The Hidden Opportunity to Significantly Increase Profits: Maximizing Out-of-Network Reimbursements

CollectRx
The Out-of-Network Experts
Collect Rx Expertise
Out-of-Network Experts

• Sole focus – helping providers maximize reimbursements on out-of-network bills

• Started in 2006

• More than 1,000 customers nation-wide

• Customers include health systems, teaching hospitals, community hospitals, surgical hospitals, surgery centers, and physicians
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
- Former 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
CRXIS™ Business Intelligence Engine

- Analyzes thousands of insurance policies
- Aggregates data from hundreds of customers
- Identifies “holes” in insurance company data
- Profiles insurance companies and vendors
- Suggests “best case” results
How does Collect Rx do it???
Why out-of-network matters to hospitals
Current Hospital Environment

- Little opportunity to increase reimbursement rates on managed care contracts
- No opportunity to increase reimbursements rates on Medicare or Medicaid cases
- Paying back Medicare reimbursements due to readmission rates
- Thin margins
The Out-of-Network Opportunity

- Annually $60B in OON claims
- Continued growth in PPO enrollment
- ACA will lead to more OON patients
- People want insurance policies with OON benefits
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The Out-of-Network Opportunity

Growth in PPO Enrollment

% of Employees in PPOs

- 27% in 1988
- 42% in 1996
- 66% in 2013

Source: Kaiser Family Foundation Employer Health Benefits 2014 Annual Survey
The Out-of-Network Opportunity

- Annually $60B in OON claims
- Continued growth in PPO enrollment
- ACA will lead to more OON patients
- People want insurance policies with OON benefits
Why the ACA will result in an increase in OON patients?

- Increased number of insureds
- Acceleration of narrow networks
Narrow networks are health insurance plans that place limits on providers available to their insureds.

ACA has resulted in an acceleration of narrow networks.
The Out-of-Network Opportunity

- Annually $60B in OON claims
- Continued growth in PPO enrollment
- ACA will lead to more OON patients
- People want insurance policies with OON benefits
## The Out-of-Network Opportunity

<table>
<thead>
<tr>
<th>Net Revenue *</th>
<th>% of OON Bills</th>
<th>Increase in Allowable Amount</th>
<th>Increase in Reimbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>$400 Million</td>
<td>X 2%</td>
<td>X 25%</td>
<td>$2,000,000</td>
</tr>
</tbody>
</table>

*Typical 400 Bed Hospital

*Increase operating profit margins by 25%*
How to Maximize Out-of-Network Reimbursements
Good Old Days

98% - 100% of billed charges
Today

20% - 50% of billed charges
Strategies payors use to reduce OON payments

1. Pre-Payment Negotiations
2. Post-Payment Re-Pricing
3. Third Party Rental Network Contracts (Silent PPOs)
Insurance Company Strategies...

...to Reduce OON Payments

Insurance Company Strategy #1 - Negotiations

- Faxed settlement proposals

Collect Rx Service – Negotiation (Pre-Payment)

- 90-100% of billed charges on 8 out of 10 cases
Insurance Company Strategy: Negotiations

**Multiplan**
New Fee Negotiation Service Helps You *Avoid Paying Retail.*

**Coalition America**
Discounting Those Pesky Out-of-Network Claims!

**Concentra - (Viant)**
Last year alone Concentra (CPS) clients improved their bottom lines by $600 million.

**Multiplan**
Discounting Out-of-Network Medical Claims – *If You’re Not, You’re Losing Money!*
Insurance Company Strategy: Negotiations

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 Director of Patient Accounts
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.*

Provider Generates Out-of-Network Bill

Insurance Company

Vendor for Insurance Company

Processing an Out-of-Network Claim

U&C Re-pricing

Negotiation Prior to Payment
How Does Collect Rx Do It???

Out-of-Network Bill

CRXIS™ Business Intelligence Engine

Apply Expertise

$
Collect Rx Service: Negotiation (Pre-Payment)

- Fax referral form, bill and written proposal
- Training takes 20 minutes
- No IT infrastructure or software required
- Results in 1-3 business days
Insurance Company Strategies ... 

... to Reduce OON Payments

Insuronce Company Strategy #2 – Re-pricing

- Insurance company sends a significantly reduced payment a hospital is not paid at all because the bill is denied or unreasonably delayed

Collect Rx Service – Appeal (Post-Payment)

- 50 to 100% increase in payment in majority of cases
Insurance Company Strategy: Re-Pricing

- Resource allocation
- Expertise
Insurance Company Strategy: Re-Pricing

- Resource allocation
  - Dedicated resources
  - Data
  - Appeal process
  - Audit
- Expertise
Insurance Company Strategy: Re-Pricing

Appeal Process

- Docs
- Payor Verification
- Strategy
- Payor Engagement
- Settlement & Follow-up
Insight: CRXI Select™ Revenue Recovery Service

- Identify accounts with potentially recoverable underpayments
- Minimal staff effort
- Recovered revenue flows to bottom-line
What is the CRXISSelect™ audit process?

- Starts by **running a report** of out-of-network activity for the past year.

- Collect Rx **analyzes the cases** using its proprietary CRXIS™ business intelligence engine and expertise to identify the bills to appeal.

- Collect Rx uses its **proprietary appeals processes** to obtain additional payments from the insurance companies.
Aetna (in-network with other insurance companies)

Cases appealed: 72

Successful cases: 31

Results of successful cases:

<table>
<thead>
<tr>
<th>Billed Charges</th>
<th>Initial Payments</th>
<th>CRX Additional Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$743,913</td>
<td>$149,344</td>
<td>$249,697</td>
</tr>
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</table>
TX-Based Medical Center

Aetna, Cigna, UHC

Cases appealed: 257

Successful cases: 140

Results of successful cases:

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<td>$1,295,744</td>
<td>$518,866</td>
<td>$220,934</td>
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Insurance Company Strategy: Re-Pricing

- Resource allocation
- **Expertise**
  - Reviewing EOBs
  - 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”
Expertise – Assignment of Benefits

(1) Assigns the provider all rights under the insurance policy (including the right to appeal and the right to receive relevant documentation)

(2) Refers to the provider as the patient's authorized representative

(3) References ERISA and a full and fair review of claims
Insurance Company Strategy: Re-Pricing

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Collect Rx Provides Two OON Services to Meet Your Needs

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<th>CRX Service: Negotiation (Pre-Payment)</th>
<th>CRX Service: Appeal (Post-Payment)</th>
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<tr>
<td>When you receive a negotiation / discount proposal (through vendors like Multiplan or Viant) prior to payment</td>
<td>When you receive a re-priced OON bill (under-payment), denial or unreasonable delay in payment</td>
</tr>
<tr>
<td>Success-based fee structure</td>
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<tr>
<td>Ease of training; no software or IT infrastructure; minimal workflow impact</td>
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<td>Cases take 1-3 business days</td>
<td>Cases take 1 to 6 months</td>
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What is a third party rental network agreement / silent PPO?
Insurance Company Strategy: Third Party Rental Networks

Who is the customer?

Patient – NO
Provider – NO
Insurance Company - YES
Insurance Company Strategy: Third Party Rental Networks

Key Issues

- Reimbursement levels
- Reimbursements based on allowed or billed charges
- Which payers have the right to access
- No logo requirements
- No notice requirements
- No provider directories
Key Issues (cont.)

- Multiple procedure reductions and other edits

- Incorporates provider handbooks

- Payers apply in-network discounts / out-of-network benefits

- Termination – “evergreen” clauses with 180 days notice
Key Issues (cont.)

- Not required to use
- Insurance companies access even when terminated
- No patient steerage
- Don’t know they’ve been entered
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 reimbursement going forward.

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

Oftentimes at low amounts.
Maximizing OON Reimbursements

A word about outsourcing
Maximizing OON Reimbursements

- Do they have the expertise, data, and resources?
- Are fees success-based?
- Is there an upfront cost?
- Is software required?
- Are there minimums?
- Can you cancel at any time?
Maximizing OON Reimbursements

- Save time
- Reduce risk of patient bad debt
- Payment directly to provider
- Maximize revenue from the “deep pockets”
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