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How To Save On Out-of-Network Services

You don't need to be gouged by providers in other geographic areas anymore.

If you aren't benefiting from a secondary network, you're probably overpaying for services rendered by out-of-network providers.

Health plans often find themselves stuck with steep bills from providers located in geographic areas far from the plan's market. Here's the situation: a member of a locally based plan is traveling in another part of the country, has an accident while on vacation and needs emergent care. The member sees a provider in the far-flung state, and his health plan back home is hit with a steep bill from the provider, as the plan has no contracted discounts with any providers in that state.

But this scenario is becoming less common as more health plans work with out-of-network cost containment companies. Such companies have relationships with large, nationwide networks — sometimes called secondary networks or wrap networks — of providers and are able to secure in-network discounts for plans located in other parts of the country. Additionally, many vendors will negotiate directly with the provider if a PPO discount is not available. As a result, plans can save significantly.

Although cost containment companies have been offering this service to health plans for years, the market appears to be growing. Over the last few years, "there's been a push on the part of health plans to expand the coverage" and to secure discounts from a wider universe of providers, says Rob Martin, senior vice president of business and product development for Plan Vista in Tampa, FL.

"The goal is to help the plan ratchet down medical costs on bills that would have otherwise been paid at retail," says **Corte Iarossi**, director of strategic business development for **Coalition America, Inc.** in Atlanta.

Iarossi predicts that more health plans will take advantage of out-of-network cost containment in the future. "It's only in their best interest to do this."

Most cost containment companies take a percentage of the savings rather than a fixed fee, making the value proposition for health plans even stronger.

Docs Get Faster Pay, Plans Get Discounts

Physicians don't mind the fact that they are giving their in-network discounts to other health plans, for three reasons. First of all, the secondary rate they offer isn't always quite as low as the discount they offer to local health plans with which they have a contract, says Susan Bellinger, spokesperson for MultiPlan in New York. Secondly, providers are listed in the directories and in the online search capabilities of these secondary networks, so the providers feel that they are having some amount of patient traffic directed toward them, she says.

And perhaps most importantly, cost containment companies can offer to pay providers much more quickly than the providers would be paid if they had to bill the patient themselves.

In cases where the patient is responsible for some portion of the bill, then the hospital's or doctor's accounts receivable department would have to spend time trying to secure payment from the patient, **Iarossi** says. That time costs money. So when a cost containment company steps in and offers to facilitate payment to the physician in a reasonable timeframe in exchange for a discount, the physician is inclined to accept.

"There's a very direct benefit for the provider in that they know somebody's going to pay for that bill and they know what they're going to get paid," Iarossi says.

Some providers will choose not to accept, especially if they're the only provider in a market and are in a position to dictate the terms, Iarossi says. But such providers tend to be the exception.