Topics

1. Payer approach to reducing out-of-network reimbursements
2. Collect Rx expertise
3. The myths regarding out-of-network reimbursements
Payor Approach
Good Old Days

98% - 100% of billed charges
Today
25% - 60% of billed charges
Payor Strategies to Reduce Out-of-Network Reimbursements

Professional Negotiation

Cost-to-Charge Re-Pricing
Over 100 companies are helping payors reduce out-of-network payments to providers.

*$5 billion per year in reduced provider revenues for out-of-network bills.*

*“Maximizing Savings from Non-Network Exposure”, Karl Huff, AHIP Coverage, July/Aug 2005.*
Payors Seek After-the-Fact Discounts
These outside experts reduce payments to providers for OON cases in multiple ways.
Hidden Payor Schemes

- Procedural changes to choose *lowest payment level*

- Policy language changes to *reduce allowable / R&C amounts*

- Leverage of *direct payment to patient*
How Payors Decrease Your Revenue

Complex computer algorithms determine which tactic yields the lowest payment:

- Cost-to-Charge Re-pricing
- Professional Negotiation
How Payors Decrease Your Revenue

They hire former:

- Provider organization CFOs & Directors of Patient Accounts
- Physicians & physician practice administrators
- Presidents & VP’s of home care companies
- Managers of outpatient surgicenters
How Payors Decrease Your Revenue

Database tracks every past negotiation:

- Who on your staff has authority to grant various levels of discount
- Who gives the largest discounts and who to avoid
- How large a bill needs to be before they contact the CFO or Administrator
Expertise
A Growing Company to Serve You

- Sole focus – helping providers maximize reimbursements on out-of-network bills
- Started in 2006
- More than 700 customers nation-wide
- Customers include many of the largest ASC management companies, free-standing ASCs, physician-owned hospitals, large health systems, and provider groups
Out-of-Network Experts

Don Greenberg, M.D., M.B.A.
Founder & Chairman
- M.D. – Univ. of Pennsylvania School of Medicine
- M.B.A. – The Wharton School, Univ. of Pennsylvania
- Launched the out-of-network (OON) negotiation industry in 1991
- Trained and supervised over 200 negotiators for Concentra / Viant

John Bartos, J.D.
Chief Executive Officer
- A.B. – Princeton University; J.D. – American University Wash College of Law
- Executive leadership positions in companies providing products and services for payors, hospitals, and providers
- Litigator, K&L Gates (formerly Kirkpatrick & Lockhart)

Sonny Bloom, M.B.A.
President
- M.B.A. – Harvard Business School
- Developed, implemented and managed out-of-network (OON) negotiation services at Concentra / Viant and About Health, Inc.
- Provided industry-leading results for OON negotiations for 10+ years
How Does Collect Rx Do It???

Out of Network Claim

CRXIS™ Business Intelligence Engine

Unparalleled Expertise

Maximum Result
CRXIS™ Business Intelligence Engine

- Analyzes thousands of insurance policies
- Aggregates data from hundreds of customers
- Identifies “holes” in payor data
- Profiles payors and vendors
- Suggests “best case” results
Out-of-Network Reimbursements – Common Myths
Common Myths

“The days of out-of-network are over.”
Growth in PPO Enrollment

% of Employees in PPOs

- 1993: 26%
- 1998: 35%
- 2002: 52%
- 2010: 71%

Source: Kaiser Family Foundation Employer Health Benefits 2010 Annual Survey
Common Myths

“The days of out-of-network are over.”

“Being 100% in-network maximizes reimbursements.”
Common Myths

Compare in-network to out-of-network reimbursement levels for common procedures.

\[
\text{Number of cases} \times \text{Average Reimbursement Levels} = \text{Total Reimbursement}
\]
Common Myths

“The days of out-of-network are over.”

“Being 100% in-network maximizes reimbursements.”

“We’ve got it covered.”
We’ve got it covered

- We are doing fine.
- My billing company is handling it.
- I’ve entered into third party rental agreements with the negotiation companies (Silent PPOs).
- I’ve entered into continuous discount agreements with the negotiation companies.
- I’ve established a set policy of never accepting anything below a 5% discount.
“We are doing fine.”

- Resource allocation
- Expertise
- Assignment of benefits
- Documenting all calls
- Recording reference numbers
EOB Examples:

“Payments of benefits has been made in accordance with the terms of the managed care system”

“Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement

Electronic vs. Long Form EOBs
Out-of-Network Analysis

- Run report of out-of-network activity
- Eligible bills – up to one year
- Identify bills ideal to appeal
- Gather paperwork
- Impactful results
“We are doing fine.”

CRXI Select™ Results

Time Period – 3 months

Cases – 71

Billed Charges - $914,555

Initial Payments - $186,643

Additional Payments - $207,092
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Third Party Rental Network Agreements (Silent PPO)

- Reimbursement levels & multiple procedure reductions
- No patient steerage
- Which payers have the right to access
- Notice requirements
- Payers apply in-network discounts / out-of-network benefits.
We’ve got it covered

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What is a continuous discount agreement?

- When signing a single case rate agreement, there’s a box where the provider can indicate they’re willing to accept that level of payment going forward.

Many providers don’t even know they’ve entered into these agreements.

Often at low discount levels.
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Processing An Out-of-Network Claim

Provider Generates Out-of-Network Bill

Insurance Company

Vendor for Insurance Company

U&C Re-pricing

Negotiation Prior to Payment
Common Myths

• “The days of out-of-network are over.”

• “Being 100% in-network maximizes reimbursements.”

• “We’ve got it covered.”

• “I don’t have many out-of-network patients so it’s not worth my time.”
<table>
<thead>
<tr>
<th>Net Revenue from OON Bills</th>
<th>Increase in Allowable Amount</th>
<th>Increase in Reimbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5 Million</td>
<td>15%</td>
<td>33%</td>
</tr>
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How much will reimbursements increase?
Common Myths

“The days of out-of-network are over.”

“Being 100% in-network maximizes reimbursements.”

“We’ve got it covered.”

“I don’t have many out-of-network patients so it’s not worth my time.”

“Outsourcing doesn’t make sense.”
Outsourcing – Questions to Ask

- Do I have the expertise?
- Do I have the resources?
- Do I have the data?
- How does the outsourced vendor charge for their services? Upfront costs? On-going minimums?
- At the end of the day, does it make financial sense?
Wrap Up

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