

Femke van Iperen analyses the move towards in-house cost containment and asks how assistance companies can best equip themselves with the tools they need to effectively manage costs

Rather than purely using the services of specialist cost containment companies, many global

assistance providers now take care of this aspect of their business themselves, perhaps opting to use specialist cost containers or local assistance providers to assist with cases in areas where their reach might not be as comprehensive. Dealing with a treating hospital directly and achieving reductions on a medical invoice by enacting in-house cost containment measures can bring a variety of

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advantages for assistance providers.

At Falck Global Assistance (FGA) in Denmark, cost containment has formed an integral part of the company's core services since it entered the travel assistance market in 2009, and it has, as Juan Carlos Cortiletti, the company's head of global network, internationalisation and claims costs, explains, always constituted an important element of its operations. All people involved in FGA's in-house cost containment programmes – doctors, negotiators, cost control specialists, strategists, auditors, legal advisors – are solely employed by FGA, said Cortiletti: "An [in-house] professional and dedicated focus on cost containment is not just beneficial and good sense for our own business; it affects our service levels, work efficiency and cost spend – all important parameters for our ability to provide excellent service to local and international insurance companies and global businesses."

Global provider of healthcare and disability services including corporate assistance Allianz Worldwide Care has also focused on in-house cost containment. "In the past year, we have taken a number of steps to bring the cost containment process further in-house to best mitigate the transfer of increased medical costs to our insured members," said Andy Seale, who is the company's head of global business development, explaining that the company's in-house cost containment protocols continuously evolve. "As medical inflation continues to surpass average inflation rates the world over, our systems for managing medical costs have adapted to become more sophisticated and robust," he said.

The popularity of bringing cost containment efforts in house is clear, so how is it best achieved?

Provider networks

To enhance cost containment, and ultimately customer satisfaction, an assistance company needs the right provider network. When it comes to provider networks and medical costs, Allianz Worldwide Care has undertaken a variety of different initiatives. One has been to leverage its relationship with the wider Allianz Group to enhance its negotiation position with different medical providers around the world. To do this most effectively, its medical provider management position has been redesigned, with the appropriate powers, skills and knowledge set realigned. "We also launched a 'medical inflation alerts and analysis tool kit' so that we can monitor for any increased medical costs across our global provider network," said Seale, explaining how this measurement has proven essential for staying on top of any financial changes that might impact the company's clients.

At FGA, a solid provider network – with which the company covers 'more than 95 per cent of its total claims spent' – is so important that the company considers its development and maintenance an educational factor. "[By continuing to learn about our provider network] we believe we can continuously provide and ensure the fairest price and the best quality of service for our customers and patients," said Cortiletti. To avoid working >>



with with some of the more dubious medical facilities the company has experienced over the years, FGA co-operates with treatment facilities with which the company has built a long-standing working relation and trust, to ensure a 'well-orchestrated and highly developed medical network'.

Ensuring appropriate and medically safe treatment on behalf of the patient, said Cortiletti 'is beneficial for the insurance company as well as the patient'. He also explained that such a network can help avoid 'unnecessary hospitalisations, medical consultations, tests and examinations, as well as non-specialised physicians'. In addition, it can also help prevent 'patients being referred to unlicensed physicians, centres and clinics', all elements that can up the cost of the total process, and bring down customer satisfaction.

For local third-party cost containment providers such as Eurocross Turkey, a firm that acts on behalf of international assistance and insurance companies, when it comes to customer satisfaction and provider networks, assistance companies would benefit from knowing that the key focus should be on the quality of their communication with medical providers. "It is how you interact with your network and how you incorporate these interactions into your operations," said Eurocross Turkey's CEO Hans Biekmann. "The providers are shared resources among all the companies in the industry. They are not exclusive to you. However, your relations with them are. It is these relations that determine how you are able to assist insured individuals and how you are billed as a result."

Successful cost containment doesn't only rely on a 'well-established, closely controlled and reliable network of medical providers', but also on a 'clear and active communication with the provider on a regular basis', explained AP Companies' Natalya Butakova, the company's business development manager. Therefore, the results of cost containment should be 'timely communicated, explained,

providers are shared resources among all the companies in the industry. They are not exclusive to you. However, your relations with them are

addressed and discussed with a relevant provider', argued Butakova, particularly because medical providers are also part of a continuous learning curve: "They will interpret the signals sent to them by cutting down the overpriced services or procedures indicating over treatment of the member."

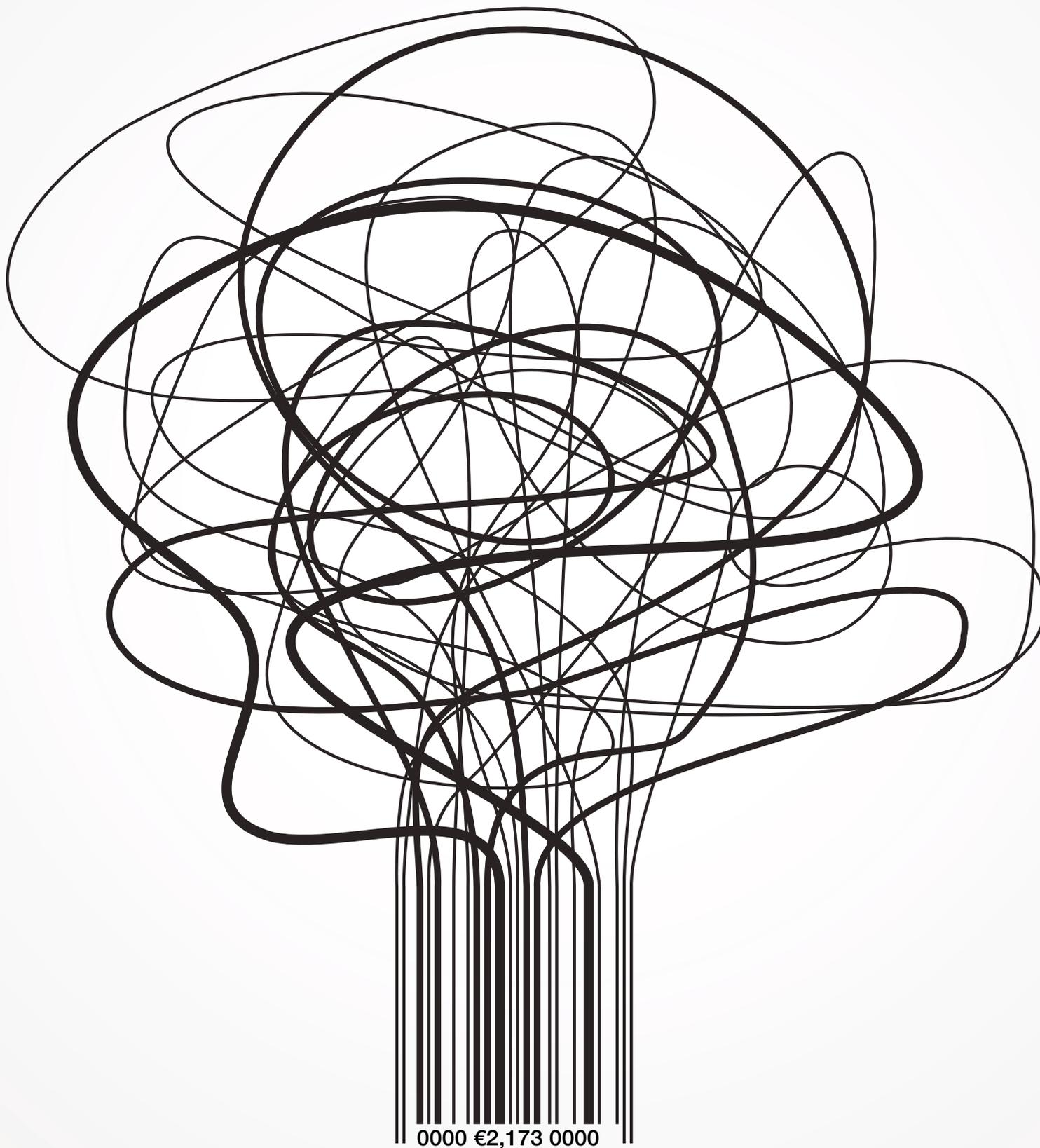
Furthermore, according to Butakova, good network relations can be especially important in countries where there may be a substandard level

of care. In particular, in such countries, she said: "Knowing your providers, understanding local healthcare and the constant development and support of provider networks is key to a successful cost containment service and provides a higher customer satisfaction."

Local knowledge

Not all regions may be medically substandard, but cultural differences always need to be taken into account. For Cortiletti, cost containment benefits are best achieved by having a significant amount of local knowledge on the countries in which you provide services. "Excelling in doing proper cost containment is all about knowing the world you live in. In this case, it is a world full of complex healthcare systems, governmental regulations and ever-changing travel patterns calling for the need of a high level of business intelligence," he said. To achieve this, FGA's cost containment protocols and strategies have been designed in co-operation with its team of network experts, many of whom are based in selected key markets such as Spain, Turkey and Thailand, and who are 'constantly monitoring major markets'. Such local presence is helping the company to 'allow for cultural differences and specific strategies and solutions that fit the country and market it is offering its services in', and to offer the best cost containment solutions to the company's customers, explained Cortiletti. But not all assistance companies have the budget or opportunity to ensure an international presence – or a truly international presence – in which case there will be benefits to joining forces with >>

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a third-party cost containment specialist with specific local knowledge. Take Eurocross Turkey for example: the experience and knowledge it has accumulated have proven invaluable, says Biekmann, who described Turkey as a healthcare market with ‘vicious pricing policies and arbitrary applications, overtreatment, overcharging, kickbacks and cost inflating mechanisms unique to the country’. “Our model is a unique blend of line-by-line reductions and innovative manoeuvres to jump through the hoops of everyday problems in the Turkish tourism health market. We know how local dynamics work and we understand the pricing mechanisms of hospitals inside out. We utilise strict policies on overtreatment, overcharging and unnecessary length-of-stay mechanisms,” said Biekmann.

Correct pricing and treatments

Companies are also using their own methods to help avoid incorrect pricing and medical treatments. In-house cost containment teams at assistance companies such as FGA work with medical providers who are all ‘familiar with usual, customary and reasonable price levels’. However, thanks to a regionalised database, FGA customers can also compare medical providers’ prices in the same region to enable them to make decisions on their reasonableness. Thus, for instance, they can see when a provider has billed double for the same treatment, or separately for services that would normally be combined in a single procedure, and they can make informed decisions on the appropriateness of the number of visits and duration and type of care. To help minimise inconvenience for the patient, assistance providers often also ensure direct billing between the medical provider and the insurance company, Cortiletti added: “At the same time, we obtain information on price estimates, length of hospitalisation and planned treatment.”

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treatment and appropriateness of care, Allianz Worldwide Care utilises ‘medical case file reviews control’, which is one of the four pillars of its cost containment measures. To ensure costs are reasonable and customary, the company also uses a fraud management system, which includes the detection of outpatient or inpatient over-utilisation, and ‘active medical cost management’. In addition, the company has developed a proactive system for procuring medical provider services. The latter, explained Seale, helps to avoid restrictive, exclusive medical provider network arrangements. The benefits of using local cost containment or assistance providers offering their own cost containment expertise mean that you are tapping into a trusted provider network and making use of established discounts and special rates. AP Companies, for example, explained to the *Cost Containment Review* that users of its services have access to an automated cost containment tool that involves ‘a robust, automated process aimed at checking every claim for 12 various parameters in order to detect a potential over-treatment or overcharging’.

Assistance companies are also often proactive about passing on the cost savings they achieve. Eurocross

Turkey, for example, focuses on post-reductions on proformas, looks at what clients pay at the end of the process and ensures that they receive a direct benefit from savings the company makes: “We make sure that the items that are frequently deducted by our medical team eventually do not get added on our bills to form what we call ‘invisible savings’. This results in lower ceiling prices and a living cost containment mechanism that betters itself with each case.”

Case management

No cost containment measure would function without proper case management. This, argues Cortiletti, is fundamental to setting up your cost containment operations. It allows changes to travel or treatment plans throughout the ‘active phase of travel assistance cases’, helping to ensure ‘safe, timely and effective patient treatment’, and ensuring that treatments are appropriate across geographies. “After all, different countries have different ways of treating medical conditions – some are quite different from Nordic practice!” said Cortiletti. For optimum patient monitoring and medical treatments, assistance doctors should remain in direct contact with the treating doctor at the local medical facility, and monitor all costs related to treatment, admittance, and medication. All in all, explained Cortiletti, by limiting the total number and the duration of each hospitalisation and reducing unnecessary medical examinations and treatment, case management can control costs throughout the whole assistance process – such as by arranging co-transport arrangements – and make sure there are no unnecessary claims costs. When it comes to case management, a key focus of Allianz Worldwide Care has been on the strong relationship its specialist medical professionals have built with the medical providers the company works with, who, according to Seale, have the ‘flexibility, experience and support systems needed to assess each members’ situation on a case-by-case basis to discern the best course of action’. Seale commented: “Of course, no two cases are the same ... but the strong relationships our teams have with local providers place them in a strong position to review and challenge not only treatment plans but also proposed charges.”

For Eurocross Turkey, some of the case management elements the company attributes its success to are related to the way it takes time to learn from its providers: “We take the time to collect and evaluate lessons learned from each case, season and year, and constantly apply these changes or measures into our operations,” said Biekmann. When it comes to cost containment, there are obvious benefits for assistance companies to use the outside services of a specialist, third-party cost containment company. These experienced firms have established protocols and proven success in managing costs globally, as well as in defined regions. Nevertheless, global assistance providers have identified the need to bring cost management efforts in-house to a greater degree, and have built systems that enable cost containment throughout the entire patient handling process. ■

