



DENTAL BENEFITS

Exploring the Landscape of Leased PPO Networks

By Srinivasan Varadarajan, Esq.

Most general dentists are aware that a Preferred Provider Organization (PPO) refers to a managed-care program, which relies upon networks of dentists that agree to accept reduced fees for services to patients, in exchange for more patients being steered to in-network dentists.

Employers often contract with either third-party administrators or third-party payers to make subscriptions to PPO plans available for their employees. In most PPO arrangements, third-party payers reimburse dentists for services based upon fee schedules, which, along with copayment provisions, dictate how much of the balance the patient would pay.

Dental PPOs have become increasingly prevalent in recent years. According to the American Dental Association (ADA), dentists participate in approximately six dental plans on average, with PPOs occupying 80 percent of the dental plan market and increasingly emphasizing that plan beneficiaries use in-network dentists.

One way that PPOs increase the value of their dental plans is by gaining access to more networks through network leasing.

Note: For the purpose of simplicity, the term “PPO” is used here to broadly refer to various third-party arrangements, including insurance companies, third-party payers and third-party administrators, which may offer participation in a PPO plan.

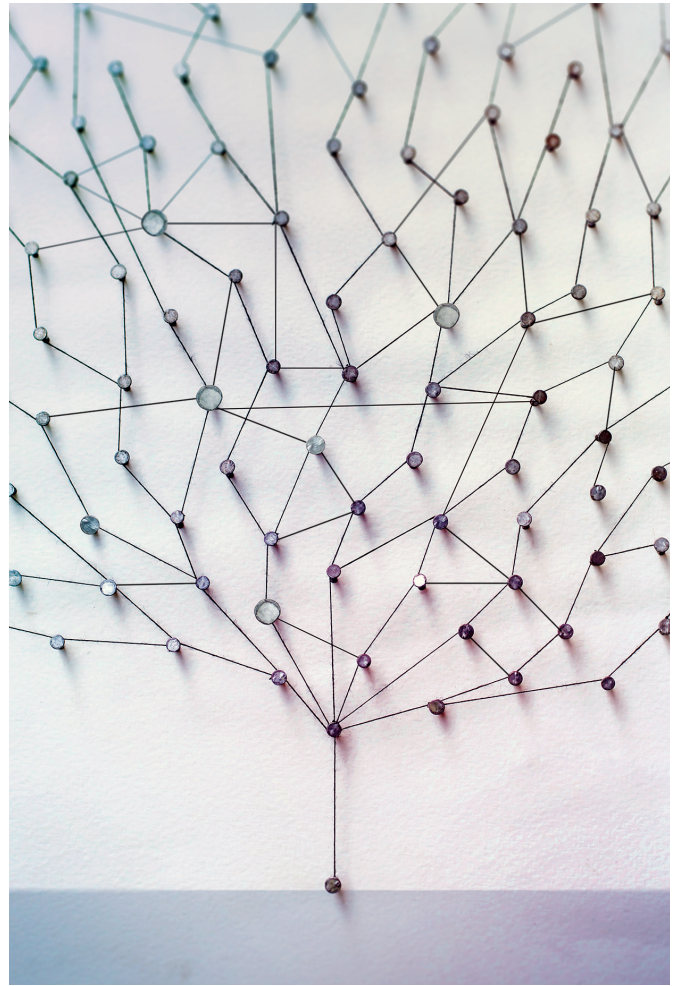
What Is Network Leasing?

Network leasing, sometimes referred to as network sharing, refers to a mechanism by which a PPO shares its network of dentists with other PPOs, such that the first PPO’s in-network dentists must then accept patients as in-network providers of the other PPOs.

General dentists may be participating with numerous PPOs without knowing it.

In some cases, the dentist who has signed a contract with one PPO will discover that he or she is actually in-network with a different PPO only when he or she submits a claim for services and receives an explanation of benefits (EOB) indicating reduction to a contracted fee and restriction against balance-billing the patient.

In today’s market, not only do PPOs lease their own networks to other PPOs, but separate network organizations now exist that lease networks for a living. Some network organizations



own the networks, but do not offer any PPO plans of their own. Network organizations, such as network leasing companies, then lease their networks to multiple PPOs. A dentist who signs a contract with one PPO may inadvertently agree to participate with hundreds of PPO plans from across the nation.

The landscape of leased or shared networks presents both benefits and risks for the practicing general dentist.

Benefits of Leased Networks

Whether a general dentist can leverage network leasing to his or her own business benefit depends largely on the terms of the contract he or she signs. More specifically, it depends on whether the dentist’s PPO participation contract requires all other PPOs that access its network to then comply with the provisions of the signed contract, including the fee schedule. Usually, this is the case. However, it is important to read your PPO contract to understand whether your contract includes language that its provisions shall remain effective and controlling in the event that the network is leased or shared.

If a general dentist is presented with multiple PPO contracts with network leasing provisions but with different fee schedules, network leasing provides the general dentist with

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the opportunity to sign the contract with the most beneficial terms and indirectly access the patients of the other PPOs through the shared network. In this way, leased networks may provide general dentists with the opportunity to have the benefit of a more lucrative fee schedule indirectly via network leasing than by directly contracting with the other PPOs.

Risks of Leased Networks

While indirect participation with PPOs through leased networks can provide general dentists with better fees than direct contracts with those PPOs, this is not a benefit if the general dentist had not wished to participate with those PPOs. While participation with leased network PPOs may bring in more patients, it also limits reimbursement and balance-billing.

However, there may also be other risks associated with some leased network schemes. Three notable schemes are cherry-picking, silent PPOs and stacking. All three schemes generally apply when a dentist has signed multiple PPO contracts.

Cherry-picking occurs when the dentist has signed contracts to participate directly with multiple PPOs. When multiple PPOs use the same leased network, the lowest fee schedule among all the directly contracted PPOs may sometimes be applied to all the PPOs with which the dentist directly participates.

Meanwhile, a *silent PPO* is a rental network scheme in which a company scans all of a dentist's participation contracts to find the lowest fee schedule and then leases out that network to bind dentists to the lowest fee possible for services provided to his or her patients. A silent PPO does not expend resources to steer patients to the dentist as in-network for the additional PPOs but still procures rental fees while reducing the reimbursement to the dentist, thus avoiding any financial responsibility for the silent PPO. Laws in 14 states currently prohibit or limit this scheme.

Lastly, *stacking* is the practice of payers using multiple networks to bind dentists to the lowest fee amongst them.

What Can General Dentists Do?

The fundamental principle of participating with a PPO as an in-network dentist is the acceptance of lower fees in exchange for the steerage of additional patients to the practice. More broadly, a contract is a bargained-for exchange. Some leased benefit schemes violate this principle.

So, what can you do? Read your PPO participation agreement before you sign it. Leased network provisions are identifiable by statements such as, "From time to time, company X may lease (or share or rent or market) its network with other companies." Language such as "the terms and intents of the Participation Agreement, including the fee schedule, shall remain effective and control all dental services provided through leasing PPOs" may indicate that the contracted fee-schedule will apply to all PPO plans using the leased network.

Additionally, your contract may have provisions that require the PPO to provide notice identifying companies to which the network is leased. Your contract may also have terms requiring the patient's identification card to indicate that the patient's plan uses your PPO network, so that you can make a decision about accepting the patient *before* providing services or submitting claims.

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