AMPS
Healthcare Cost Management

AGENDA

Introduction (5 minutes)
- Today's Presenters
- Advanced Medical Pricing Solutions

THE PROBLEM

Healthcare System (10 minutes)
- The Problem
- The Process Issue

THE SOLUTION

AMPS Process (15 minutes)
- 16 Year History
- Medical Bill Review (MBR)
- Sample Claims
- AMPS Results

POTENTIAL ROAD BLOCKS

AMPS Legal Support and Advocacy (10 minutes)
- Hospital Appeals – Your Right to Audit
- Member Impact
- Network Impact

GETTING STARTED

ERS Financial Impact (5 minutes)
- Proof of Concept

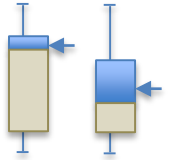
AMPS

16 Years – Cost Management

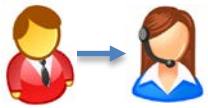
- **Medical Bill Review** (+1,600 groups)
- **Reference Based Reimbursement** (+975 groups)
- **Out of Network** (average 73% discount in Texas)
- **Care Connex** (+1.7m Providers)
- Physician-led, Technology Driven
- Largest Group: 182,000 Employees
- # of Hospitals

- Multiple F500 Clients
- 500k claims processed in last 12 months

Medical Bill Review

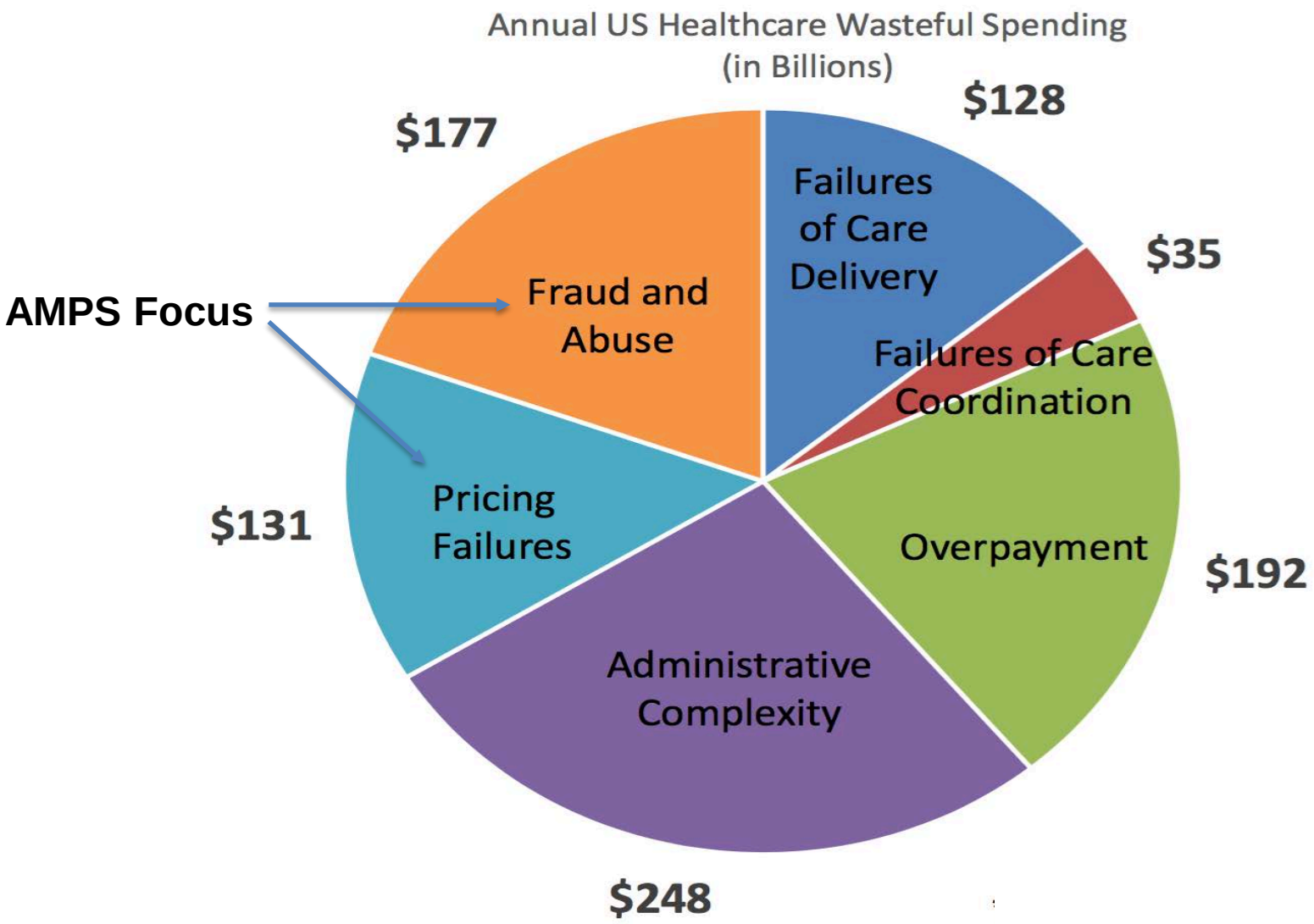


Reference Based Pricing



Care Connex

Work Comp Specialty Review



*Journal of American Medicine

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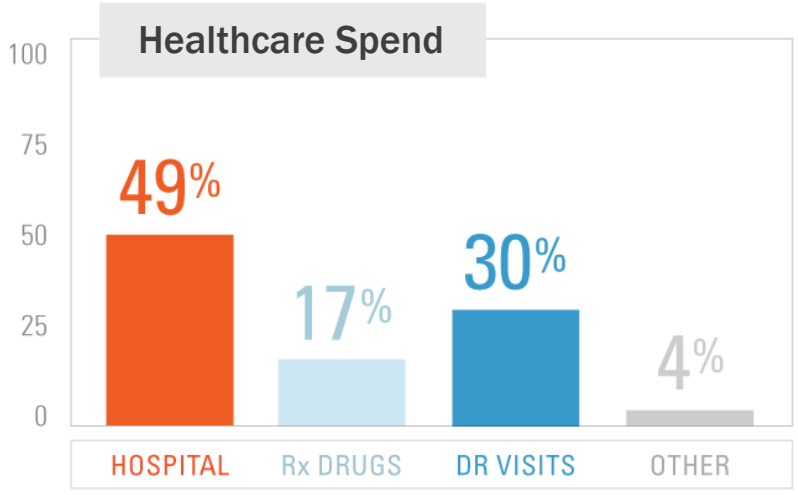
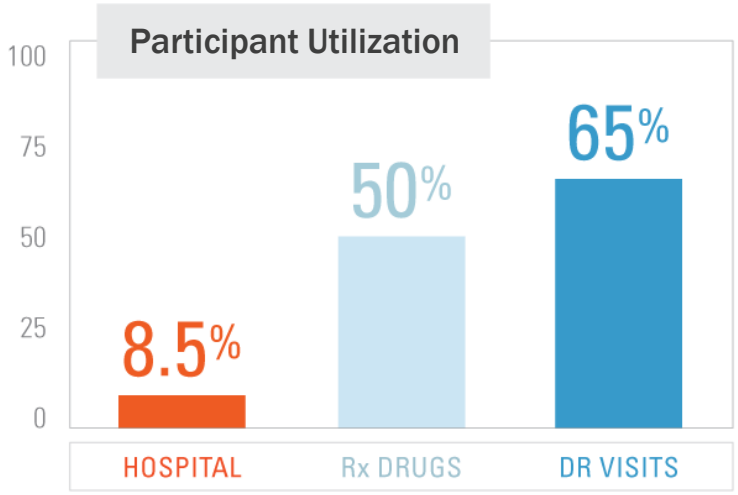
Costs Concentrated In Hospital Use



For average Medical Plans, hospital claims account for **nearly half** of its total annual healthcare costs...



...yet are used by **only 8.5%** of its participants

Source: Spend: PwC; Utilization: Annual Survey of 103 TPAs by McLellan Consulting Services

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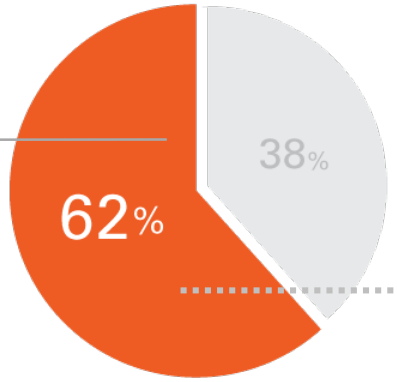
Costs Concentrated in Claims >$20k

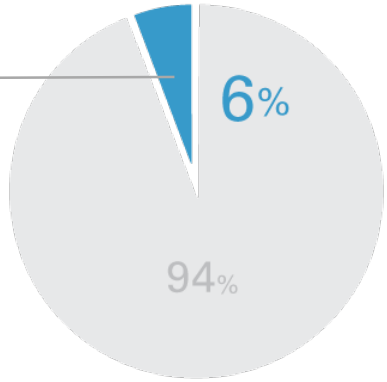
62.6%

of total hospital spend comes from claims >$20,000, yet this cost comes from only



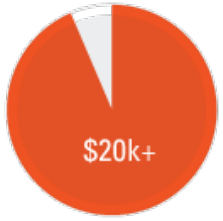
6.3%

of total hospital claims filed.

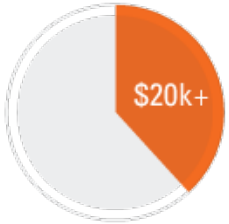


A CLOSER LOOK

Category Spend % Over $20,000



92.4% INPATIENT

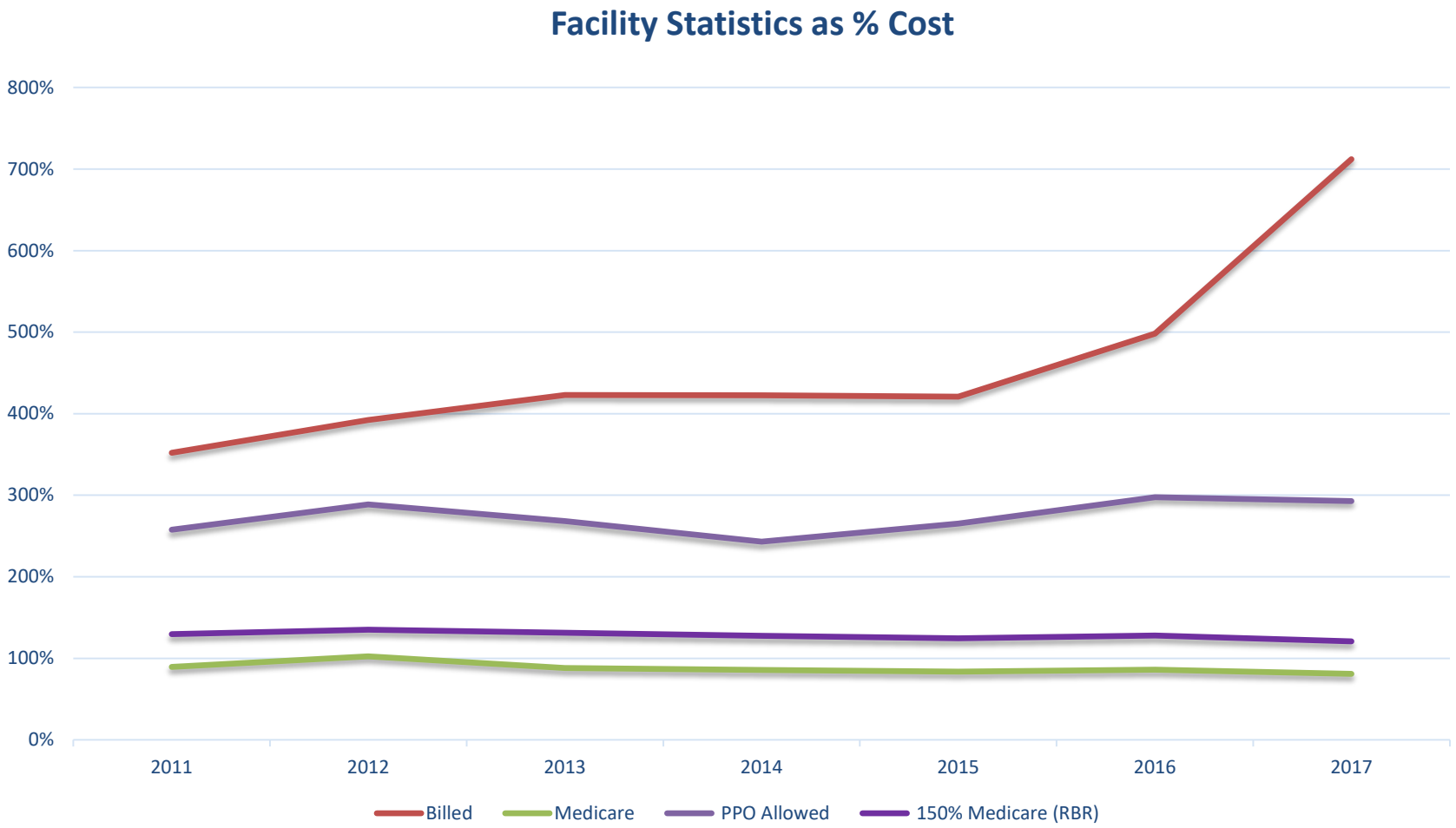


38.7% OUTPATIENT

38.7% AMBULATORY

Source: AMPS 2018 Internal Data

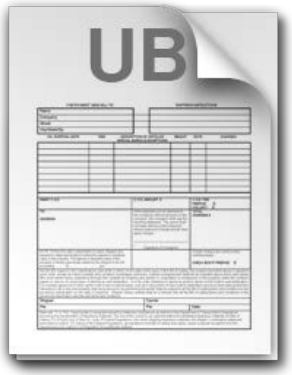
Hospital Costs Flat, Charges Billed Increasing



Source: AMPS MBR Database (1,600 Hospital 100,150 Claims)

The Process Problem

Hospital Document Issue



Universal Bill

- Summary charges
- 1-3 pages
- Generally utilized for immediate payment

Itemized Bill

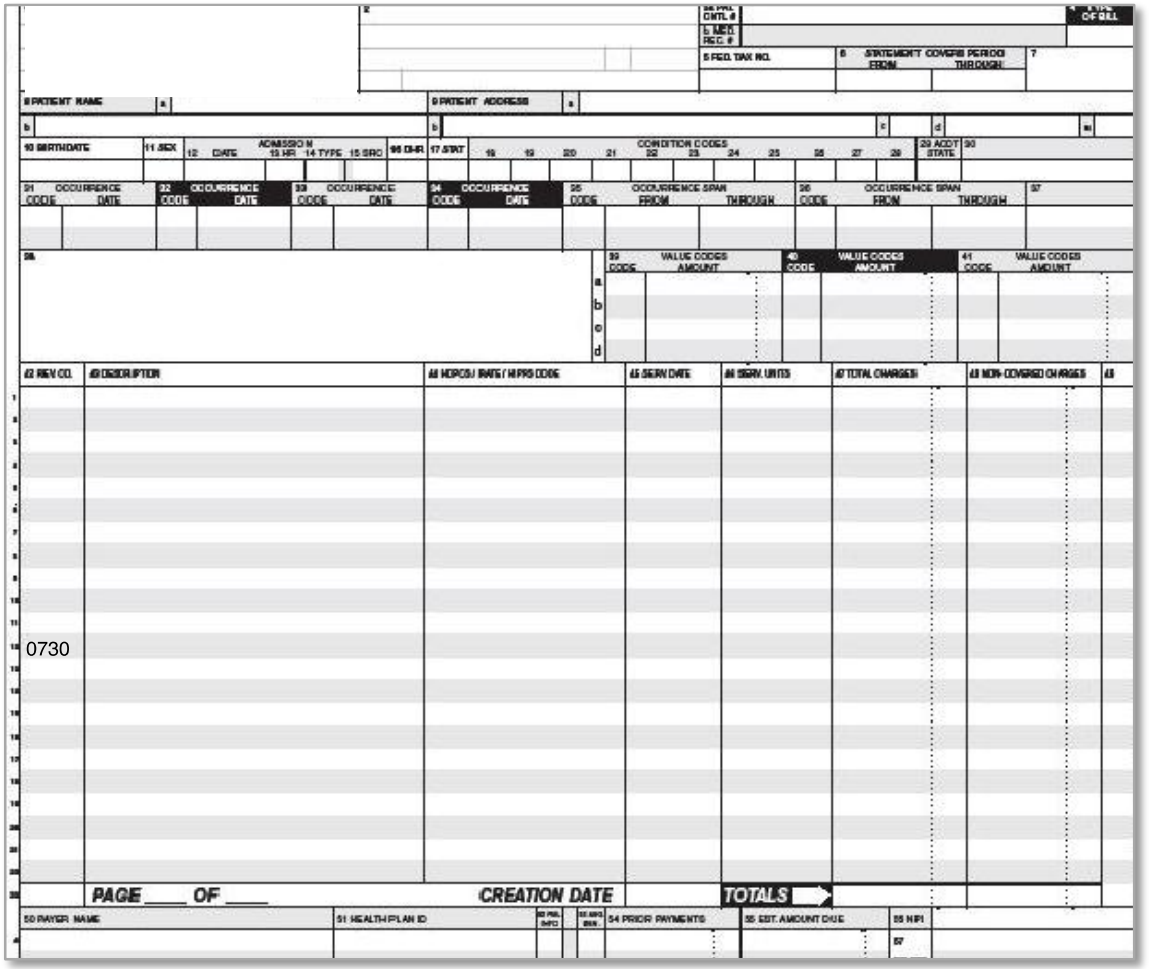
- Complete description of charges
- Varies in length

Medical Chart

- Complete Records
- Combination of physician/nurse notes, and test results
- Often 500+ pages
- Key Data

UB used to pay your members' hospital bills

* 7% to 12% of charges are in error but can't be seen on this invoice



AMPS Solution - MBR

Problem

Claims Have Errors

Solution

Physician-Led Bill Review

Review Claims Pre-Payment

Result

5-12% Savings

Payment made with "Clean" Claim

Pushback

98.75% Retention

Savings Retained, After Appeal

- *The U.S. General Accounting Office has estimated that there are overcharges on 99% of all hospital bills*
- *A review of 40,000 hospital bills in a national study by Equifax Services found errors on over 97% of bills*
- *Software is used to quickly pay claims with errors, resulting in overpayment*
- *Board Certified Physician Review Saves 7-12% off Gross Billed Charges*
- *Detailed Findings Reports retain 98.75% of Savings, post-appeal*

MBR Process

Bill Review → Universal Bill (UB) sent by hospital to TPA → TPA adjudicates UB → TPA Applies PPO Discount to UB → AMPS → Bill Paid

AMPS → Request Itemized Bill (IB) → Digitize IB → MD Line Item Review → Calculate Savings and create summary report

- **Clinical:** Not clinically indicated – unnecessary test, experimental (not FDA approved), ICU bed not needed etc
- **Integral:** Unbundled/Re-bundled: Integral to more inclusive procedure / service
- **R&C:** Reasonable and Customary (R&C) charge instead of Usual and Customary (U&C)
- **Errors:** Duplicate charges, charges for services not rendered
- **Never Events:** Broken hip or pneumonia?

Physician Panel Review

- Board-Certified Physicians
- Multi-Perspective
  - By Procedure/Event
  - By Timeline
  - By Line Item Type
- Case-specific Analysis and Decisions
  - Clinical Necessity
- Fairness and Reasonability
  - Medicare Aggregate
  - Medicare / Commercial CCR
  - Nearest Neighbor
  - Previously Accepted
- Physicians Compensated by Hour, not % of Savings

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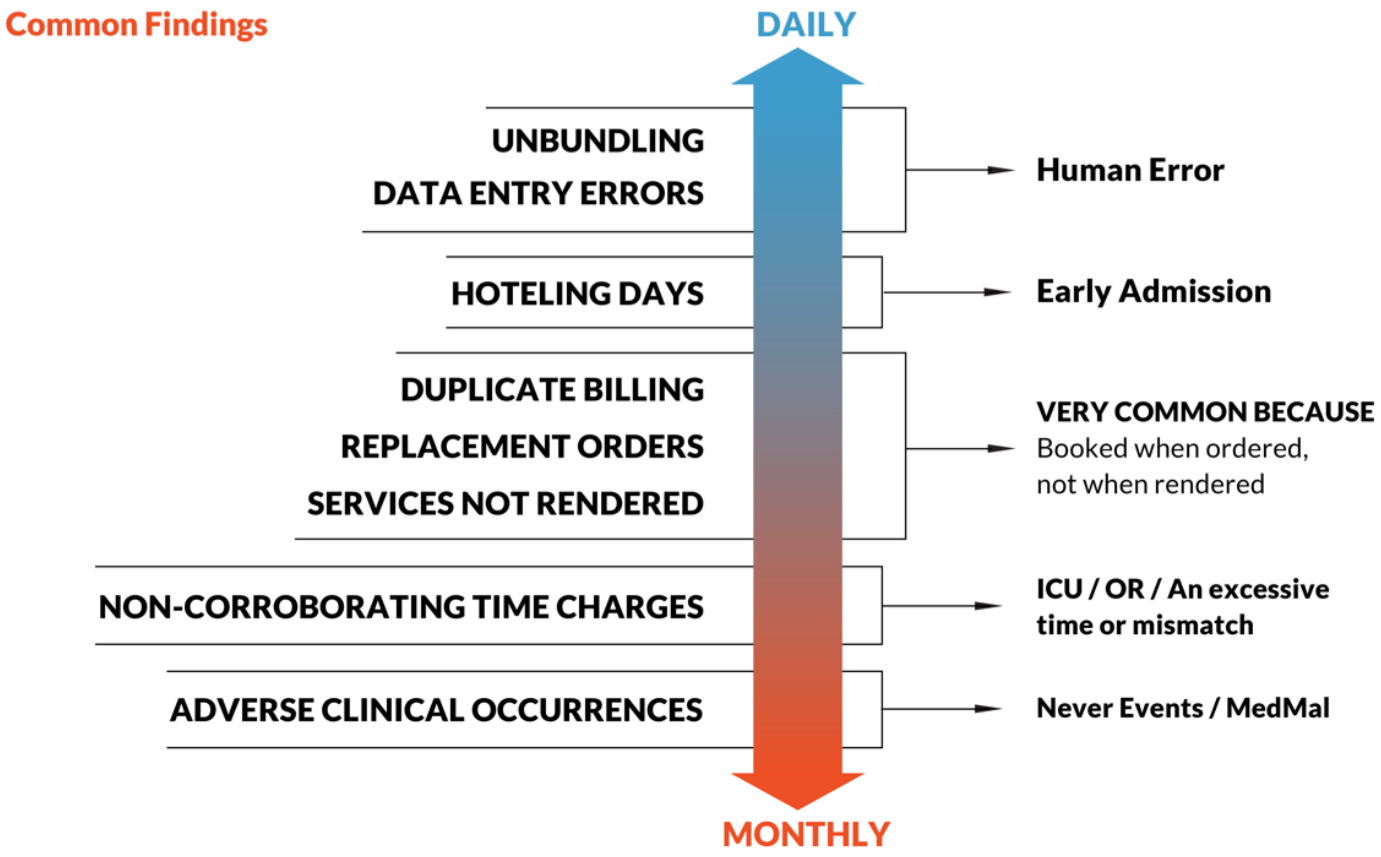
Medical Bill Review Results

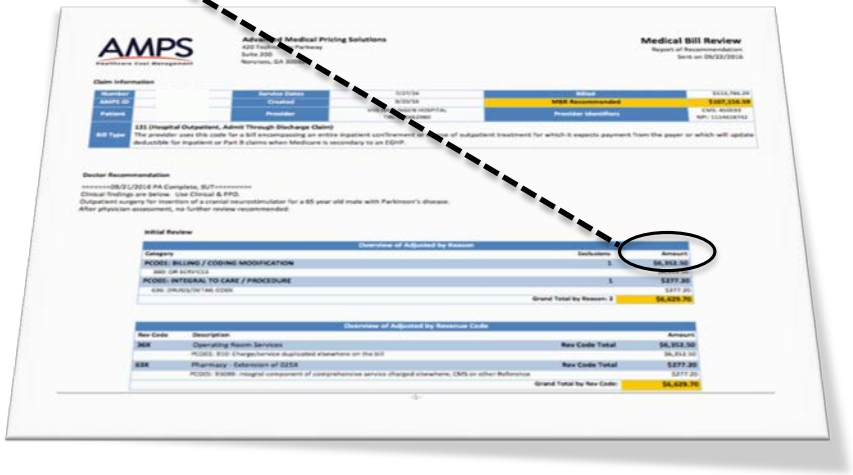


MBR Claim Sample

Found: 5.8% ($6,629) Additional Savings (Duplicate Charges)

454060 – $113,786 GBC / $107,156 Allowed (5.8% AMPS Additional Savings)

- $6,352 Duplicate Charge
- $277 Unbundling (per CMS, fee included in package rate)

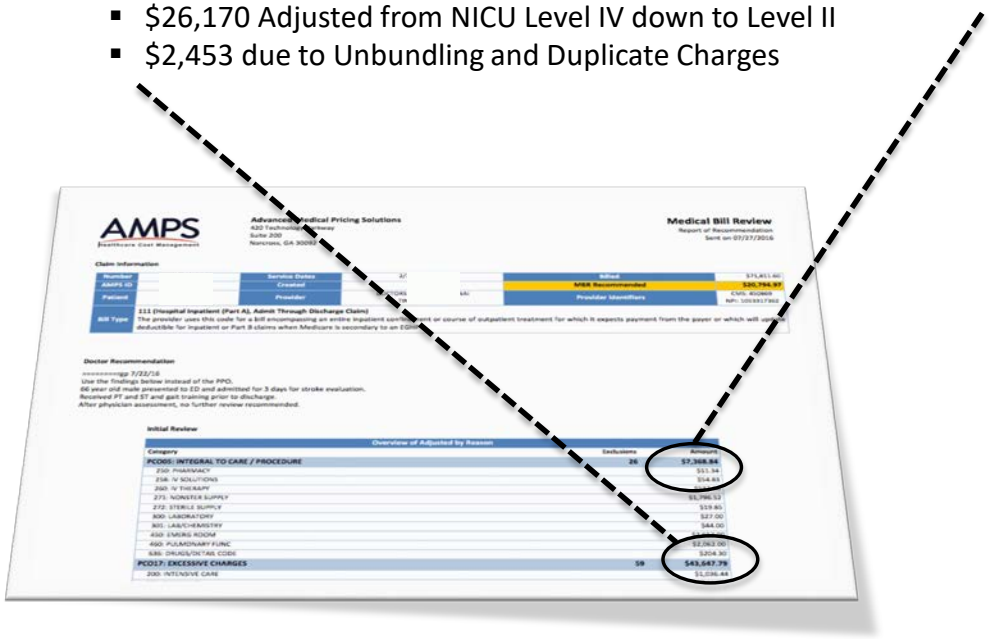


MBR Claim Sample

*29% AMPS **CLINICAL** Savings*

484615 – $230,546 GBC / $117,638 Allowed

- $64,345 In NICU up coding
- $38,175 Adjusted from NICU Level IV down to Level III
- $26,170 Adjusted from NICU Level IV down to Level II
- $2,453 due to Unbundling and Duplicate Charges



AMPS - Doctor Recommendation:

"…Underweight newborn remains in hospital for nutritional and respiratory problems. However, many of these were resolved early in the hospitalization which then continued primarily for the baby to reach an age of maturity to be safe for discharge home. The room and board charges, starting on day eight, appear to be significantly up charged/overcharged according to information from the provider... No apparent complications or delays noted. Routine discharge to home."

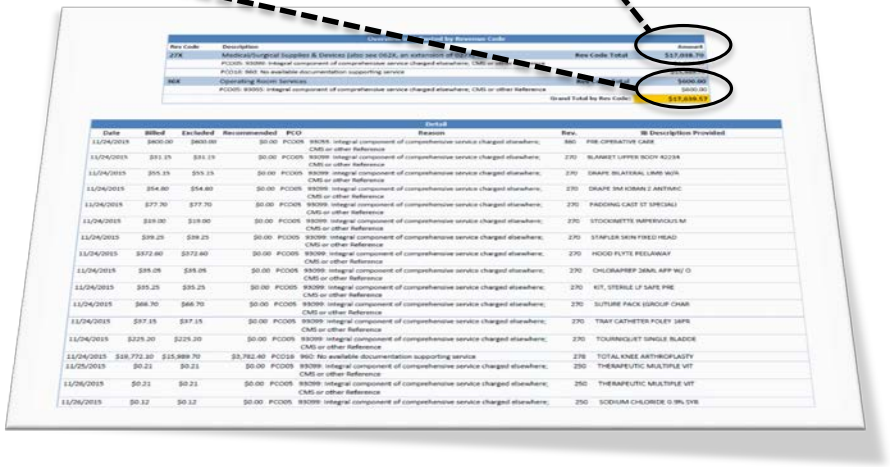
MBR Claim Sample

Found: 38% ($17,639) Additional Savings (Data Entry Error)

327993 – $46,380 GBC / $17,639 Clinical findings (38% AMPS Savings)

- $15,990 Data Entry Error on IB for Knee Replacement (charged for 2 procedures)
- $1,649 Unbundling

Knee Arthroplasty
Charged for 2 procedures.
No available documentation
supporting service



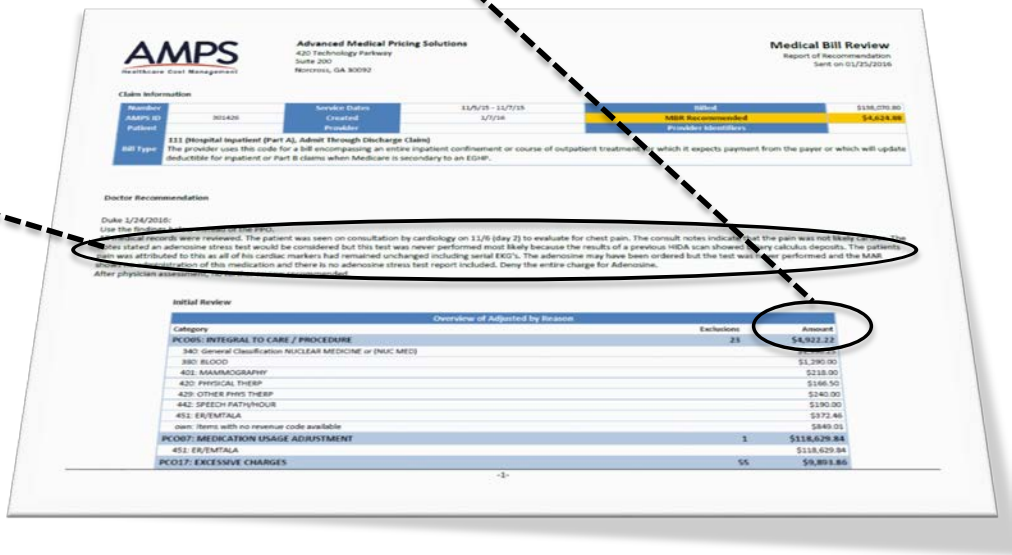
MBR Claim Sample

Found: 95% ($133,446) Additional Savings (Not Rendered)

301426 – $138,071 GBC / $4,625 AMPS Allowed (Savings: $2,223 PPO (2%) vs $133,446 AMPS (97%))

- $118,630 Adenosine Stress Test Never Administered
- $4,922 Unbundling & ER to Inpatient w/ Emergency Department left on bill
- $9,894 Excessive charges adjusted

AMPS - Doctor Recommendation:
1/24/2016 - Dr. Duke
All medical records were reviewed. The patient was seen on consultation by cardiology on 11/6 (day 2) to evaluate for chest pain. The consult notes indicate that the pain was not likely cardiac. The notes stated an adenosine stress test would be considered ***but this test was never performed*** most likely because the results of a previous HIDA scan showed biliary calculus deposits. The patients pain was attributed to this as all of his cardiac markers had remained unchanged including serial EKG's. …the (adenosine) test was never performed and the MAR shows no administration of this medication and there is no adenosine stress test report included. Deny the entire charge for Adenosine.



Payment Audit vs MBR

Payment Audit

- Post Pay
- Universal Bill (UB)
- Duplicate Claims, Same Date
- Eligible Claim and
- Member - Rules Based
- Plan Document Enforced – Example - Non Covered Services Not Paid

AMPS MBR

- Pre Payment
- Itemized Bill, SPD Review
- Inferential – Aberrant, Inaccurate, Outliers
- Physician Review - Care/Cost
- Billing errors
- Clinical mistakes
- Benchmarked For Reasonableness

GBP cost management and cost containment detail

1. Considered Charges Plus Estimated Cost Avoided			$10,483,877,090
2. Estimated Cost Avoided			
a. Medical	$	92,586,657	
b. Pharmacy		17,986,004	110,572,661
3. Considered Charges			$10,373,304,430
4. Less Ineligible Charges (Prepayment Claims Editing)			($1,318,438,100)
5. Eligible Charges			$9,054,866,330
6. Less Reductions to Eligible Charges			
a. PDP Charge Reductions	$	1,100,667,362	
b. Provider Discounts and Reductions		4,230,372,709	
c. Medical Copayments and Deductibles		116,562,929	
d. Medical Coinsurance		210,698,030	
e. PDP Cost Sharing		124,454,161	
f. Coordination of Benefits - Medical - Regular		21,725,116	
g. Coordination of Benefits - Medical - Medicare		130,736,003	
h. Coordination of Benefits - PDP		386,803	(5,935,603,113)
7. Gross Benefit Payments			$3,119,263,217
8. Refunds, Rebates and Federal Revenue			
a. PDP Rebates	$	306,912,032	
b. Federal Revenues - Medicare Part D		73,120,123	
c. Subrogation		7,276,535	
d. Pharmacy Audit Refunds		542,953	
e. PBM Audit Refunds		382,796	(388,234,439)
9. Net Benefit Payments			$2,731,028,778

*Amounts taken from:

(1) Annual Statistical Review prepared by UnitedHealthcare

(2) Annual Experience Accounting prepared by Caremark and SilverScript

(3) HealthSelect Prescription Drug Plan data

(4) ERS FY17 Comprehensive Annual Financial Report (Federal Revenues)

ERS Estimated Savings

$113 Million in Savings

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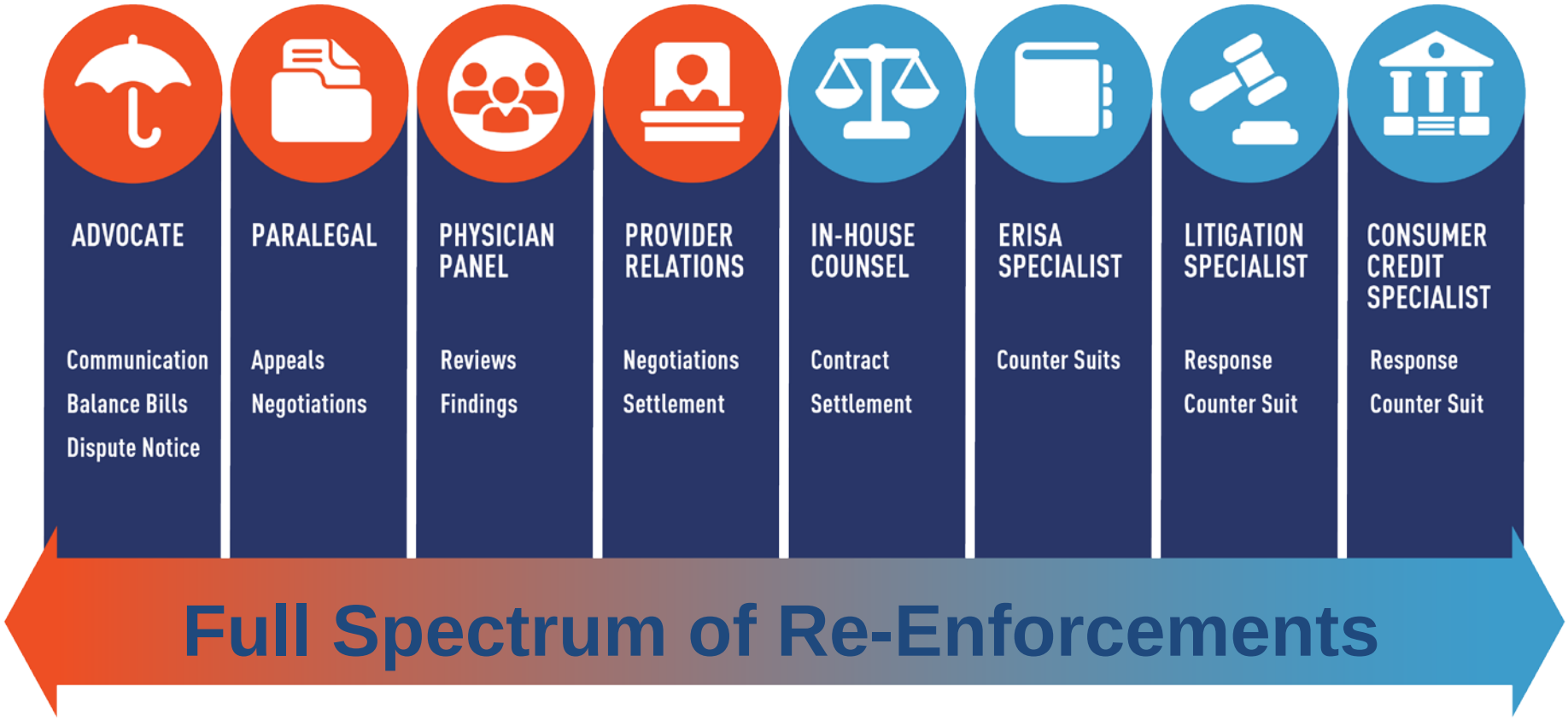
MBR Defense Plan



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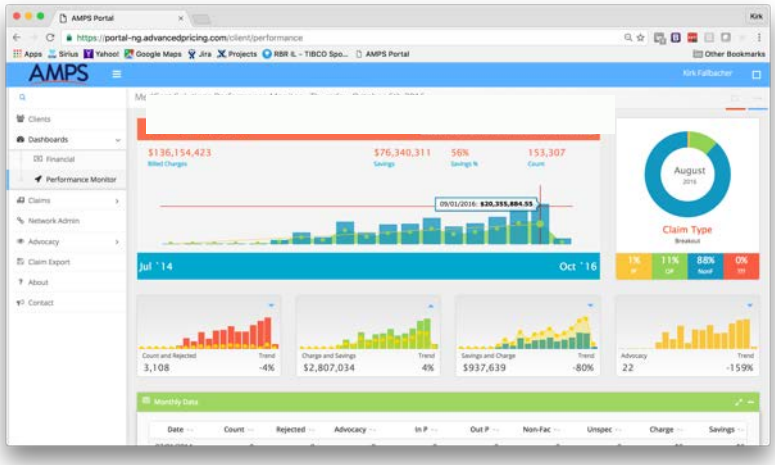
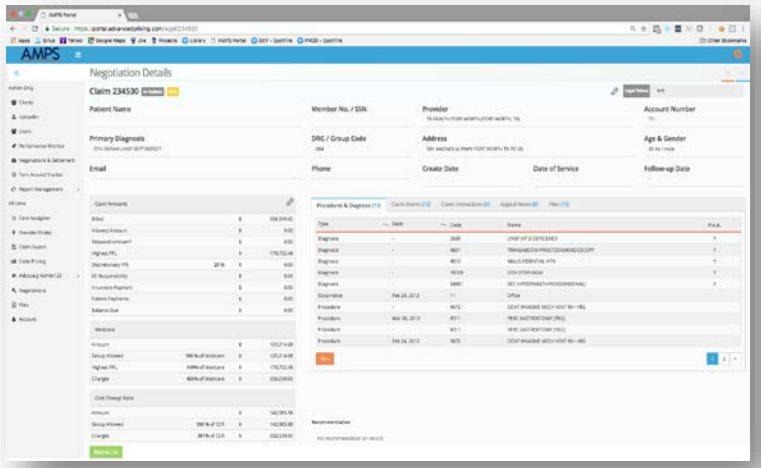
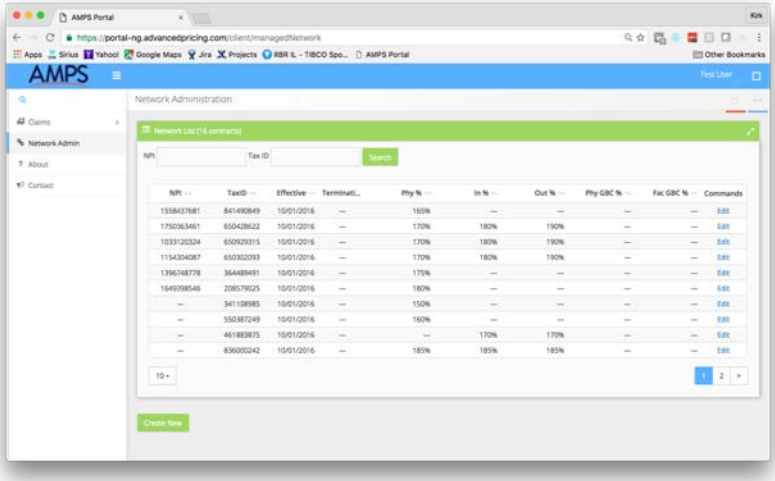
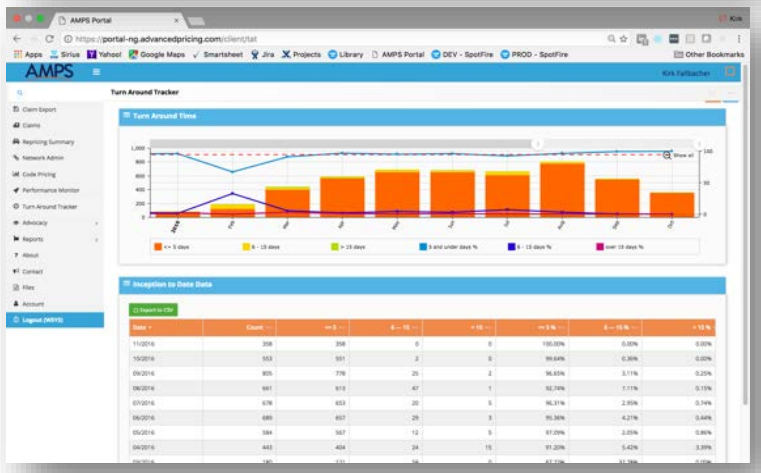
On-Demand Portal

Using Analytics to Achieve Transparency and Maintain Trust



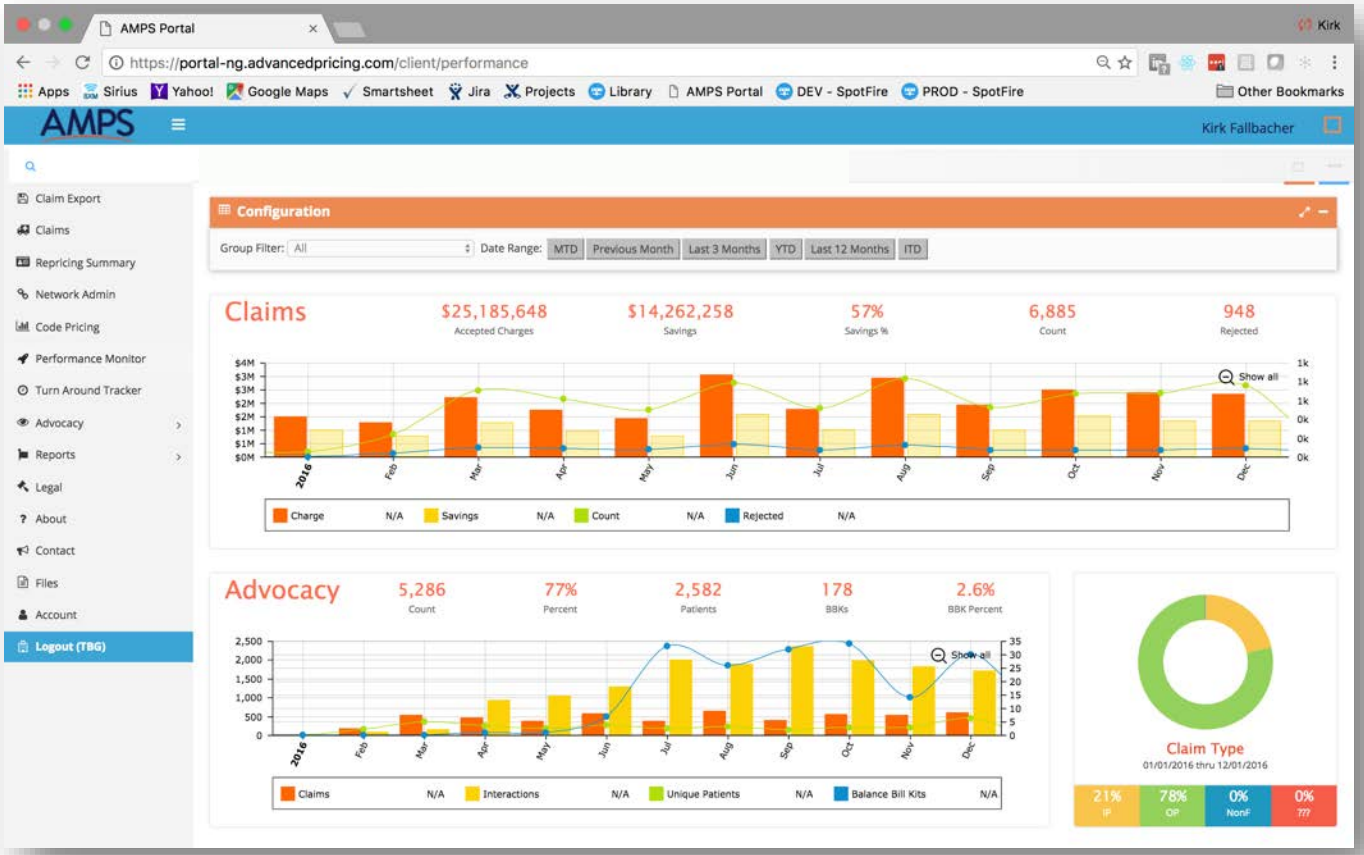






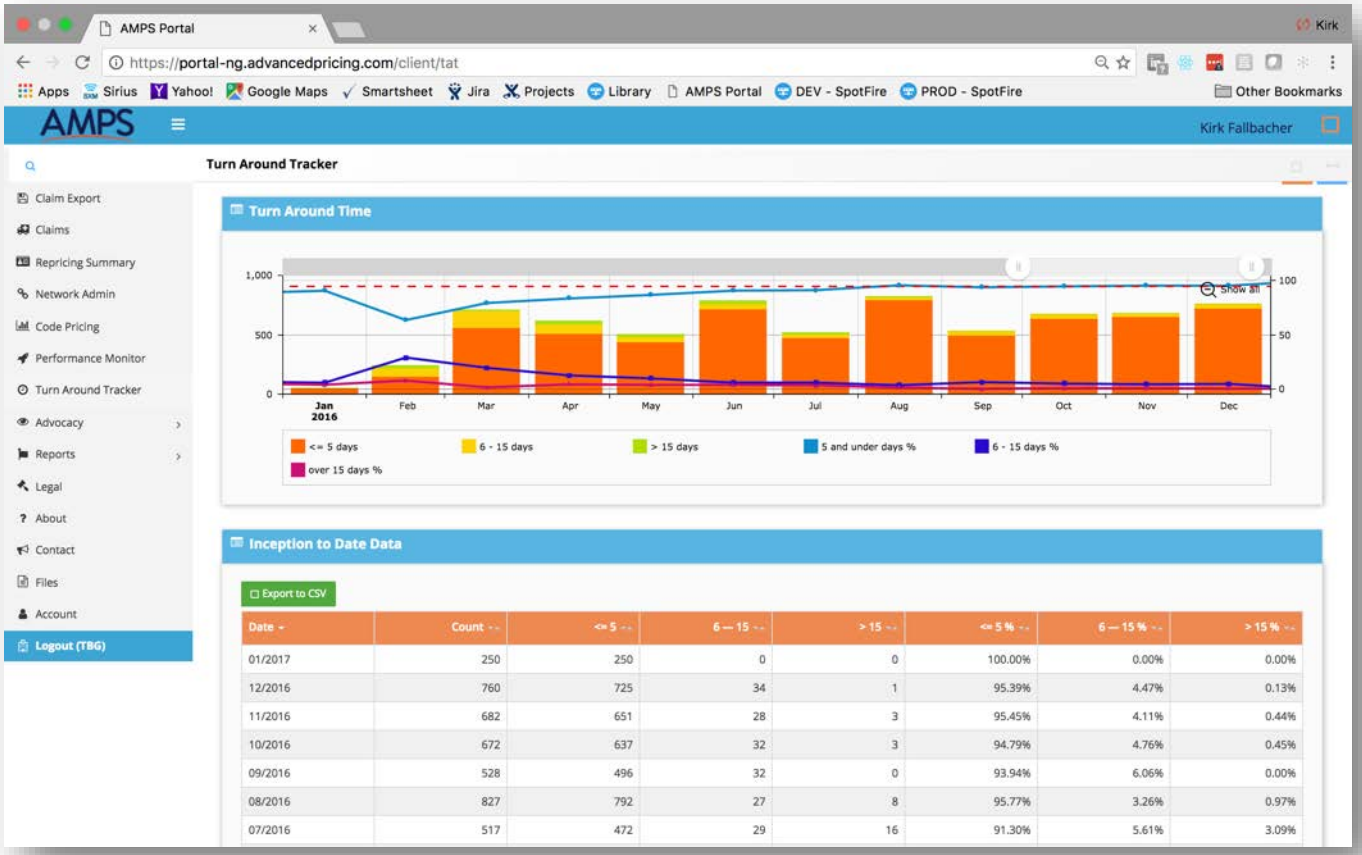
Performance Review

Overall Financial/Advocacy

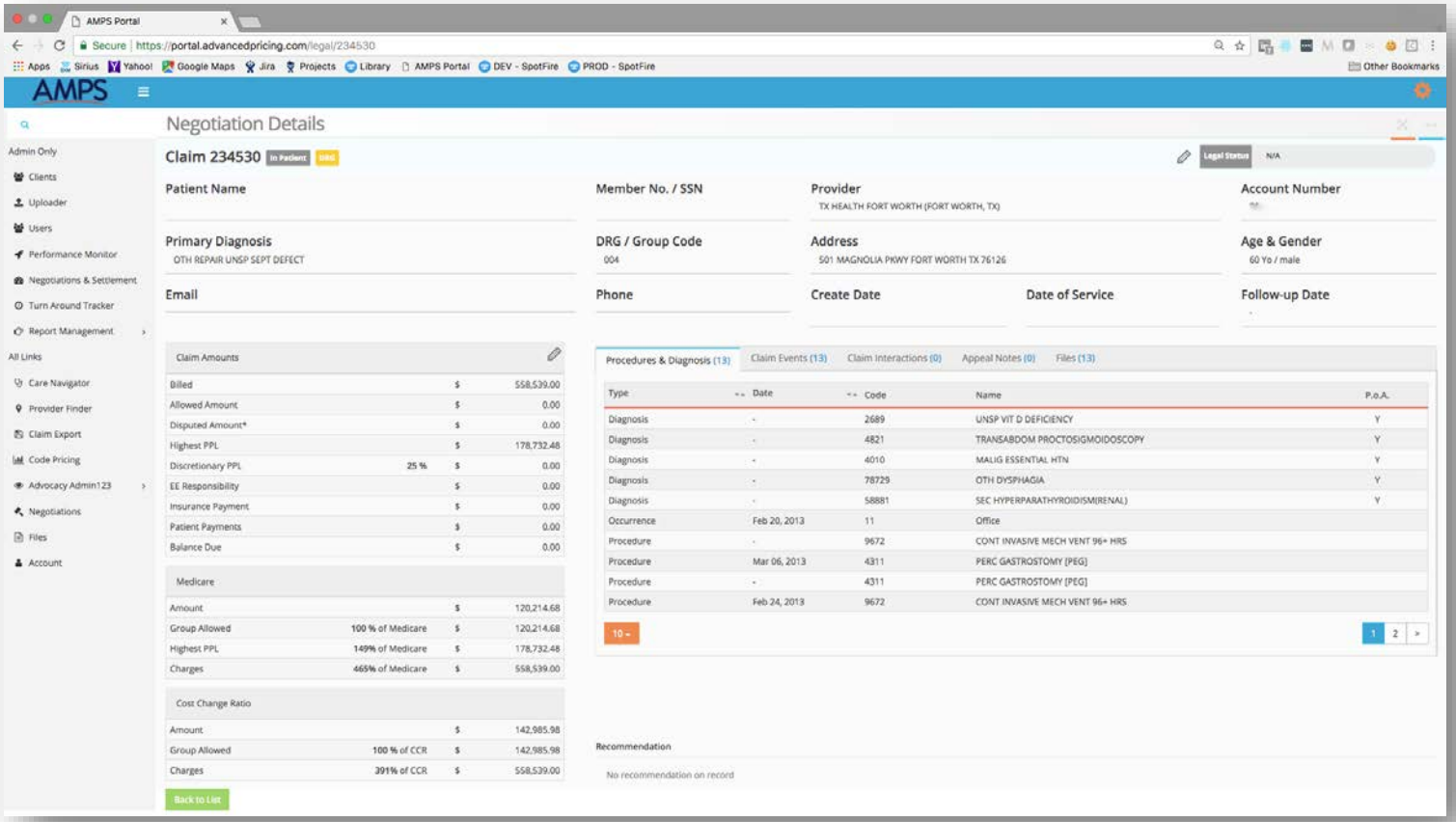


Performance Review

Turn Around Time (TAT)



Management Overview Dashboard



Proof of Concept

AMPS to conduct MBR on 10 ERS claims

- Execute NDA, BAA
- ERS to provide UB, IB, EOB
- MBR findings delivered in 14 days

Thank you

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