



Fuzzy  
**Math**

# Unmasking the Distortions in Network Comparisons

## Five Reasons to Look Beyond Network Savings

Employers are still looking for solutions that impact the rising cost of health benefits. Sometimes, moving to another PPO network where discounts are reported to be higher may seem like a good move. But sometimes the numbers really don't add up. Here are five reasons employers need to take a closer look at the big picture:

### 1. Reported Network Savings Variances May Not be Real

Marketing techniques for presenting savings numbers, and differences in analytical methodologies can result in "fuzzy math." Employers deserve information that is unbiased, current, and accurate from an "apples to apples" comparison perspective. Three reference documents about flaws in network comparisons can be found at [www.medcost.com](http://www.medcost.com):

- "Look Before You Leap," by NAEBA
- "A Review of Network Evaluation Models," by MedCost
- "Perception vs. Deception," by Jeff McPeters, CPA, CLU, ChFC, REBC

### 2. Network Savings Gaps are Shrinking

Providers in the Carolinas, especially hospitals, are shifting contracting strategies to ensure strong and healthy market diversity. Savings gaps that historically existed between the large carriers and MedCost have been narrowing over the past several years with a "level playing field" getting closer each day.

### 3. It's Not All About Discounts

Even though the industry has been fixated on comparing network savings levels, management of utilization still matters. A 10% advantage on aggregate network savings can easily be offset by weak health management programs like utilization review and case management. MedCost offers highly effective health management programs and positively impacts utilization through effective network management—identifying providers with outlier utilization and coding practices with audits and interventions designed to change inappropriate patterns.

### 4. Managing Trend is the "End Game"

Ultimately, using data to identify the cost drivers in a plan and impacting and managing those drivers effectively is the key to managing overall trend for an employer. 20% of plan participants drive 80% of plan costs. MedCost's new **Prospective Case Management Program** applies claims modeling to identify those individuals that are potentially at risk and using lots of health resources. Outreach by a nurse coach is focused on those individuals where there is opportunity to improve health status and more effectively manage use of health resources.

### 5. The Value Factor

Reasonable administrative fees, service, access to information, flexibility—employers should not have to give up these things for the promise of better network discounts. MedCost works with numerous payers that provide complete health plan administration with exceptional value and service.

*We urge you to look at the big picture!* MedCost does—by providing services that manage the network, utilization, patients, and trend—and by working with over 100 payers that provide solid, cost-effective alternatives to large carriers.

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Call MedCost at 800-433-9178.