HCBD Acronyms

Acronym	Term	Definition
ACA	Affordable Care Act	Federal Legislation setting forth requirements related to health care/insurance.
Capitated Benefit		The State of Montana plan does not assume the risk, but pays a flat fee to an insurer to carry the risk and provide the services. Specifically, the State of Montana Plan paid CIGNA a flat fee for behavioral health. CIGNA assumed all financial risk, paying the claims, administer benefits and providing Lifestyle Management (a wellness program).
CLR	Claims Loss Ratio	Claims Expense divided by Contributions received to pay claims. At 100%, we have received enough contributions to cover expenses. At rates above this, we are in a loss position as our claims expenses are higher than the funds received to pay those claims.
EAP	Employee Assistance Program	A program offering employee programs for behavioral health, financial education, etc.
EPO	Exclusive Provider Organization	A specific contract with a provider outside of the Preferred Provider Organization that gives a negotiated price for specific employer plan. We have called this a "designated contract" also.
IBNR	Incurred but Not Reported	Estimate of medical claims that have incurred, but the claims have not been submitted for payment yet. The estimate is developed by an actuary.
Medicare Plus or Reference Based Pricing	Contracts with Providers that set provider payment at current Medicare reimbursement rates plus a percentage. This is an example of Reference Based Pricing, as the price we pay is based on a reference (Medicare Pricing)	Contracts in place through CareHere reimburse the lab/radiology provider at a rate that is 20% to 25% higher than Medicare Reimbursement rates. These rates are much lower than current provider rates under the Medical Plan.
PEPM	Per Employee Per Month	A pricing arrangement used to pay some vendors. Each month the amount paid is calculated by multiplying our current employee count by a fixed rate.
PMPM	Per Member Per Month	A pricing arrangement used to pay some vendors. This rate uses the total participants in a plan (Employees, Dependents, Spouses, and Domestic Partners) multiplied by a fixed rate.
PPO	Preferred Provider Organization	The provider (doctor or facility) agrees to accept a negotiated reimbursement amount, allowing the plan to pay a lower amount for a service with a hold harmless agreement for the provider to not balance bill any amount over the negotiated rate to the plan or the member.

RBC	Risk Based Capital	Actuary model developed by National Association of Insurance Commissioners to measure the risk of a company that sells fully insured health policies. 5 types of risks are measured (Affiliates, Other, Claims experience, Credit Risk, Business Risk). A total is calculated and measured against a scale. If a company reaches a score as low as 300%, regulatory action process begins. This does NOT apply to self-funded plans.
TPA	Third Party Administrator	A third party hired to administer claims payments. They carry no insurance risk, and their role is to manage claims. For the State of Montana, CIGNA is our current third party administrator for medical claims.
	Large Claim Expense	Claims in excess of $50,000 – sometimes other thresholds are applied, such as $100,000 so we need to always clarify our definition when presenting.
	Plan Changes	Any changes to our State Of Montana Health Plan Document, which governs the allowed benefits that are covered and the payment methodology.
	Reinsurance	A plan may choose to cede some risk to another insurer. • SPEC is Specific Reinsurance and pertains to single claims. If you purchase SPEC coverage for $120,000 limits, you will have reimbursement from the ceded insurer on claims exceeding $120,000. • AGG is Aggregate Reinsurance and pertains to the total claims cost. When total claims cost exceed the specified amount, reimbursement occurs.
	Specialty Medications	Medications that treat rare and chronic diseases, requiring clinical care management. They are more expensive, usually more than $600 per dosage. They are available from a small number of pharmacies and may require special handling. "Infusion Drugs" are a type of Specialty Medication that are administered intravenously.
	Utilization	The number of patients or the number of claims. Total Costs = Utilization times Unit Cost. So we look at both components. Did total costs increase due to more patient visits, increased unit rate, or both?