

For Immediate Release

IROs Help Cut Health Plan Costs during the Recession

Evidence-based, Unbiased Determinations Use Latest Clinical Information

Lansdale, Penn. — May 12, 2009 — Health care spending today equals 17 percent of the U.S. gross domestic product (GDP). By 2017, experts project it will equal 20 percent. Most politicians and healthcare experts agree the current system is burdened by inefficiencies, inflated prices, poor management and waste that increases medical care and health insurance cost. Independent review organizations (IROs) provide a simple and immediate solution to decrease costs while delivering the right standard of care to plan enrollees says NAIRO, a trade organization of IROs.

“IROs are a smart way to help reduce costs in today’s healthcare system,” said Joyce Muller, president of NAIRO. “Using an evidence-based approach, they can help health plans determine the appropriateness of treatments, often saving them money in the short- and long-term.”

Medical Necessity Decision-making

According to Muller, IROs can provide a broader range of credentialed, licensed and actively practicing specialists focused on medical niches than health plan providers or payers can afford to employ. Access to narrowly focused specialties helps plan providers and administrators tap the specific expertise needed for the decision making process.

Using unbiased and evidence-based determinations, IROs help health plans decrease the likelihood and cost of appeals and litigation. At the same time, they ensure plan enrollees gain coverage they deserve for complex or controversial cases, such as multiple organ transplants or medically necessary surgery.

IROs can also aid health plans with reviews of medical treatments that may be unnecessary or considered experimental. Treatments falling into these categories can increase health plan costs.

Outsourcing complex cases or appeals to an accredited IROs provides health plans with evidence-based determinations from medical specialists with up to date knowledge that help ensure plans make correct coverage decisions. In addition, evidence-based decisions assist health-plan members' understanding of the reasons for a coverage denial or approval.

“Spending money with an IRO to determine complex and controversial issues is simple way to reduce health costs during a recession,” said Muller. “Recent research has shown that for each dollar spent on an IRO, a healthcare plan can save up to \$15. It’s sound business and creates member goodwill to pay claims correctly and on time, while avoiding a costly appeal or legal actions.

About NAIRO

NAIRO works to promote the value and integrity of the independent medical review. Its members embrace an independent, evidence-based approach to medical review for resolving coverage disputes between enrollees and their health plans. For more information, visit www.nairo.org.

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