricing service. This type of service vendor negotiates directly with healthcare providers on a plan's behalf, using Medicare fee allowances as the basis for the negotiations. These negotiations can also help a plan manage No Surprises Act claims and avoid Independent Dispute Resolution.

Segal, which had a preferred provider relationship with the recommended vendor, helped the client implement the repricing service, set up an internal communications program to inform plan participants — and along the way provided strong oversight of the vendor's efforts and ongoing monitoring of cost savings.

The results

The choice to engage a repricing service to help the group health plan get its spiraling out-of-network costs under control proved to be remarkably successful.

From the date the effort was initiated mid-2021 to the end of 2023, the plan realized significant savings of $6.4 million — reducing total spending on out-of-network utilization from a high rate of 10 percent to less than 1 percent.

Noteworthy, too, is that participant savings were considerable over the same period.

What's more, claims appeals were significantly reduced because most were resolved by the vendor with no balance billing — a win-win for plan and participants alike.

Contact

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