

No Surprises Act: Tech-Driven aequum Delivers Decisive Blow Against Balance Billing

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No Surprise Here: Tech-Driven aequum Delivers Decisive Blow Against Balance Billing

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Rapidly accelerating healthcare costs have prompted many small and mid-size companies to move to self-funded health benefits. This shift in strategy is delivering significant cost saving as well as greater control over plan design and oversight.

With a self-funded plan, the employer pays claims costs only as they are incurred. Savings accrue immediately during periods of average or below-average claims. Costs are further reduced by plan designs that avoid the thousands of state insurance mandates, insurance premium taxes and other mandated insurance requirements. For periods where claims expenses are above average, employers often purchase stop-loss insurance to limit their liability.

A 2021 Kaiser Family Foundation [Survey](#) of Employer Health Benefits reports that 64% of covered workers are in self-insured plans – 21% of workers in small firms (2 – 199 workers) and 82% in large firms (200+ workers). The small firm percentage has been [rising steadily](#) over the past fifteen years. Comparable percentages in this same survey from 2007 were 77% in large firms and 12% in small firms.

This white paper addresses challenges related to self-funded health plans and examines reference-based pricing, out-of-network balance billing — sometimes known as surprise billing— and outlines the benefits of partnering with aequum.

aequum was formed in 2020 with a clear mission to help health plan claims administrators achieve a competitive edge for their clients in the complex field of medical billing. aequum supports health plan claims administrators with a team of specialists who customize tech-driven solutions to manage and reduce risk while maximizing cost savings.



Risks and Pain Points to Self-Funded Plans

Balance billing is an insidious and costly healthcare problem that can threaten the profitability of self-funded plans and negatively impact participant engagement. Typically, [“surprise” out-of-network bills](#) occur when patients receive care from an out-of-network provider. [Studies suggest](#) that about 20% of emergency department visits and 10% of elective inpatient care stays involve at least one out-of-network provider. The “surprise” generally takes two forms:

- Participants are “surprised” to find that they have used an out-of-network provider while receiving emergency services and/or services at an in-network facility, or
- Participants are “unprepared” for out-of-pocket medical expenses resulting from:
 - Regular participant cost sharing (deductibles, copayments, coinsurance, etc.) or
 - Balance billing by out-of-network providers who delivered non-emergency services at an out-of-network facility.

One of the greatest challenges self-insured plans face is a lack of medical billing price transparency. Recent legislation is intended to better enable Americans to manage their health care once they know the true cost of provider health services before receiving care and submitting a claim.

In 2021, a consortium of U.S. government agencies issued its [final rules](#) on transparency in coverage aimed at reducing consumer confusion about out-of-pocket expenses and medical billing, as well as cost-sharing responsibilities for covered services. The Centers for Medicare & Medicaid Services (CMS) has also [issued guidance](#) and requires hospitals operating in the United States to provide clear, accessible pricing information online about the clinical services.



aequum Value Propositions

In their drive to achieve fairness by leveling the playing field of medical billing, aequum:

- Manages and reduces risk to self-funded health plans and their participants
- Supports health plan administrators with a team of specialists with customized tech-driven solutions to manage and reduce risk while maximizing cost savings
- Protects partners, clients, members/dependents against unreasonable balance billing charges by healthcare providers and unfair debt collection practices
- Provides data insight necessary for budgeting, determining cost savings and claim monitoring
- Empowers partners, clients/members with defensible information and positions

Reference-Based Pricing: The Most Valuable Provision to a Self-Funded Health Plan

Adoption of a [reference-based pricing \(RBP\)](#) strategy can offer significant value to both the plan sponsor/employer and participants. Designed to moderate the highly variable costs of traditional hospital reimbursement systems, RBP usually determines covered charges based on a multiple of Medicare pricing. This establishes a common payment level, achieving transparency through consistent use across health networks.

This methodology includes collecting data on prevailing costs for medical services from CMS's Healthcare Provider Cost Reporting Information System, benchmarking them against relevant types of hospitals and settings, calibrating by severity level and applying a margin factor. With RBP, the employer pays a set price for each health care service instead of negotiating prices with providers. When a provider bills for the service, the payer remits the set amount. If the provider is dissatisfied with the payment, they can bill the patient for the unpaid portion of the claim.

aequum recommends and facilitates implementation of RBP because it offers plan sponsors and their participants a competitive advantage by employing information technology and proprietary data-driven solutions. Managing costs, avoiding "balance billing" = improved participant value.

aequum's results confirm the financial advantage achievable via RBP – both the plan sponsor and the participants pay less. aequum's experience to date validates the opportunity RBP offers in controlling costs and reducing spending.

aequum Advantage

aequum's relationship with [Koehler Fitzgerald LLC](#), a group of highly rated trial and appellate lawyers, ensures health plans and their participants can successfully navigate oft-changing federal and state healthcare regulations. Koehler Fitzgerald LLC attorneys litigate complex medical billing issues and favorably resolve medical bills on behalf of members.

As its name suggests, aequum, meaning "what is fair and just," partners with its customers to manage and reduce risk by protecting, advocating and supporting patients in any balance billing dispute. aequum services help plan sponsors manage the cost of coverage, often lowering both employer and participant contributions, as well as lowering paid claims and participant point of purchase cost sharing, including deductibles, copayments and coinsurance.

aequum's services are designed to create a competitive advantage by protecting against excessive charges and balance billing. We proactively protect plan members against aggressive out-of-network charges, recover excessive provider payments and shield them from unfair debt collection practices.

As a first-of-its kind tech-driven company in the complex field of medical billing, aequum's sophisticated information technology is creating a new generation of services that uses data insights to negotiate health care services. aequum maintains a database which enables them to track and aggregate the actual results for every claim that has been referred.



aequum Gets Results

aequum has been **successfully defending participants against balance bills for more than seven years.** There is often little or no merit to balance bill claims. If properly represented, the patient will almost always prevail.

aequum has defended more than **10,000 claims** asserted by more than **1,500 providers.** The claims have been referred to us by more than **400 self-funded plans.** aequum has **achieved a savings of 97.2% off disputed charges** for those self-funded plans.

Ideal Partner

aequum expects to see wider industry adoption of self-insured plans and RBP in 2023. What's more, a growing number of payers want to replace the traditional provider network model with RBP. This is where the right partner can make a big difference.

When seeking a partner to help plan administrators protect participants, increase employee satisfaction and generate plan and participant cost savings, it's important that the partner also coordinate administrative and advocacy services and legal representation. A tech-driven medical billing partner with a proprietary database offers additional value in proactively protecting plan members against aggressive out-of-network charges, recovering excessive provider payments and shielding participants from unfair debt collection practices.

aequum's tech-driven specialists partner with self-funded health plans, claims administrators, insurers, medical cost management companies and stop-loss carriers throughout the country, providing administrative and technical support to these partners and legal support to their clients and plan participants.

aequum serves as an agent of change within its industry through advocacy and applying best practices in information technology to benefit its partners, clients and their plan members—and help level the playing field.

Read more about aequum's performance milestone in our latest [press release](#).

To learn more about how aequum protects patients, health plans and insurers across the United States, please visit aequumhealth.com.



About aequum LLC

Founded in 2020, aequum LLC serves third-party administrators, medical cost management companies, stop-loss carriers, employer-sponsored health plans and brokers nationwide to protect plan participants, improve employee satisfaction with their health care plans, and generate plan and participant cost savings. aequum LLC helps patients defend medical balance bills and brings savings to employer-sponsored health plans by providing administrative and other services to its partners. In addition, its sister organization, Koehler Fitzgerald LLC, provides legal advocacy to plan participants. Visit aequumhealth.com.

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