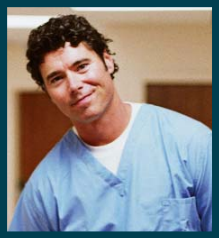

Keenan
HealthCare

Facts You Need to Know About

Out-of-Network Providers

Get the Facts...

Q&A's: Benefits Coverage for Out-of-Network Providers

This communication is intended to help you understand how most plans handle out-of-network provider payments for covered services. An out-of-network provider is a physician, facility or other health care services provider that is out-of-network but whose services are otherwise covered under a health plan. The normal fees charged by out-of-network providers are evaluated by the plan to determine if they are within "usual, customary, and reasonable (UC&R)" charges. It is important for you to understand these terms and how they can affect insurance reimbursement and additional out-of-pocket expenses you might have to pay.

Is there a universal standard or are their guidelines for determining the UC&R calculation?

No. Different health plans set their UC&R rate at different percentiles; they also may use different methods and databases to determine UC&R fees.

What is an indemnity plan?

These plans are very rare today but, an indemnity plan (sometimes called fee-for-service), generally allows you to use any medical provider (such as a doctor and hospital). You or they send the bill to the insurance company who pays part of it. Usually, you have a deductible, the amount of the covered expenses you must pay before the insurer starts to reimburse you – such as $200. Once you meet the deductible, most indemnity plans pay a percentage of the UC&R fees.

What is a PPO plan?

Preferred Provider Organization (PPO) plans have networks of doctors, hospitals and other health care providers that have agreed to accept discounted service fees in return for a greater amount of business. While most PPO plans provide benefits for out-of-network providers, you will pay more for those out-of-network services.

What is usual, customary and reasonable (UC&R)?

Usual - A fee is "usual" if it is what a physicians/providers usually charge for a particular service or supply.
Customary - A fee is considered "customary" if it is within a range of fees that most physicians with similar or same background in the same geographic area charge for a given service or procedure.
Reasonable - A fee is considered ***"reasonable"*** if it is considered usual and customary or if it is justified because of special conditions or services rendered.
UC&R - Bills are reimbursed for usual, customary, and reasonable charges" or UC&R. A charge is considered reasonable if in the opinion of an appropriate medical review committee, it merits special consideration based on the complexity of the treatment provided for the particular case. Fees are paid at a percentile rate based on the plan.

How are UC&R fees determined for an out-of-network provider?

When services are provided by an out-of-network provider, allowable fees are determined based on UC&R rates charged by the same or similar providers in the same geographic community and then paid based on a percentile (determined by the plan). Firms with expertise in gathering information on UC&R fees may be utilized when assistance is needed to determine the value of UC&R fees.

How are charges for an out-of-network provider different than an in-network provider?

In-network provider's charges are determined based on negotiated rates between the plan's Preferred Provider Organization (PPO) and the Plan Sponsor. These fees are often discounted and/or considered the most favorable rates. Liability or allowed expenses are only those fees covered under the plan. An out-of-network provider is not subject to negotiated rates and often bills at a much higher rate. Bills in excess of what is considered an allowed expense may be billed directly to the patient or the responsible party.

Can an out-of-network provider charge me for fees not paid by my health plan?

Yes. Out-of-network providers may charge more than is considered usual, customary, and reasonable (UC&R) under the plan. They may legally bill you for the unpaid balance not allowed by the plan. The use of in-network facilities and PPO providers will provide you with the greatest coverage and least out-of-pocket costs. In-network providers may not balance bill for charges exceeding the amount allowed by the plan.

What if I have a medical emergency and cannot get to an in-network facility or doctor?

A medical emergency is commonly defined as a condition that arises suddenly and unexpectedly and requires immediate medical or surgical care that is received no later than 24 hours after the onset of the condition. ***See plan documents for restrictions and/or limitations of coverage.***

Provider services that meet the definition of an "emergency" will be covered based on UC&R fees as determined by the plan. This may apply to emergency room services, ambulances, hospital admissions, surgeries, etc. As such, a covered person may seek treatment for a medical emergency anywhere in the world.

If possible, emergency care should ***be obtained at an in-network facility***. If you use an out-of-network facility or provider, the level of benefits payable varies and you may owe a larger portion of the bill. Be sure to notify the plan or your plan physician as soon as reasonably possible. Usually, you must call your utilization management program within 1-2 business days if you are admitted to a hospital on an emergency basis.

What if I go to an in-network emergency room, but the emergency room physician is an out-of-network provider?

In some cases, emergency room physicians at in-network hospitals may not be a network provider. Since you cannot select the provider in these circumstances, special consideration may be given when an out-of-network emergency room physician provides services. UC&R fees for the out-of-network physicians/providers will be covered as determined by the plan.

Since my doctor selects the Ambulatory Center or hospital when I need surgery, how can I ensure my surgery is at an in-network facility?

When your doctor informs you that surgery is needed you should ask the doctor to schedule the procedure at an in-network facility and ensure the anesthesiologist and/or assistant surgeon that will provide assistance are also within the network for the best possible coverage. When in-network providers are not possible, out-of-network facilities and providers fees will be evaluated for UC&R and paid accordingly. Fees in excess of UC&R may be billed to you by the out-of-network service provider.

Are the fees charged by out-of-network providers counted toward the maximum out-of-pocket expense limits?

No, only allowable fees will be considered and count toward the plan maximum out-of-pocket expenses. Allowable fees are only those charges determined as UC&R under the plan. Any charges in excess of UC&R will not qualify. Use of in-network or PPO providers will provide you the greatest coverage possible.
For example: If the out-of-network provider charges $500 for services rendered and only $100 is considered UC&R, only the $100 will count toward any out-of-pocket expense limits.

What can I do to avoid any financial surprises?

Be aware that if your plan covers out-of-network services, it will still only pay a percentage of the UC&R rate. If your provider bills more than the UC&R rate, you will be responsible for both your coinsurance and any amount above the UC&R rate. Additionally, if you have an out-of-pocket maximum, the amount that you pay for services above the UC&R rate will not apply. For example: If the doctor charges $1,500 for a certain procedure and your insurance company only allows $1,000 as UC&R and pays 50% of the UC&R fees, you would have to pay 50% of the $1,000 ($500), plus the $500 over the UC&R for a total of $1000. Only the $500 will apply toward the maximum out-of-pocket expenses.

Out-of-Network Providers
What you need to know, in summary...
Most traditional insurance plans reimburse physicians according to the UC&R rate and the percentage covered by the plan.

- You may be responsible for your coinsurance PLUS any amount over the UC&R rate that your doctor charges.
- Charges in excess of UC&R are not counted toward maximum out-of-pocket expenses or plan deductibles.
- You should ask your plan administrator to explain the basis for determining UC&R fees under your plan.
- Ask any out-of-network doctor if they will waive payment for the part of their fee that falls above the UC&R rate as determined by your health plan administrator. If they agree, ask for something in writing.

For general information regarding your specific benefits coverage call 1(800) 653-3626.

This pamphlet is informational only, is not intended as legal advice, and is not intended to be a substitute for or alter the plan documents. Always refer to the official plan documents before making final decisions.

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