

AdventHealth sues MultiPlan, alleging a 'cartel' that underpays out-of-network medical claims



By [Bob Herman](#) Aug. 10, 2023



AdventHealth alleges in a new lawsuit that MultiPlan conspires with health insurers to keep out-of-network payments low. ADOBE

AdventHealth, a large religious-affiliated hospital system, has sued MultiPlan, alleging the company has worked with health insurers to create a “cartel” that systematically underpays hospitals and doctors for care that is delivered out of an insurance company’s network.

AdventHealth claims it has “overwhelming direct evidence” that MultiPlan’s agreements with health insurance companies are anticompetitive, and that MultiPlan’s “multi-year, ongoing conspiracy” with insurers has shortchanged hospitals and doctors at least \$19 billion per year. MultiPlan said in a statement it “believes this lawsuit has no merit and looks forward to disproving these baseless allegations.”

The lawsuit pours fresh gasoline on the [fraught relationships](#) between hospitals and insurance companies. It also adds to the [ongoing debate](#) about how much providers should be paid if they don’t agree to be part of an insurance network.

The negotiation game between providers and health insurers is relatively straightforward: Hospitals and doctors offer discounts on their prices to insurers, and in exchange, insurers include those providers in their networks. As a result, more patients are funneled to those providers because they are in-network and come with lower out-of-pocket costs.

The lawsuit claims all of the largest health insurance companies work with MultiPlan — CVS Health’s Aetna, Elevance Health, Centene, Cigna, Humana, UnitedHealth Group, and numerous Blue Cross Blue Shield insurers such as Health Care Service Corp. They contract with MultiPlan for two main reasons. Insurers pay MultiPlan a fee to rent MultiPlan’s networks of hospitals and doctors and piggyback off the payment rates MultiPlan has negotiated. They also use MultiPlan’s technology, based on algorithms, to help price medical claims for care that patients receive at out-of-network providers.

If a patient goes to an out-of-network doctor or hospital, that provider sends a medical claim to the patient’s insurance company. That insurer then sends the claim to MultiPlan, which uses a “repricing algorithm” to determine how much the insurer will pay on an out-of-network basis.

“Reprice’ is a euphemism,” AdventHealth said in the [lawsuit](#), which was filed in the U.S. District Court for the Southern District of New York. “What these products really do — and what they are designed to do — is calculate a reimbursement amount for out-of-network health care services that is far less than the insurance company would otherwise pay, and far less than the health care provider’s claim for reimbursement.”

Hospitals can still attempt to negotiate with MultiPlan if they think the offer is too low. But AdventHealth alleged MultiPlan's offers are "take-it-or-leave-it," and if providers accept MultiPlan's out-of-network payment, they can't balance bill patients or attempt to recoup any other charges from any other payers.

However, as [numerous reports](#) have shown, hospitals have chased patients to pay the balance of their bills.

Insurers could reprice their out-of-network claims on their own by using other outside firms. The nonprofit firm FAIR Health was created out of a [2009 settlement](#) between New York and UnitedHealth for this specific purpose. New York investigated a subsidiary owned by UnitedHealth and found the subsidiary had "intentionally skewed" the "usual and customary rates" for out-of-network care downward, creating a conflict of interest.

But Advent alleged MultiPlan and its insurance company clients are working together to lower out-of-network rates "rather than compete against each other and make independent decisions," according to the lawsuit.

MultiPlan makes money by retaining a fee of the "savings" — usually 5-7%. For example, if a hospital charged \$10,000 and MultiPlan decided to pay \$1,000, MultiPlan would get to keep upwards of \$630 for that claim (7% of the \$9,000 in "savings"). As a result, MultiPlan is "incentivized to recommend the lowest reimbursement price possible, since it increases the fee MultiPlan charges to its competing insurance companies," the lawsuit said.

What AdventHealth leaves out of its lawsuit is that [hospital and physician billed charges](#) — their so-called chargemaster or list prices — have no connection to what the care costs or the quality of care. AdventHealth also cited testimony from a UnitedHealth executive who said MultiPlan's repricing formula "capped out-of-network payments at 350% of Medicare rates" — an amount that likely would still generate hefty profits for hospitals and doctors.

AdventHealth said it does not comment on pending litigation, and therefore did not respond to questions about why AdventHealth stays out-of-network with some insurance carriers, how in-network payments compare to out-of-network, and whether AdventHealth believes it should be paid full charges on out-of-network claims.

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