

July 20, 2018

SJVIA Board Meeting: Consultant's Report on PPO Discount Market Check

Keenan conducted a PPO network discount analysis as a due diligence exercise to see if the SJVIA would be able to save claim dollars by aligning itself with another carrier. Our analysis included the following carriers:

- Anthem Blue Cross
- Blue Shield of California
- United HealthCare
- CIGNA HealthCare
- Aetna HealthCare

Keenan provided each carrier with the SJVIA's 2017 de-identified PPO and HMO claims data (no PHI nor HIPAA protected information was included; capitated HMO claims were excluded). The capitated claims did not contain the information required to reprice the claims. Keenan requested the carriers reprice these claims based on their provider contracts. The following table illustrates the results:

SJVIA	531	118	344	682	713
In-Network					
IP Facility	51.6%	58.2%	65.2%	56.0%	55.7%
OP Facility	68.8%	58.4%	56.6%	57.6%	66.9%
Professional	55.4%	59.4%	58.6%	53.9%	55.9%
Total	59.9%	58.6%	60.0%	56.2%	60.6%
Out-Network					
IP Facility	27.2%	45.7%	44.5%	42.7%	27.3%
OP Facility	36.0%	50.5%	69.8%	44.9%	20.5%
Professional	3.4%	39.3%	65.8%	49.6%	7.5%
Total	18.1%	44.0%	65.6%	47.6%	15.5%
Unable to Process					
IP Facility	0.0%	0.0%	0.0%	0.0%	0.0%
OP Facility	0.0%	0.0%	0.0%	0.0%	0.0%
Professional	0.0%	0.0%	0.0%	0.0%	0.0%
Total	0.0%	0.0%	0.0%	0.0%	0.0%
Total All Claims					
IP Facility	51.3%	58.0%	64.9%	55.8%	55.2%
OP Facility	67.8%	58.1%	57.2%	57.1%	64.9%
Professional	51.6%	56.6%	59.0%	53.4%	51.8%
Total	58.4%	57.7%	60.2%	55.8%	58.5%

One of the carriers required that the analysis be done on an unidentified basis; therefore, all carriers are deidentified. Carrier 344 offers the strongest discount although all carriers offered competitive discounts.

Keenan would like to point out that these results are skewed by excluding the capitated HMO claims. The SJVIA may want to consider redoing the study in 2019 once a year of EPO claims can be evaluated.