

**From:** Nadler Md, James L (Jim) 314  
**Sent:** 07/23/2008 12:14:05 PM  
**To:** Morris, Susan F ESQ B6LPA  
**Subject:** RE: Please forward the 2 options with examples  
**Folder:** KE00000587.msg

**Sensitivity:** Private

Thanks

Let me digest and set up a call - with Mary Ellen

-----Original Message-----

**From:** Morris, Susan F ESQ B6LPA  
**Sent:** Wednesday, July 23, 2008 2:02 PM  
**To:** Nadler Md, James L (Jim) 314  
**Subject:** RE: Please forward the 2 options with examples  
**Sensitivity:** Private

Ok, the options she describes below start with the premise that evidence of fee forgiving has been established. Turning to North Cypress specifically, I agree we have the requisite evidence. However, we need to determine (at some point) what "enough evidence" is and who exactly sits in judgment as to the viability of such evidence because to date I think there has been a difference of opinion as to what constitutes sufficient evidence. I thought we had enough but SIU seems to feel that only a member's word that they benefited from a fee forgiving policy seems to satisfy the SIU. We can put that issue to the side for the moment and look at the options for reducing payment.

I would really like to see these fee-forgiving SOPs referred to below. All I have is an ancient policy (I'll forward separately for your reference) but it would be nice to see the current written business policy for handling these cases (not a summary of the options as expressed by Mary Ellen).

As for the options proposed, we need to have a dialogue about them to weigh the pros and cons of each option but at the end of the day, I don't think paying nothing is a viable option. We need to make a good faith effort to pay the correct amount -- paying nothing just smacks of a lack of genuine effort to determine the proper charges and apply the correct plan benefits.

Also, we need to talk about other steps that would be taken simultaneously or shortly after pending/reducing payment. Communications to members explaining the reduction (see exhibit 1 to 1991 policy I sent earlier). Do we do anything like that and be proactive with members?

Bottom-line: we need a North Cypress specific fee forgiving operational call with the relevant parties to clearly establish agree on the next steps to at least:

1. Document the fee forgiving practices
2. Pend claims
3. Reduce payment
4. Communicate our position to the member/provider

Please set up this call soon.

-----Original Message-----

**From:** Nadler Md, James L (Jim) 314  
**Sent:** Wednesday, July 23, 2008 2:15 PM  
**To:** Morris, Susan F ESQ B6LPA  
**Subject:** FW: Please forward the 2 options with examples  
**Importance:** High  
**Sensitivity:** Private

Lets discuss  
Please comment

-----Original Message-----

**From:** Cisar, Mary Ellen W35IU  
**Sent:** Wednesday, July 23, 2008 1:07 PM  
**To:** Nadler Md, James L (Jim) 314  
**Subject:** RE: Please forward the 2 options with examples

The following information should be reviewed in determining how to instruct our FCOs to process claims from North Cypress.

1) The current SOPs on "fee-forgiving" instruct the FCOs to reduce the covered amount by any applicable deductible and coinsurance on the member's plan. An example given is -  
Plan = Deductible \$100 / Coinsurance 90%  
Charge submitted - (assuming it meets R&C guidelines) = \$500  
We would normally apply \$100 deductible (\$400), then pay at 90%. This would create a final payment of \$360.

For a provider who forgives deductible and coinsurance we would handle as follows:

Charge \$500  
Not covered \$140 (deductible amount plus coinsurance amount)  
Balance - \$360  
Less \$100 deductible  
Apply 90%  
Final payment = \$234  
Savings \$360-234 = \$126

In the event a member has met the out of pocket limit, no reduction is taken off the claim. With the extremely high charges submitted by North Cypress, patients are meeting those limitations and the hospital then collects, from the benefit plan, the full charges.

Therefore, I am currently working with Service Ops to get this SOP changed. I believe the applicable plan coinsurance should be used for a reduction, regardless of the member's personal out of pocket.

Bottom line, these 2 options assume the provider will collect this "reduced" out of pocket.

In the case of North Cypress, we have no indication that the facility collected anything other than \$100 - even that was not done consistently. Therefore, I would recommend we use \$100 to "back into" a covered amount. Here is how it would work -  
\$100 paid by patient

Plan coinsurance for OON = 40% member responsibility  
Covered amount should be \$250, as  $\$250 \times 40\% = \$100$

All hospital bills will be reduced to a covered amount of \$250.

Obviously, this drastic reduction will get the attention of the hospital immediately, and, is the calculation I propose using.

Mary Ellen Cisar  
Manager/SIU  
(860)226-8367

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-----Original Message-----

**From:** Nadler Md, James L (Jim) 314  
**Sent:** Monday, July 21, 2008 5:42 PM  
**To:** Cisar, Mary Ellen W3SIU  
**Subject:** Please forward the 2 options with examples  
**Importance:** High

I have a sales session tomorrow folowed by producer meetings

You were going to show me the process for

1. No payment to N Cypress fee forgiving. Claims flow  
Our expectations regarding the facilities response and risks ( if known)
2. Reduced payment to North Cypress by the full amt of cost share due by member

Can you please include examples

Thank