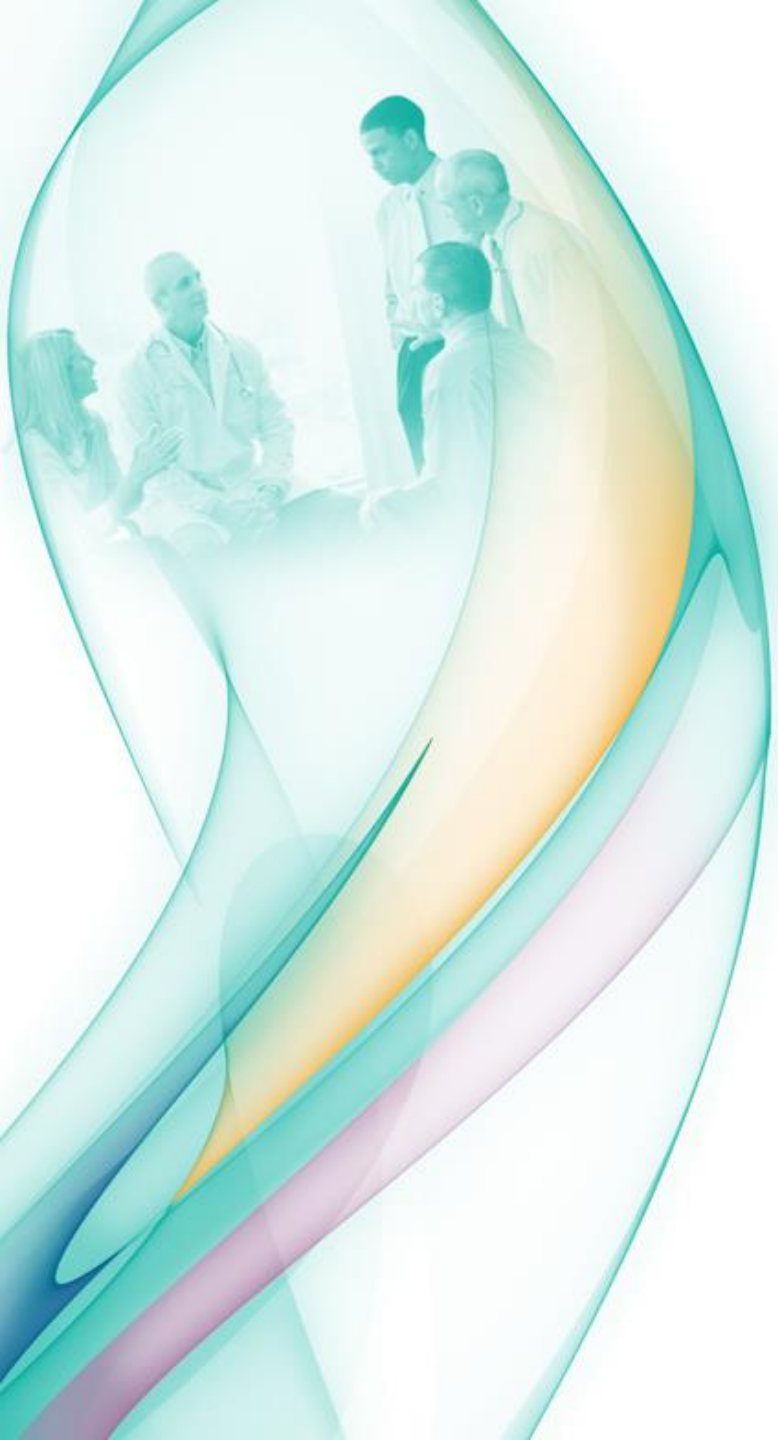


TC³ Claims Cost Management

Presented to:

UFCW
VOICE for working America

July 2nd , 2013

Fraud, Waste and Abuse – The Numbers

- Dollars lost to fraud, waste and abuse is estimated to be as high as 10% of our nation's annual health care expenditure – over $260B per year
- NHCAA (National Health Care Anti-Fraud Association) estimates more than 3% of annual claim payments are lost to fraud. Industry estimates have ranged 3%-10% for many years
- Fraud accounts for 19% of the $600B to $800B in waste in the U.S. healthcare system annually, and amounts between $125B and $175B annually (Thomson Reuters, 2009)
- That's on top of payment errors: In 2011, GAO found an 8.6% claims processing error rate in Medicare FFS ($28.8B in improper payments). In Medicaid, the error rate was 8.1% ($21.9B in improper payments), and Medicare Advantage had an 11% error rate ($12.4B in improper payments)

Government Action

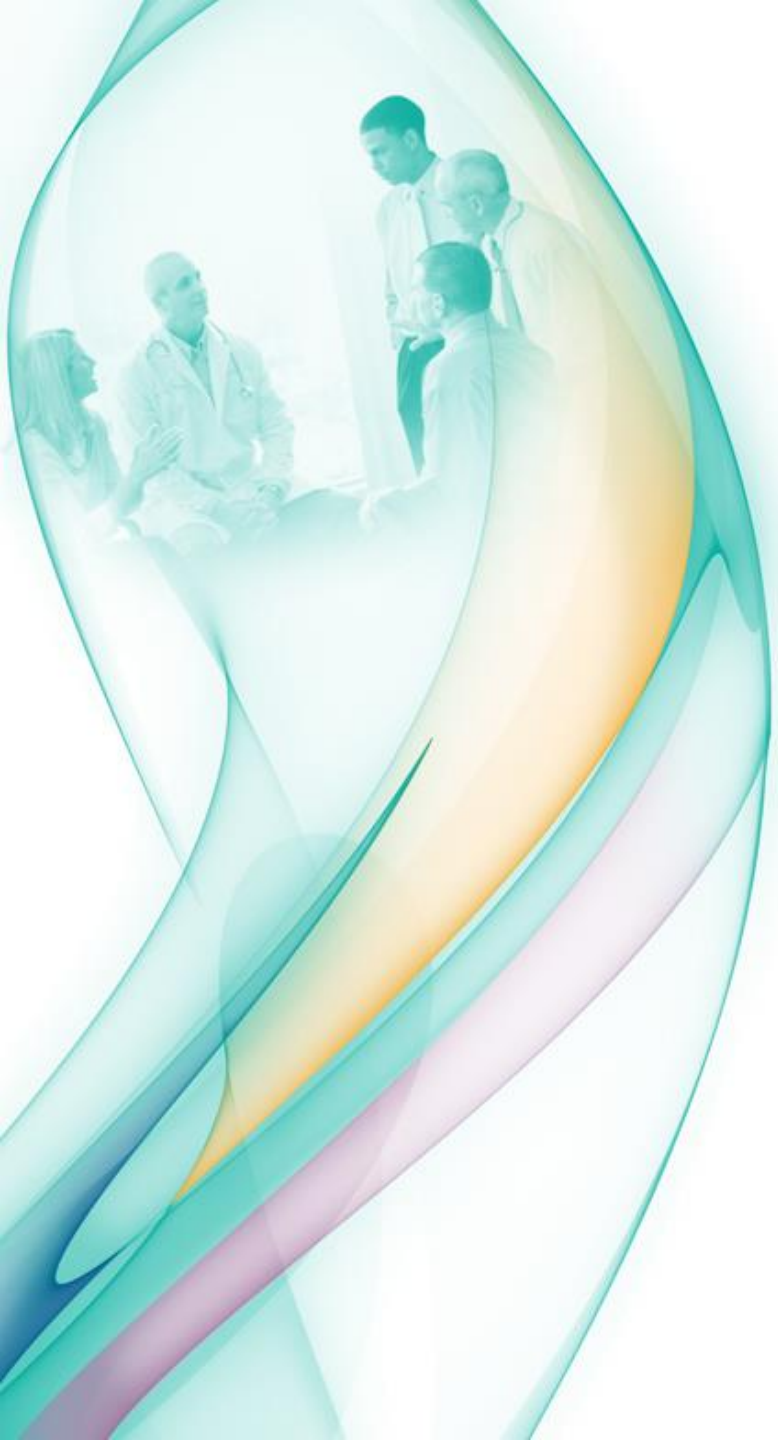
- Affordable Care Act
  - "The ACA is probably the toughest piece of antifraud legislation ever written, with new tools, new sanctions, and new resources. And the President drove this commitment to root out fraud more aggressively." -- Kathleen Sebelius, Secretary of Health and Human Services (The New England Journal of Med.)
  - ACA Fraud, Waste and Abuse legislation includes:
    - Stopping Payment of Suspect Claims
    - New Resources and Rules
    - Sharing Data
    - Expanded Overpayment Recovery Efforts
    - Enhanced Rules, Penalties and Sentences for Criminals
    - Greater Oversight of Private Insurance Abuses

- CMS collects record-high $2.29B in overpayments – Fierce Healthcare 12/4/12

  Healthcare recovery auditors (RACs) collected $2.29 billion in overpayments from providers in fiscal year 2012, a record-high level that's almost three times more than last year's $797.4 million recoupment of overpayments, according to the latest figures from the Centers for Medicare & Medicaid Services

TC^3 History & Taft Hartley Experience

- Founded 2000 – Pre-Payment Payment Integrity/Claims Cost Management
- Acquired by Emdeon May 2012 to be the Payment Integrity Platform
- One of the largest independent and transparent **code editing platforms**
- One of the largest libraries of **proprietary fraud rules** in the industry
- JLMC National Endorsement (UFCW/Teamsters)
- Clients – UFCW National, UFCW SC, APWU, Carpenters, Electrical Workers, Teamsters
- Taft Hartley TPA's (ATPA, Zenith Administrators)
- Experience/Integration with several Taft Hartley Claim Systems



TC^3 Claims Cost Management

Payment Integrity (FWA) Program

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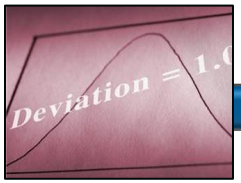
Comprehensive Payment Integrity Program

Multiple Safety Nets for a Holistic Approach

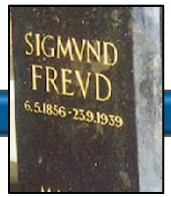
Detection

Predictive Analytics



- Both Statistical and Algorithm based analytics
- Multipayer Database
- Study facility, professional, drug data
- Peer group comparisons
- Root cause analysis
- Outcomes feed pre-pay models, flags and rules
- Targeted Analytics Plan

Provider Match

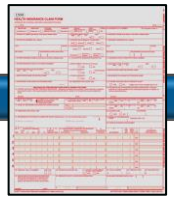


- Validate Licensure
- Sanctions
- High Risk Addresses
- Deceased Providers
- Proprietary "Watch List"
- Client Flags
- Fuzzy Matching

Claim Diagnostics ("Forensic Claims Edits")

- Latest schemes and scams translated into proprietary rules
- Rules by age, gender, distance, frequency
- Complex Claim Review rules
- Clinically appropriate thresholds

Supplemental Code Edits



- Comprehensive set of coding edits including:
- Duplicates
- Unbundled pairs
- CCI Editing
- Custom edits
- Supplemental safety net
- Sourced, documented, defensible

Pre-pay and Post-pay Investigations

- Triage or full outsource
- Pend/pay/deny recommendations
- Request and review medical records for clinical and coding appropriateness
- All cases built in CaseTracker

Post-pay Audit and Recovery

- Provider audits for suspect billing
- Administrative overpayments
- Professional, Facility and Ancillary Audits
- Case Lead Generation
- Targeted Analytics
- Recovery

Value-Added Services: Portal, Reporting, Case Tracker, Training & Education, Compliance Support

ABC TPA, Inc.
2012 Savings-by-Service

- Total Claims Processed: 610,238
- Total Billed Charges Processed: $354,493,961 (2.07% Savings)
- Total Allowed Charges Processed: $229,931,313 (3.12% Savings)
- Total Savings Offered: $7,182,752
- Total Savings Accepted: $5,394,646 (75%)

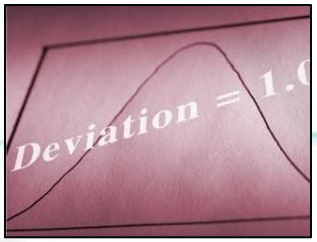
Type	Claims	Billed Charges	Allowed	Offered Savings	Ave. Disc.	Accepted Savings and %
TW	17,916	**$15,386,028**	$14,582,042	$2,636,825	17.14%	$2,316,556 (88%)
APN	9,018	**$4,974,376**	$4,642,014	$1,003,745	20.18%	$801,233 (80%)
Fee Neg.	74	**$780,938**	$780,432	$139,249	17.83%	$139,249 (100%)
FWA	463	$12,022,913	**8,428,462**	$2,430,792	28.84%	$1,708,455 (70%)
TruClaim	4,784	$6,863,883	**4,127,482**	$972,142	23.55%	$429,152 (44%)
Total	32,255	$40,028,138	$32,560,432	$7,182,752		$5,394,646 (75%)

Data Analysis Tool: DataProbe®

- Powerful tool to manage and swiftly analyze large volumes of detailed health-related data to support FWA analysis

DataProbe Advantage

- Facility, Professional, Dental and Drug claims can be analyzed
- Algorithm library is constantly evolving as patterns are identified and change
  - Peer group comparisons – identify providers with unusual billing patterns when compared to peers
  - High cost drugs billed by provider (to plan) and specialty pharmacy (to PBM)
  - Billing of diabetic supplies without diabetes related services
  - Ambulance transports without related medical claims
  - Home health services billed when patient was hospitalized
- Quick iterative analysis process
- Includes statistical and data management functionality



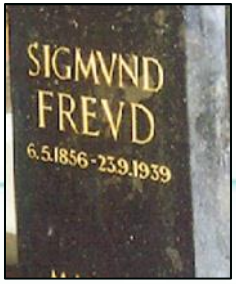
Provider Match Program
(Pre-Payment and Post-Payment)

Provider data driven detection

- Unlicensed or sanctioned providers
- Providers billing from high-risk addresses
- Providers with previous suspect billing behaviors
- Client requested flags
- Deceased or retired providers

Proprietary fuzzy matching algorithms applied to identify claim matches on the name, address, phone number and/or Tax ID

- Increases ability to stay ahead of provider identity changes



Claim Diagnostics: "Forensic Claims Edits"
(Pre-Payment and Post-Payment)

Building Pre-pay Rules

- Taking known billing schemes or ideas and translating those into rules
- Rules identify claims with selected suspect characteristics - eg. age, gender, distance, frequency
- Aids in identifying new providers/members engaged in known billing schemes
- "If-then" type rules, plus various calculations
- Based on investigative experience and industry trends

Emdeon Feedback Loop

- Studying data and trends through analytics leads to deploying more pre-pay rules with less false positives
- Deploying new rules leads to identifying more providers engaged in similar schemes or aberrant billing practices
- Flagging these additional providers leads to uncovering more fraud, waste and abuse, more savings and a more successful claims cost management program

Claim Diagnostics: Creating Rules

- Rule examples
  - For X CPT code range (e.g. podiatric procedures), stop all claims for review when the patient age <18
  - For Y CPT code range (e.g. preventive visits), stop all claims for review when the distance between the rendering provider address and the patient home address is >100 miles
  - For Z CPT code range (e.g. endoscopic back surgeries), stop all claims for review if another code in that range has been billed <30 days ago
- Fires alerts when thresholds are exceeded to create early warning and notification
- Rules target numerous problematic areas such as:
  - Home Health
  - Allergy
  - Orthopedic Surgery
  - Psychology
  - Modifiers
  - Durable Medical Equipment(DME)
  - Podiatry
  - Imaging

Claim Diagnostics: Complex Claims Review Rules
(Pre-payment and Post-payment)

Enhanced review services to augment internal capabilities targeting areas that are more likely to contain billing errors, unsupported services and egregious billing

- High dollar inpatient, outpatient, ambulatory surgery claims
- Excessive ER charges (compared to diagnosis)
- Dialysis claims (excessive charges, inappropriate services, excessive units)
- Modifier 22 review, unlisted code review, DME review
- Inpatient/Outpatient/Ambulatory Surgery Center claims with high drug charges, high implant charges, high level of service (e.g. NICU), and ineligible charges

Claim Diagnostics: Complex Claims Review

Specific Case Examples

- Case 1 – radiation therapy charges not supported by documentation, savings = $40,047.75; closed in June 2012, no appeal
- Case 2 – unknown implant and supply charges not supported by documentation, savings = $15,197.22; closed in June 2012, no appeal
- Case 3 – incorrect number of drug units billed, savings = $6,950.48; closed in Jan. 2013, no appeal
- Case 4 – supply charges not supported by documentation, supply charges which should not be separately billed, inherent to OR, savings = $9,533.96; closed in Nov. 2012, no appeal
- Case 5 – incorrect number of infusion units billed; savings = $8,005.26; closed in Jan. 2012, no appeal

ABC TPA, Inc.
2012 FWA Investigations Performance Metrics

- Total Claims Processed: 610,238
- Total Billed Charges Processed: $354,493,961 (2.07%)
- Total Allowed Charges Processed: $229,931,313 (3.12%)
- Total Cases: 463 (0.08% of claims)
- Total Offered Savings: $2,430,792
- Offered Savings as % of Allowed: 1.06%
- Total Accepted Savings: $1,708,455
- Accepted Savings as % of Allowed: 0.74%

- Appeals Reversed: 11 (0.24%)
- Claim Savings Reversed: $67,810 (2.79%)

TruClaim® Supplemental Code Edits and Duplicate Detection
(Pre-Payment and Post-Payment)

- Edits are assertive, but not overly aggressive, and are sourced, documented, and in compliance with CMS and AMA/CPT standards
- All edits are fully customizable to payment policy at the provider level, group level and by line of business
- An added rules-based detection system finds savings missed by primary code editing systems
- Conservative approach results in very low appeal rates – average 1%-2%, 70+% upheld
- TruClaim® Web Portal
  - Code edit defense and resource disclosure information
  - Status of a claim being analyzed
  - Electronic appeal submission and resolution
  - Retrieval of appeal resolution reports
- codeedits@tc3health.com
  - Same-day responses to coding-related questions

TruClaim® Supplemental Code Edits Categories
(Pre-Payment and Post-Payment)

- Duplicates (professional and facility)
- NCCI (physician and hospital outpatient)
- Global Surgery & Global Obstetrics
- Evaluation and Management
- Anesthesia
- Bundled/Incidental procedures
- Excessive units (MUE's)
- Assistant, Co- and Team Surgeon
- Laboratory & Pathology
- Professional/Technical Component
- Discounting (multiple/bilateral procedures)
- Invalid and Deleted Codes
- Supplemental (based on specialty societies, AMA/CPT)

TruClaim® Code Edit Defense Sources

American Medical Association (AMA)

- Current Procedural Terminology (CPT, aka: HCPCS Level I)
- CPT Assistant
- CPT Changes

The Centers for Medicare and Medicaid Services (CMS)

- HCPCS Level II Codes
- Local Coverage Decisions
- National Physician Fee Schedule
- National Correct Coding Initiative (CCI) Policy Manual
- NCCI/MUE Edits
- National Coverage Decisions
- Transmittals
- CMS Website (Online Manuals)

HHS-Office of Inspector General

- Federal Register
- Publications
- Fraud Prevention & Detection

National Library of Medicine – National Institute of Health (NLM-NIH)

Specialty Society websites and publications, *including, but not limited to:*

- American College of Obstetricians and Gynecologists (ACOG)
- American Academy of Orthopaedic Surgeons (AAOS)
- American College of Radiology (ACR)
- American College of Surgeons (ACOS)
- American Hospital Association (AHA)

Washington Publishing Company (wpc-edi)

- HIPAA Code Sets

ABC TPA, Inc.
2012 TruClaim Supplemental Code Edit Performance Metrics

- Total Claims Processed: 610,238
- Total Billed Charges Processed: $354,493,961 (2.07%)
- Total Allowed Charges Processed: $229,931,313 (3.12%)
- Total Claims: 4784 (0.78% of claims)
- Total Offered Savings: $972,142
- Offered Savings as % of Allowed: 0.42%
- Total Accepted Savings: $429,152
- Accepted Savings as % of Allowed: 0.18%

- Total Appeals: 50 (1%)
- Total Failed Appeals: 22 (0.46%)
- Claim Savings Reversed: $18,021 (1.85%)

Emdeon's Claims Cost Management Team

Supplemental SIU Team to Support Your FWA Objectives

Claims Cost Management Team

Investigative Resources

- AHFI
- Ex-law enforcement
- Experience building cases for law enforcement
- Know thresholds for burden of proof

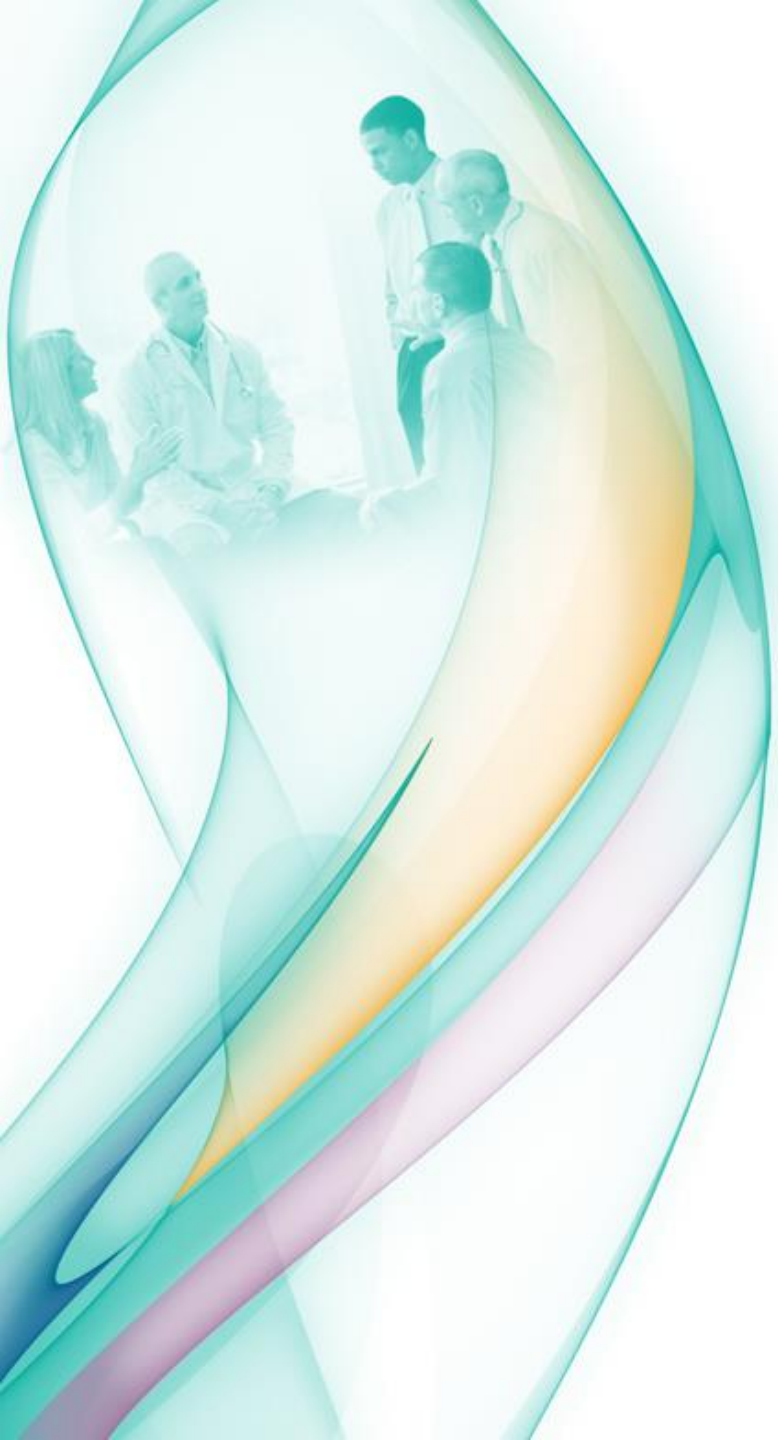
Clinical Resources

- Chief Medical Officer
- Pharmacists
- Peer Review Consultants
- RN's on staff
- Clinicians on retainer
- Certified Coding Professionals (RHIT, CCS-P, CPC)

Analytics Resources

- Statisticians
- Health Informatics
- Health Data experts
- RN Analysts
- New analytic models
- Customized analytics

Emdeon Expertise



Claims Cost Management

Integrated Repricing Solutions

emdeon

Repricing Optimizer Suite

Primary PPO Logo on ID card, steered/directed, financial benefit incentives to go to in-network providers, PEPM fees

Travel Wrap PPO (PHCS, First Health, Multiplan by group)
Purpose is to discount claims that occur outside of Primary PPO, Logo on ID card, steered/directed, financial benefits incentives to go to in-network providers, contingency fees

Supplemental PPO Networks (AccessPlus or APN)
Purpose is to discount claims that occur outside of Primary and Travel Wrap. Aggregation of 70+ PPO's, no logo on ID card required, no steerage or financial incentives required, EOB remark code required, contingency fees

Fee Negotiation, Complex Claim Review and Medicare+ Benchmarks
Purpose is to discount claims that occur outside of Primary, TW and APN. Fee negotiations include signed agreement from provider as payment in full. Complex Claim Review / Bill Audit for claims with/without settlement. Medicare+ repricing available as last line of defense

Integrated Repricing Solutions

AccessPlus Supplemental PPO

- Manage out-of-area claims with single source EDI repricing access to over **900K** provider locations and **70+ PPO's** nationwide
- **C.O.R.E.** - claims routing optimized/customized by market (by state or MSA) by client for maximum savings
- Achieve a PPO discount on **72%** of retail claims
- Average savings nationwide of **26%**
- No minimum claim dollar threshold
- No logo required, EOB code mapped for each network
- **90+%** of claims repriced and returned within **24 hours**
- EDI Repricing improves claims flow and operations
- Systems available **24/7** Mon-Sat
- **90+%** of claims repriced & returned in **24 hours**, **99% in 3 days**
- Average TAT – **0.8 days**

ABC TPA, Inc.
2012 Travel Wrap w/ Logo Performance Metrics

- Total Claims Processed: 610,238
- Total Billed Charges Processed: $354,493,961
- Total OON Claims Processed: 41,021 (6.72%)
- Total OON Charges Processed: $25,666,487 (7.24%)
- Total Travel Wrap Claim Penetration: 17,916 (43.66%)
- Total Travel Wrap $ Penetration: $15,386,028 (59.95%)
- Total Travel Wrap Offered Savings: $2,636,825
- Total Travel Wrap Accepted Savings: $2,316,556 (88%)
- Travel Wrap Average Discount: 17.14%
- Total Offered Savings as % of Billed: 0.74%

- Total Appeals: 31 (0.17%)
- Total Failed Appeals: 30 (0.17%)
- Claim Savings Reversed: $2,458 (0.09%)

ABC TPA, Inc.

2012 AccessPlus Supplemental PPO Performance Metrics

- Total Claims Processed: 610,238
- Total Billed Charges Processed: $354,493,961
- Total OON Claims Processed: 41,021 (6.72%)
- Total OON Charges Processed: $25,666,487 (7.24%)
- Total AccessPlus Claim Penetration: 9,018 (21.98%)
- Total AccessPlus $ Penetration: $4,974,376 (19.38%)
- Total AccessPlus Offered Savings: $1,003,745
- Total AccessPlus Accepted Savings: $801,233 (80%)
- AccessPlus Average Discount: 20.18%
- Total Offered Savings as % of Billed: 0.28%

- Total Appeals: 19 (0.21%)
- Total Failed Appeals: 18 (0.20%)
- Claim Savings Reversed: $20,445 (2.04%)

Cost-Based Fee Negotiation

Emdeon's highly skilled staff, with **15+** years experience, negotiate directly with decision makers - CFOs, Directors, Administrators

- Multiple cost and charge datasets establish baseline for fair and reasonable reimbursement – **"cost-up"** approach
- National claim volume is a competitive advantage
- Negotiations approach = defensible data sources + compassion
- Local employers and members help drive sympathetic negotiations
- Can be utilized for pre-admission negotiations
- Specialize in high dollar catastrophic and stop loss claims
- Not a prompt pay discount negotiation
- Provider sign-off with no balance billing to the member
- Close to zero appeals due to provider sign-off
- **7 business day** turnaround time.
- Average Savings of **27.36%** on facility, **25.41%** on professional

ABC TPA, Inc.
2012 Fee Negotiation Performance Metrics

- Total Claims Processed: 610,238
- Total Billed Charges Processed: $354,493,961
- Total OON Claims Processed: 41,021 (6.72%)
- Total OON Charges Processed: $25,666,487 (7.24%)
- Total Fee Negotiation Claim Penetration: 74 (0.18%)
- Total Fee Negotiation $ Penetration: $780,938 (3.04%)
- Total Fee Negotiation Offered Savings: $139,249
- Total Fee Negotiation Accepted Savings: $139,249 (100%)
- Fee Negotiation Average Discount: 17.83%
- Total Offered Savings as % of Billed: 0.04%

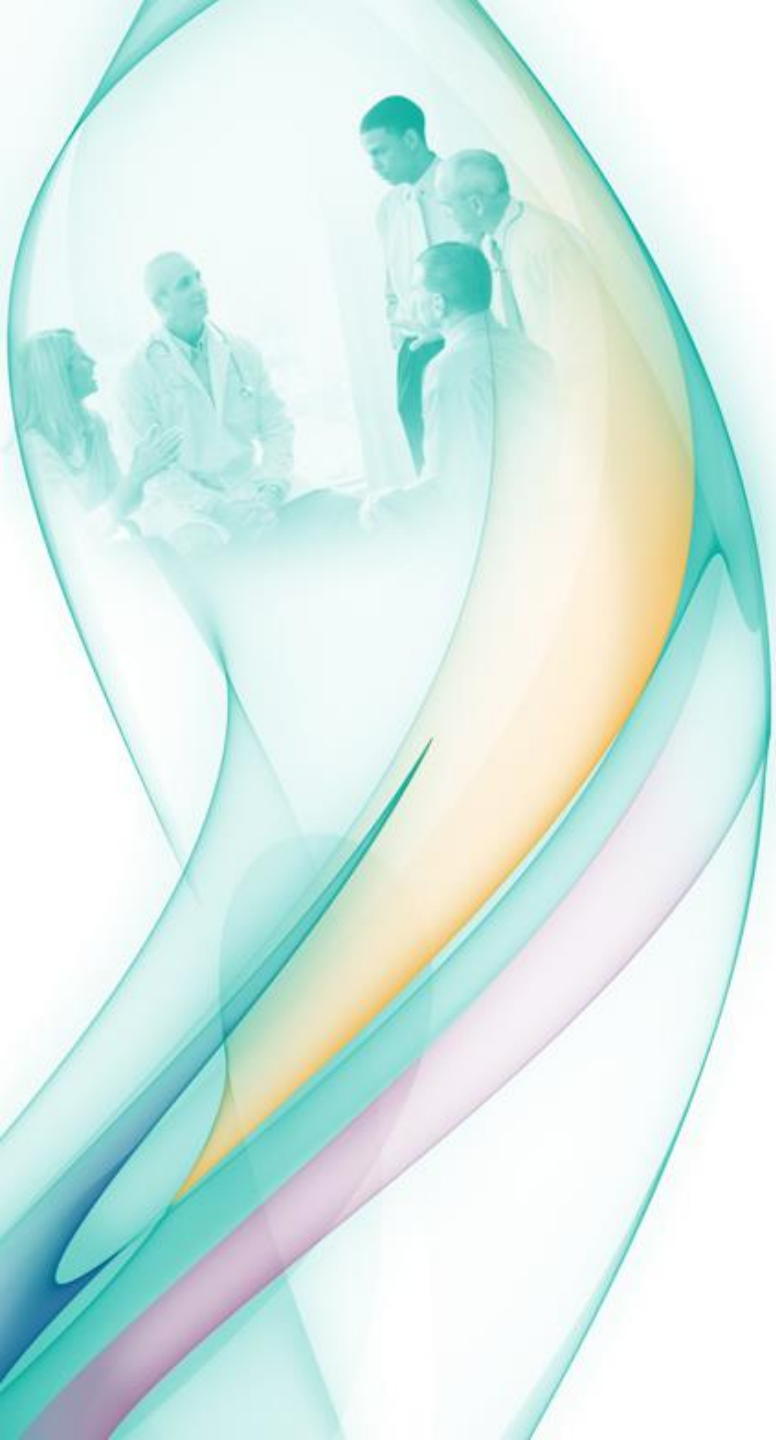
- Total Appeals: 0

ABC TPA, Inc.

2012 Out-of-Network Claims Management Performance Metrics

(Combined Travel Wrap, AccessPlus & Negotiations)

• Total Claims Processed:	610,238
• Total Billed Charges Processed:	$354,493,961
• Total OON Claims Processed:	41,021 (6.72%)
• Total OON Charges Processed:	$25,666,487 (7.24%)
• Total OON Claim Penetration:	27,008 (65.84%)
• Total OON $ Penetration:	$21,141,342 (82.37%)
• Total OON Offered Savings:	$3,779,819
• Total OON Accepted Savings:	$3,257,038 (86.17%)
• Total OON Average Discount:	17.88%
• Total Offered Savings as % of Billed:	1.07%
• Total Appeals:	50 (0.17%)
• Total Failed Appeals:	48 (0.17%)
• Claim Savings Reversed:	$22,903 (0.61%)



Summary

Why TC^3?

emdeon

Why TC^3 (Emdeon***EDGE***)?

- Single Source - multiple layers of claims cost management technology through one partner
- Partner with Proven Track Record - 10+ years in pre-payment avoidance (FWA/OON). 120+ payer clients nationwide
- Our People – seasoned staff of clinicians, coders, investigators, account management and audit and analytics support staff
- Taft Hartley Experience – 10 Years in the marketplace, JLMC National Endorsement, Large Union TPA clients, UFCW,Teamsters + many others
- Multi-Payer Data – 70M commercial, 10M Medicare/Medicaid members
- SaaS model advantages – quick deployment, always current, updates every two weeks, no software maintenance
- Flexibility – custom designed to help you meet each customers claims cost management goals
- Defensible - highly supportable savings recommendations with minimal appeals or provider or member abrasion
- Significant Savings – typically .5% - 3% reduction in claims cost

Q&A
Handouts

Glen Everhart, Sales Director

Payment Integrity Services

geverhart@tc3health.com

972.403.3939

You don't need one more partner.
You need **one** partner that does **more**.

You and Emdeon.
one.
more.