Don't Let Silent PPOs Sting Your Practice

By Cheryl L. Toth

Here's a riddle: They are confusing for staff to identify, illegal, and you may not even know if your practice has one. What are they?

The answer: Silent PPOs.

"Silent PPOs are unauthorized discounts taken by re-pricing companies and brokers," says Carlin Phillips, principle of the law firm Phillips & Garcia. "These fraudulent schemes keep millions of legitimate dollars out of surgeons' pockets every year."

Here's what happens: a re-pricing company or broker obtains access to the legitimate reimbursement schedules you have already signed. It then runs your tax ID number against its database of these schedules and if there is a match, re-prices your claim with the discount instead of paying your full fee. These companies are often paid on a shared savings basis, which means the more savings they find for their insurer client - in the form of applying the PPO discounts - the more money the broker or bill re-pricing company makes. "The company can make up to a third of the discount," says Phillips.

But if you haven't heard of a Silent PPO until now you are not alone. Many surgeons haven't, and that's why they are so prevalent. "Most of the time the Silent PPO Explanation of Benefits (EOBs) are confusing, so staff take the discount because they recognize a plan name as one you have a legitimate contract with," says Jennifer Bever, a consultant with Chicago-based KarenZupko & Associates, Inc. "Or, they figure they are supposed to take the 'network discount' because they are used to taking contractual adjustments anyway."

But here's the rub: Legitimate PPOs increase your patient volume by connecting you contractually with insurance companies, who send you patients. In exchange for this increased patient volume, you give these payers discounts on their billed charges. And the legitimate PPO advertises your practice as part of its network, in provider directories and on its website. Not so with Silent PPOs. "Unlike legitimate PPO contracts," says Phillips, "re-pricers and brokers do nothing to steer patients to your practice. So you are not required to take their discount."

Orthopaedists At Particular Risk
Silent PPOs always infiltrate your practice through some form of indemnity insurance: automobile insurance, worker's

Watch Out for These Four EOB Red Flags

"Staff and surgeons have got to pay attention to what EOBs say. Doing so can save tens or hundreds of thousands in lost revenue," says Bever. She and Phillips advise practices to watch for the following:

1. Network discounts on auto or Worker's Comp claims. "These patients can select their own provider," says Phillips. "The networks don't steer patients; you don't have to take their discounts."

2. The PPO whose discount was used is not named. Bever notes that this is one way staff become confused "so they just take the discount."

3. The practice has no PPO agreement with the PPO indicated. "One of the many reasons you must maintain a current list of the contracts you are on," says Bever.

4. Conflicting or confusing payer information. "If the EOB comes on a bill re-pricing company's letterhead, rather than the insurer's letterhead, and references the bill re-pricing company's agreement with a PPO,
compensation, disability insurance, or the out-of-network portion of a PPO policy. "So orthopaedists are particularly vulnerable because of all the auto accident and Worker's Compensation claims they submit," Bever notes. In her consultations with orthopaedic practices, Bever often uncovers questionable discounts that deserve a closer look. "When we analyze Explanation of Benefits Forms (EOBs) we look for a number of things. But when I'm evaluating EOBs for auto insurance or Worker's Compensation, I am on the lookout for mysterious discounts or networks. If I find one that has taken a network discount, I do my homework to make sure it is legitimate."

Larry Kopelman, Partner with Kopelman & Blankman, PA in Ft. Lauderdale agrees. "We were working with a 12-surgeon orthopaedic group in Florida on a different case," he says, "when I started noticing strange discounts on auto accident EOBs." The practice hadn't investigated, but Kopelman did. What he found was hundreds of thousands of dollars in illegitimate discounts, which he's now helping his client get back.

Kopelman is helping all medical providers in Florida retrieve illegal discounts that were taken via Silent PPOs. He has filed 16 class action suits against 16 various automobile insurance companies that have illegally accessed these discounts. "These schemes are outrageous," he says. "The companies do nothing to direct patients to the physician. But if no one pays attention or scrutinizes EOBs, Silent PPOs can get in." Kopelman notes that if you practice in a large state such as Florida, New York, Texas, California, etc., pay particular attention. States with large populations are often targets for Silent PPO schemes.

"We scrutinize every EOB with eagle eyes to make sure it's right," says Jill N. (not her real name) a biller with a 3-man orthopaedic practice in the South. Jill should know; she used to work for a re-pricer who played the Silent PPO game. "The company re-priced auto accident claims for different insurance companies, she says. "We would receive a claim, pull up the physician's tax ID number in our computer, and if we had a PPO reimbursement schedule for that physician, we would use those rates to reduce the bill." Jill says that physicians occasionally would call and say they were not part of the network, but these calls were the exception, not the rule. Jill's advice, "get organized and know your contracts. When you come across something fishy, call and check it out." She rightly points out that the phone number is on the EOB for you to call and ask questions. "The only physician names we removed from our database were the ones who called to complain."

**Tips for Staying Silent PPO Free**

1. Maintain a list of contracts and keep it current. And keep reimbursement rates up to date too, whether you enter them in the computer or use a grid.

2. Train staff to identify a Silent PPO. Discuss the issue in staff meetings. Show EOBs that don't have mysterious discounts, and use the sample in Figure 1 to illustrate ones that do.

3. Train surgeons to identify a Silent PPO. Bring EOBs to the surgeons' attention so he/she is involved and understands how much money is being lost.

4. Ask staff to compile a list of problem re-pricers and plans. Doing so will help everyone stay on the lookout. Put copies of the EOBs in a folder so you can use them as evidence and for training purposes.

5. Contact an attorney if you find a pattern. Legal action can produce a windfall of legitimate payments you have been denied.

**Contract Terms That Can Make or Break You**

Avoiding Silent PPOs requires more than just identifying them at the point of receiving an EOB. You must look for particular contract language and clauses too.

Take the opening section of managed care contracts. They may appear easy to gloss over, but "you must be certain the contract states that the basis of the agreement is to give discounts to payers with preferred provider plans or policies that increase patient volume," says Phillips. "If you don't have this language in your contract, or the language is vague" he warns, "you leave yourself open to the claim that the PPO did its 'best.'" Here are a few more contracting tips from Phillips:

http://www.karenzupko.com/Resources/articles/articles-silentPPOs.htm
• Read every definition in the Definition section and make sure it restricts your intent to give discounts only to payors who have preferred provider plans or policies.
• Insist that the PPO give you a complete and current list of all of the PPO’s payers before you sign the contract.
• Provide a clause in the contract that allows for forfeiture of all discounts that do not comply with the preferred provider agreement.
• Include a clause that restricts the sale, access or disclosure of your proprietary discount information to the payers you specify in the definition section.

“The more contracts you sign blindly the more at risk you are that your discounts will end up in the wrong hands,” says Phillips. (More contracting tips are available on Phillip’s website. Be diligent and you will avoid bad contracts that leave you exposed.

What to Do if You Find a Silent PPO
Let's say you read this article and get energized. Tomorrow you rummage through a drawer of EOBs and find a couple auto accident or other indemnity claims that look like the sample EOB in Figure 1. What next?

“The first step is to do an internal check,” says Bever. “Do you have a mechanism to verify whether the contract is correct and that the discount is valid? If the EOB states that the PPO network discount is the result of a contract with Healthy HMO (which would indicate a legitimate PPO, not a Silent PPO), can you be certain everyone in the billing office knows you are signed with the plan?”

Bever suggests that staff be given an up-to-date list of contracts the practice has signed, and that reimbursement rates be entered into the computer for each plan. “This step is critical for identifying the culprits of illegal discounts.”

The second step: if you determine that the discount is illegitimate, call to investigate. According to Jill, "the re-pricing company I worked for didn't want any trouble. If a doctor called, we were trained to have a supervisor take the call, and she usually took his/her name off the discount list right away." Sometimes these follow up calls are easier said than done, but it pays to be diligent. "Worker’s Compensation can be complicated," says Bever. "Carriers could be state carriers or a third party that manages a self-insured company’s claims. Start by contacting your State Worker’s Compensation Board to find out if Comp networks exist in your state. Investigate until you get your answer about self-insured companies.”

The third step is to collect data to thwart illegitimate discounts from occurring in the future. Ask staff to compile the names of plans for which you have discovered Silent PPOs. Discuss these in your staff meetings. Bever also suggests alerting your allies. "Report your findings to the state medical society, BONES, the local MGMA, an the Insurance Commissioner. Talk about it in manager and physician networking settings. The more physicians and managers who become educated, the less likely these schemes will continue in your area."

Figure 1

<table>
<thead>
<tr>
<th>CPT Code</th>
<th>Date of Svc</th>
<th>Total Charges</th>
<th>Eligible Amt</th>
<th>Network Discount</th>
<th>Remark Code</th>
<th>Patient Deduct</th>
<th>Plan Benefit</th>
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<tr>
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<td>$970</td>
<td>A2</td>
<td>$500</td>
<td>$3380</td>
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Crash R Us Auto Insurance
Watch for mysterious “network” discounts such as the one on this auto insurance EOBs. These networks do not steer patients and therefore you are not required to take their discounts. This practice can legitimately ask for the $1,286 “Network Discount” back.

http://www.karenzupko.com/Resources/articles/articles-silentPPOs.htm
<table>
<thead>
<tr>
<th>Procedure Code</th>
<th>Description</th>
<th>Charge</th>
<th>Allowed</th>
<th>Applied</th>
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<th>Deductible</th>
<th>Premium</th>
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<tbody>
<tr>
<td>23660-51</td>
<td>Acute shoulder dislocation - open Tx</td>
<td>$1580</td>
<td>$1580</td>
<td>$316</td>
<td>A2</td>
<td>$0</td>
<td>$1264</td>
<td></td>
</tr>
</tbody>
</table>

Total Charges: $6430.00  
Paid by Other Insurance: $0.00  
Plan Payment: $4644.00  
Patient Responsibility: $500.00  
A2-Network discount.