

Welcome to the new world of dental insurance. The days of being able to contract only with the insurance company directly are gone. With the exception of Delta, every major insurance company now has some sort of shared network agreement for at least a portion of their networks. Some offices may find third parties a good fit, others are being blindsided by them. One area of the country may find superior fee schedules with a third party while direct contracts may come in higher in others and different business models within dentistry vary in how useful or harmful a third party administrator could be.

As the insurance landscape continues to change rapidly, you and your staff must have clarity and predictability with your contracts so that you have control over what you accept. When patients call to ask if you are in-network, your staff must have a

clear “yes or no” answer to give and that is becoming an increasingly challenging, if not impossible, task.

### **What are Third Party Administrators and How Do They Work?**

There are multiple national and regional third-party administrators, repricers, hybrids. Some of the more recognizable national names are DenteMax, Connection Dental and Maverest, with smaller networks like Premier Group and First Dental Health being found in certain parts of the country, but not necessarily all states. A third party administrator is *not* an insurance company. Insurance companies contract with third party admins so that their company is also considered in-network under that third party’s contracts. Dentists also contract with the third party to be

# INSURANCE

by Sandi Hudson

# CHANGES

— BUYER BEWARE (AND BE INFORMED)

— The Potential  
Impact of  
Third Party  
Administrators

participating providers for the companies falling under the third party's "umbrella." This means that a dentist may sign a single contract with a third party administrator and then be a participating provider for dozens of different insurance companies all with that single contract.

If you are seeking extensive PPO participation and the third party rates are higher than you can obtain with a direct contract, you may choose to accept a third party for more broad participation. For offices contracted with most PPOs, the goal is to be in-network with most companies anyway. If a third party provides higher rates, then it's an option that may fit well assuming the third party admin's fee schedules are higher than you could get with a direct, negotiated contract. Participation can make sense if it's being done strategically, but it's important to understand exactly how they work and there are some major downsides.

A direct contract with an insurance company takes priority in terms of what fees your office is paid. This means that if you are contracted directly with a particular company and that same company shows up on the third party administrator list that you are also contracted with, then the direct contract fees are the ones that apply. The third party administrator then picks up companies on its list that you do not already have a direct contract in place with.

Example: To keep it simple, let's say you add "ABC" as a third party admin and they have a list of six companies that fall under their umbrella.

## ABC THIRD PARTY



In this case, let's also say you have a contract with Aetna already in place. By adding "ABC" as a third party administrator, you would then become in-network with the companies listed under their umbrella; but because you already have a contract in place with Aetna, then that direct contract would override the ABC fees. The rates you signed directly with Aetna would still be the fees you would be paid for your Aetna patients, ABC would pay their rates on the other companies listed. Our example shows only six companies, yet you could be getting pulled in with 100 or more with a single third party contract. Confused yet?

## What are the Cons of Third Party Admins?

If an office is fee-for-service or has had lower PPO participation and is adding PPOs, then the addition of a third party admin pulls in massive PPO participation with a single contract. The list of participation on third party administrators is not as clear as the listings may lead you to believe. Be aware that just because a company is listed on a third party administrator list does not mean all patients with that insurance are going to be considered in-network.

Let's use Connection Dental and MetLife just as an example. You may have a MetLife fee schedule that you are unhappy with and a Connection Dental fee schedule that's higher than your MetLife fee schedule. You look at your Connection Dental listing and see that MetLife is on it. The logical assumption would be to question if you can drop your MetLife contract and instead funnel those patients to your higher paying Connection Dental fee schedule instead. What's not clear on third party listings is that *not* all networks with that company are included. In the above example, MetLife's newer PDP+ network is included but not the full PDP network (which you must contract with directly with MetLife to obtain). You wouldn't know that based on the list of participating companies that are being distributed by third party administrators with their contracts. Cigna is listed on the third party administrators listing too but it's Cigna Radius network, not Core, and that difference is not specified. Connection Dental and DenteMax are both clear on their publications that they cannot guarantee that an individual carrier will pick the doctor up. Each carrier makes their own individual decision, so a doctor could sign up for a third party because they want to reach a particular carrier group but find out that the carrier doesn't add them (and doesn't have to). Just because it's on the list doesn't mean you're guaranteed to get them.

Be aware that these third party agreements can now harm your ability to negotiate directly with the insurance companies as well. For example, let's say you are contracted with Cigna and you are also contracted with Connection Dental. Cigna may then limit their increases to you when negotiating new fees because they know if you drop your Cigna contract you'll get picked right back up again by Connection Dental and still be in-network anyway. Whenever possible we prefer to recommend direct contracts for this reason. There are many insurance company reps who are working hard to keep that direct contract option attractive and are as frustrated by what they are seeing with the third party influence as we are. If we can get a good relationship for our clients directly with that insurance company rep and keep that direct contract in place with fee schedules that are as good if not better than the third party has in that area, it's always our preference.

Even more confusing is that many contracts between the insurance companies and the third party administrators are not national and that is not being accurately communicated to dentists. What should be causing a huge uproar with dentists is that there are some agreements where the dentist does not get listed on the insurance company's website and the patient is not even considered in-

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network yet the dentist is being required to give a discount. For example, if your office was contracted with Maverest you'd see on the list that Stratose was included and listed Humana as one of the companies being utilized. But guess what? Humana patients are not considered in-network, the dentist is not on the Humana website and to top it off, some Humana plans have zero out-of-network benefits.

There are many contracts where dentists are giving a discount to an entire network of patients who are not even considered in-network with their benefits and the dentist is getting no marketing benefit back in return. Dentists who understand this are left scratching their heads as to why they would sign up for a contract where they give a write-off with absolutely no benefit to the dentist, yet it's happening on a very broad scale. Even companies that allow an opt-out process with some of the carriers were getting very poor feedback about how it can take months to get pulled out after the request is put in. It's up to dentists to demand some accountability so that the contract is transparent in what is being provided by *both* parties.

### What Needs to Happen and What Do Dentists Need to Demand?

1. Third party administrators need to require the insurance companies who are utilizing them to list on a state-by-state basis which companies will be picked up and exactly which networks are included. In other words, if you are in the state of Washington and sign up with a third party administrator, that administrator should be required to have a list specific to that state that the dentist can print out, hang at the front desk and know *exactly* who is included. If a patient calls your office and says "I have 'X' insurance, do you take it?" your staff should be able to respond with a clear "Yes" or "No" answer, not scratch their heads wondering if the third party picks up all companies in that state and if so, if it's even that patient's particular network. Some third party administrators are publishing a list of companies that are participating that is misleading. If they're going to list MetLife then they need to specify it's PDP+ only. If they're going to list Cigna they need to specify it's Radius network only, not the Core network. Dentists have a right to know exactly what they are signing up for with an accurate listing with any contract they sign, and right now that is not the case.

2. The agreements with the third party administrators need to come with a guarantee that the dentists will also be listed on every insurance company's website as a participating provider. Although many of them are, there are exceptions which means the dentist is giving a PPO discount to the patient with absolutely no marketing benefit being provided by the insurance company. Imagine signing a contract, giving a discount to a new patient and it turns out they couldn't have possibly found your office from being listed as a PPO provider because you're not

even listed on their website. You're getting all the downside of PPO participation without any of the supposed benefit.

3. Third party agreements may or may not be a good fit for a practice but dentists need to base their decision by being able to look at a contract that's being clearly represented and has transparency. There are agreements that benefit the insurance company, the third party and employers but are of absolutely no benefit to the dentist, and that's the part that's not being clearly represented. Insurance companies want to show that they have a huge network of dentists available as they market their policies to employers and third parties are a way to do that, but dentists need to ensure that they are getting marketing benefit back. Some of these agreements are just smoke screens to sell more policies without any benefit to the dentist.

Dentists need to understand that there are now multiple ways to contract for the same patients. You can be paid differently on the exact same production with the exact same patient depending on what contracted rate you agreed to. The days of haphazardly signing up for plans with the assumption that you are simply either in or out of network are gone. This is now a part of practice ownership that needs to be handled strategically and with a clear understanding of knowing exactly what you are getting back out of any contract that is signed. This is even more important if you've been a fee-for-service oriented practice and are looking at adding participation for the first time with new contracts.

If you have questions about a particular contract relationship we strongly recommend you contact the carrier in question directly, as well as any third party administrator and obtain their direct representation of their plan. There are many knowledgeable reps who will take the time to explain their program in detail but dentists must begin asking questions to ensure a contract fits their business model. Approach your contracts remembering that you, as the dentist, need to be the one in control of what you agree to for your practice. Don't get swept away with lower rates and ambiguous contracting that puts someone else's benefit over yours! ■



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### Author's Bio

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