

What Makes Silent PPO So Silent?

Silent PPOs are arrangements between a contracted managed care insurance company and a non-contracted payer that you do not know exists. The non-contracted payer silently accesses the contracted payer's discounted rates to cover their own patients.

It can be difficult to identify Silent PPOs because providers often negotiate contractual agreements with a myriad of networks; and several different types of plans and payers may be associated within each network. For some, the network's payer listings may be comprised of thousands of payers, making it easy for a few non-contracted payers to slip by unnoticed.

Because the non-contracted payer should pay reasonable and customary charges for their patient's care, by silently accessing a discount through a contracted payer network, the non-contracted payer reduces its out-of-pocket costs to the hospital. Even with the fee the non-contracted payer pays the network to use their rates, non-contracted payers can gain significant savings by participating in Silent PPO activity.

How Silent PPO Affects Hospital	
Hospital expects to get reasonable and customary charges of \$15,000	\$15,000
Payer does not want to pay full rates, searches for a network contracted with hospital. Makes arrangement to pay network to use their rates with hospital	30% Network Discount
Hospital receives payment, EOB lists network accessed. Business office accepts payment as part of contracted network.	\$10,500 to Hospital
Bottom Line: Hospital Loses	-\$4,500

Non-Contracted Payer Benefits	
Non-contract Payer Benefits	\$4,500
Non-contracted company pays the network a 10% fee	\$1,500 to Network
Bottom Line: Silent PPO Saves 20%	+\$3,000

Tips to Identify and Manage Silent PPOs:

1 At Registration – when presented with an insurance card that does not list one of your contracted insurance companies, verify that the insurance company will pay reasonable and customary charges.

2 In the Business Office – Maintain a current list of payers associated with a specific contracted insurance company.

3 At Payment – If the payment is not for the charges you expected from this payer, verify how paid and confirm that the payer is on the contracted payer list. If they are not, follow up with the payer for the full payment.

4 In the Contract Office – Keep a list of silent PPO transactions for a payer and use this during contract negotiations to tighten up the language of the contract.

In Conclusion:

The risk for Silent PPO can be significantly reduced when the business office is properly trained to recognize red flags and equipped with the necessary tools to pursue non-contracted payers for entitled reimbursement. There are opportunities to expose Silent PPO activity across the revenue cycle. By implementing best practices for payer verification from registration throughout A/R follow up, hospitals can minimize Silent PPO and ensure efficient claims processing.

Silent PPO payments are difficult to identify, but it doesn't have to be – there are ways to streamline the process while getting the correct payment for a hospital. If you would like more information about verifying contractual payments, please contact us.

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