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Cross-Plan Offsetting in ERISA Health Plans, by Henry Norwood, Esq., published by The American Bar Association, 10-2023

The push-and-pull between health providers seeking compensation for their services and health payers seeking fair pricing for member care has led to inventive methods of billing claims and recovering payments mistakenly paid. Cross-plan offsetting is a practice of recovering an overpayment made to a provider for a patient covered by a health plan by underpaying the same provider for services rendered to a separate patient covered by a separate health plan.

For example, assume Patient A is covered by a health insurance policy issued by Insurer. Patient A receives health services from Doctor and the claim is submitted to Insurer. Insurer pays Doctor $300 for the services, but afterward realizes it should have only paid Doctor $200 under its interpretation of Patient As health plan. Insurer requests the $100 difference from Doctor. Doctor disagrees with Insurer, believing payment was proper, and retains the full $300. From its perspective, Insurer has... *.Subscribers may read full article at link below.*

Conclusion

Cross-plan offsetting is a tool that insurers may find beneficial to recover overpayments without the need to initiate litigation. Following the analyses provided by the few courts to consider cross-plan offsetting can help payers, providers, and plan members understand whether the practice will be permitted or prohibited.

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