

# **Medical Excess Loss Product**

## **Claims Manual**

Specific & Aggregate  
Claim Filing Procedures

Underwritten by:

ASG Risk Management, Inc.

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## **I. Introduction**

ASG Risk Management, Inc. is the Managing General Underwriter and Administrator for Standard Security Life Insurance Company of New York and Companion Life. Their Medical Excess Loss products are flexible and competitively rated, offering specific and/or aggregate excess loss insurance to employers. Our goal is to offer tailor made benefit packages, equitable rates and to provide prompt and thorough service to both Plan Sponsors and approved Third Party Administrators. We feel that we have both the experienced support staff and creative, knowledgeable underwriters to accomplish these goals.

Before a TPA can administer claims for an employer covered under Standard Security Life or Companion Life Medical Excess Loss coverage, they must complete a required questionnaire and satisfy ASG Risk Management, Inc. that they are competently and professionally paying claims for the employers they service. This approval will be continually evaluated; we expect TPAs who have been approved to maintain a high quality of technical knowledge about their systems, keep current with the latest technology changes, maintain the most current reasonable and customary charges for their regions and communicate with us on issues as they occur. If you experience changes in either your systems or personnel that might change our initial understanding of your organization, please let us know.

This publication is to be used as a reference manual as you require it. It contains information on all requirements for TPAs providing claim administration to groups covered under our writing carriers. It is important to note that each carrier's contract will differ and that each carrier's application and policy language are binding upon the Policyholder. Language in this manual cannot be relied upon to bind the carrier or Policyholder in any matter that differs from the coverage expressly stated within the contract.

If you would like additional copies for your office, please let us know.

## **II. Specific Excess Loss Claims Information & Procedures**

### **A. When to file a claim:**

ASG Risk Management, Inc. should be notified when the claims reported reach 50% of the Specific Deductible, via the “Specific Excess Loss 50% Notification and Preliminary Notification of Potential Large Claim” form or for any claim with the following diagnosis regardless of cost:

1. Spinal Cord Injuries and Head Trauma
2. Amputation or permanent loss of upper or lower limbs
3. High Risk Obstetrical and High Risk Neonatal
4. Premature Births
5. AIDS
6. Burns in excess of 20% to 30% of the body
7. Crushing or massive internal injuries
8. Blood Disorders
9. Cardiovascular Diseases
10. Cerebral Vascular Disease
11. Hospitalizations of 10 days or more
12. Malignant Neoplasm’s
13. End Stage Renal Disease
14. Transplants

### **B. How to file a claim:**

1. As soon as the Specific Deductible has been exceeded, the Administrator should submit the claim to ASG Risk Management, Inc. ASG Risk Management, Inc. will make a final review of the claim and, if in compliance with the Excess Loss policy and the Plan Document, will issue a reimbursement check payable to the employer’s benefit plan for the eligible amount exceeding the specific deductible. All checks will be sent directly to the Administrator.
2. Before a reimbursement check will be issued, the Administrator must provide claim payment verification. If computerized reports are utilized in lieu of individual bills and corresponding EOBs, then these reports must be approved by ASG Risk Management, Inc. in advance.
3. Additional eligible expenses should be processed by the Administrator, accumulated and submitted once a month or when an additional \$1,000 in expenses has been incurred, whichever occurs first.

### C. What to submit with each claim:

Once a claim exceeds the specific deductible the following information is required by ASG Risk Management, Inc. for an excess loss reimbursement:

1. Completion of a “Specific Excess Insurance Claim Reimbursement Request” for all initial and subsequent submissions
2. Copy of the enrollment card including the hire date, type of coverage and effective date of coverage. (This should be submitted with the initial submission only)
3. If the claim is on a dependent, we need a copy of the Administrator’s claim form
4. Itemized provider bills for any individual bills exceeding \$20,000 (a UB-92 summary bill *may* satisfy this requirement for hospital charges)
5. Complete details regarding eligibility, and when applicable, information on work status, pre-existing.HIPAA documentation, subrogation, Coordination of Benefits (COB), provider discounts, COBRA election forms and verification of premium payment for all months
6. Computer generated report containing the following information:
  - a. Employer/Group name
  - b. Employee name
  - c. Claimant name
  - d. Provider name
  - e. Dates of service and payments
  - f. Types of service
  - g. Diagnosis
  - h. Deductibles, Coinsurance and Copay limits
  - i. Ineligible or denied benefits
  - j. Check numbers
  - k. Charge amounts and paid amount entries
  - l. Total payment calculation
  - m. Void and refunds when applicable
  - n. Managed care discounts

### **III. Miscellaneous Topics**

#### **A. Medical Management**

Ideally, ASG Risk Management, Inc.'s Medical Risk Management begins when the Utilization Review (U/R) vendor, as part of its pre-certification process, refers potentially catastrophic claims to ASG Risk Management, Inc. based on Specific Deductible levels and certain ICD-9 codes. This combination of diagnosis or healthcare factors when coupled with Specific Deductible levels alerts us to likely significant claims. Early identification of these targeted chronic and catastrophic cases allows for a prospective and preventative approach to the cost of care, rather than retrospectively. The outcomes become measurable and significant.

Communication between the TPA, U/R vendor and the ASG Risk Management, Inc. team is critical to achieving cost control. Please, notify us at (877)735-7605 or by faxing us at (207) 773-0044 immediately. At this time ASG Risk Management, Inc. should be advised of the patient's diagnosis, prognosis, current level of care, and plan of treatment. Also, please indicate the patient's physician, address, and phone number.

We will talk to the TPA as well as the Medical Case Management provider to assess the appropriate course of treatment. If necessary, we will have the Medical Case Management provider speak directly to ASG Risk Management, Inc.'s medical consultant to determine the appropriate level of medical care. At this time a completed "Specific Excess Loss 50% Notification and Preliminary Notification of Potential Large Claim" form should be completed and sent to us, as soon as possible.

If the claim plus the Management fee exceeds the Specific Deductible, ASG Risk Management, Inc. will reimburse the employer. If however, the claim plus the Management fee are below the Specific Deductible, the employer will be responsible for the fee, unless other payment arrangements have been made.

#### **B. Hospital Bill Audits**

Hospital bill audits are an additional tool for controlling medical costs. The TPA should initiate hospital audits based on the following guidelines:

1. Any pre-certified in-patient stay likely to be 10 days or more
2. Individual claim request of \$10,000 or more
3. Billings that show evidence of treatment for non-related condition(s), or for a condition excluded in the policy e.g. worker's compensation
4. Bills where the ancillary charges exceed 50% of the total bill

5. It appears that the patient was hospitalized longer than necessary

Most audit firms will perform a pre-screening analysis to determine if a particular hospital bill is a good candidate for a hospital audit. Most audit firms do not charge for this service. If a hospital bill is audited, the audit firm usually is paid their fee as a “percentage of savings”. ASG Risk Management, Inc. allows for reimbursement up to only 30% of cost savings. Please, keep in mind that if the final hospital bill plus the eligible audit expense exceed the specific deductible, ASG Risk Management, Inc. will reimburse. In short, we treat the eligible audit expense as a claim amount for purposes of reimbursement. However, if these expenses are below the specific deductible, the employer will be responsible for the audit fees unless other arrangements have been made.

### **C. Subrogation**

Effective and aggressive use of subrogation as a cost containment tool can reduce paid medical claims by 1% to 2%.

Subrogation/Third Party Liability involves situations where a claimant incurs medical expenses that have been caused by a negligent third party. The employer’s plan assumes the rights of an employee or dependent to be reimbursed for the benefits the plan has paid. Subrogation may involve an automobile policy, a second medical policy, a homeowner’s policy, general liability coverage or medical malpractice. Examples of potentially subrogatable third party claims are:

1. Motor vehicle accidents
2. Slip/trip & fall on third person’s property
3. Animal bites
4. Poisoning cases
5. Medical negligence claims
6. Product liability claims
7. Sports activities
8. Child injuries

Also, any request by an attorney or insured for copies of bills or payment summary, should be an indication that third party actions are being pursued.

Please, be aware that the Stop Loss policies contain a Right to Recovery clause which requires you to: 1) identify; 2) pursue; and 3) accurately apportion any recoveries. In the event of subrogation, ASG Risk Management, Inc. should be promptly advised and consulted in advance of any settlement.

## **D. Law suits and claim referrals**

### **1. Law suits and claim referrals**

ASG Risk Management, Inc. should be advised immediately by phone of any law suit in which we are named. The summons and complaint, along with the complete file and any supplemental documentation, should be forwarded immediately to ASG Risk Management, Inc. for referral to our legal staff.

We should be advised immediately of any law suit in which we are not named, but could become involved because of specific or aggregate excess loss coverage. The complete file and any supplemental documentation should be forwarded.

ASG Risk Management, Inc. should be advised of all Insurance Department Complaints in which our coverage is involved. The original complaint and complete file should be forwarded to us for our review and recommendations.

### **2. Claim Referrals**

Claims involving uncommon situations such as unusual medical practices, or purchase vs. rental or major equipment, should also be referred to us for review.

## **E. Funding and Timely Payment of Claims**

Reimbursement of any Excess Loss claims (Specific or Aggregate) depends not only on when eligible charges are incurred, but also when they are paid. The incurred and paid dates are the essence of Excess Loss coverage. We require that all claims be funded and paid on a timely basis. Please, note that the printing and subsequent “holding” of a check does not constitute a “paid” claim.

Claim requests should be for \$1,000 or more, unless filing for the final claim submission.

Claims requests for reimbursement must be received by ASG Risk Management, Inc. within 90 days after the last date the Administrator receives the claim. All claims for reimbursement must be received within 90 days from the last date for which a claim can be reimbursed under the terms of the Excess Loss contract.

An *exception* to this rule is claims that qualify for Advance Funding or Simultaneous Funding. This option is designed to provide cash flow

assistance in those instances when an employer has abnormally large provider bills or when a prompt pay discount is involved. To qualify for this option, the TPA needs to:

1. Process all eligible bills
2. Pay and release to the providers indicated all checks totaling at least the amount of the Specific Deductible
3. Advance Funding requests should be at least \$1,000
4. If the group cancels off anniversary, Advance Funding is not permitted
5. Advanced Funding requests must be received in writing prior to each claim submission to be considered.
6. Any requests received after the expiration date of the Excess Loss contract, are not eligible for Advance Funding and therefore, must be fully paid (check mailed to the provider with proper funds available) by the Plan in order to be covered under the Stop Loss contract.

#### **F. Disclosure**

During the Underwriting process a major portion of the evaluation of the group is the status of any on-going claimants and the existence of potential large claims based on certain ICD-9 diagnosis codes. This information is provided by the employer and the TPA. Individuals who are at risk for high dollar claims because of certain diagnosis, claimants who have the potential to reach or have reached 50% of the Specific Deductible, and participants who are disabled have to be disclosed.

Both the employer and the TPA have to understand the importance of the Disclosure Statement. Failure to completely and accurately fill out the Statement can result in claim denials.

1. TPAs should review all information available and disclose all possible candidates. Some items to investigate are:
2. Hospital pre-certification information such as transplants, premature babies, and long hospital confinements, for example
3. Large Dollar Claims that are pending, processed, awaiting funding and paid should be disclosed
4. Individuals who are not actively working due to disability should be reported. This not only includes employees, but also disabled dependents. Some indicators that a dependent might be disabled are that they are on Medicare and under age 65 and/or they are receiving SSDI (Social Security Disability Income).
5. COBRA participants, to include the date they enrolled, premium paid through date and the date of scheduled termination, should be reported.

## **IV. Aggregate Excess Loss Claims Information and Procedures**

### **A. When to File a Claim**

The Administrator is required to submit a Monthly Aggregate Report for each Plan Sponsor electing Aggregate coverage. This report should be submitted to ASG Risk Management, Inc. 15 days following the end of the month being reported. Information should include monthly and year to date claims summaries with employee and dependent headcounts. The report should indicate the appropriate contract dates and type of contracts. If you have your own Aggregate report that summarizes the same information, please feel free to submit your report.

If the Annual Aggregate Deductible is exceeded, an aggregate excess loss claim should be submitted as soon as possible after the end of the contract period.

### **B. How and What to Submit with each Claim**

All aggregate excess loss claims should be submitted to ASG Risk Management, Inc. at the end of the contract year as stated on the Plan Sponsor's Schedule of Insurance. The Yearly Aggregate Report Form can be used to submit the reimbursement request. Be sure to complete and cross-check all claims totals and to list all specific violations reimbursed. These specific reimbursements are to be deducted from the employer's total claims before the aggregate claim can be calculated. If there are other specific violations that have not been submitted to us, please explain in full, indicating the claim amount and why they have not been submitted.

Aggregate Reimbursement request must include the following:

1. Completed Yearly Aggregate Report
2. Eligibility listing which provides date of hire, effective date, type of coverage and dates and types of any changes in coverage. This listing should also show dates of termination and individuals covered under COBRA
3. Monthly and year to date financial statements which show claims paid by the policyholder for the indicated time period. These statements should breakout claims by line of coverage e.g. medical, dental, weekly income, ineligible, etc.

4. Fund account statements for both monthly and year to date periods which would include the following:
  - a. Beginning Loss Fund Balance
  - b. Claims Paid
  - c. Deposits
  - d. Ending Loss Fund Balance
5. Rx invoices, if covered under the aggregate contract
6. Void and refund reports to include any retroactive entries after expiration of the excess loss contract
7. Monthly and year to date claims paid indicating claimant's name, incurred date, charged amount, paid amount and paid date by employee and dependent

**C. Special Handling, Comment & Recommendations**

1. Most aggregate claims will be audited in person by ASG Risk Management, Inc. or by an outside auditing firm. Final review and consideration will be given to the aggregate claim upon completion of this audit. Occasionally an audit will be performed at ASG Risk Management, Inc. in lieu of an on-site audit. All files and records being kept by the Administrator are subject to personal and/or mail audit, by ASG Risk Management, Inc. personnel or their designated representatives during normal office hours.
2. Claims will not be considered for reimbursement for an aggregate claim if they are not properly documented.