# REALTH

### Quantify Health Value Proposition for Health Plans/ Health insurance carriers

www.quantifyhealth.co info@quantifyhealth.co



	Quantify Health offers a forensic review of high cost claims (claims with a payable of over \$100,000) for health plans/ insurance carriers and have historically delivered average savings of 23% per claim
What do we	Shared savings model where the client keeps 70% of the savings we deliver, and we get 30% – no other costs involved
do?	The typical impact of our process is in lowering the cost of healthcare for health insurance carriers/ health plans by at least \$100+ per member per year – this works for health plans in the commercial, Medicare, and Medicaid space
	For example, for a health plan with 1 million members, Quantify Health will save over \$100 million per year
	Last year we delivered total savings of over \$160 million (average savings per claim of 23%)
Our track record?	Our clients include one of the top 5 US health insurance carriers, two major health plans with 1M+ lives each, five of the top 25 reinsurers, two top 20 stop loss carriers, and a top 3 health insurance captive
	> We are a preferred vendor with Association of Community Affiliated Plans (ACAP) – an association of 75+ health plans
	High cost claims (hospital claims over \$100,000) represent about 15-30% of healthcare spend, and there is significant overcharging happening by hospitals
How does it work?	Our team of US-based physicians and nurse practitioners performs a forensic analysis of both the itemized charges and the medical records (which can take tens of hours), which delivers average savings of 23%
	For health plans, our review can be performed on either a pre-pay or a post-pay basis and comes in as the final review step after any internal reviews performed by the health plan



### 5 key differentiators

- We deliver average savings of 23% (vs. adjudicated amount/ contract payable)
- 2 Forensic review includes a deep analysis of medical records, which takes tens of hours
- 3 Reviews are performed by our US-based team of physicians (with expertise in specific areas such as oncology, neonatal, transplants, etc.) and nurse practitioners



We build an incredibly detailed 10-30 page report with strong supporting medical evidence



Once the claim is paid, we proactively reach out to hospitals to address pushback/ appeals



#### Quantify Health – key strategic partners and clients

Key strategic partners







Preferred vendor with ACAP

Key clients include:

- Top 5 health insurance carrier
- Two major regional health plans with 1M+ lives each
- TPA with 500K+ lives
- Five of the top 25 reinsurers
- Two top 20 stop loss carriers
- Top 3 health insurance captive
- Top 10 auto insurer

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### The problem with high cost claims

One of the biggest drivers of healthcare costs are high cost claims (over \$100,000)

The top high-cost claims categories include: cancer, heart disease, renal disease, premature birth, congenital conditions, transplants, and trauma

High cost claims are usually either the #1 or #2 spend category, and can represent 15-30% of the total healthcare spend

There is a significant amount of overcharging by hospitals on high cost claims in 5 key categories:

- Billing errors: E.g., the hospital bills for 48 hours of ventilator usage in a 24 hour period
- **2** Charge unbundling: E.g., the hospital bills separately for patient monitoring, even though the cost is actually included in the cost of room and board
- **3 Mismatch of service and billing**: E.g., even after a patient has been moved from trauma ICU to regular ICU, the hospital continues to bill at the higher trauma ICU rate
- 4 Experimental and investigational: E.g., the hospital bills for treatments that are not covered under the health plan and might be more expensive than other treatments
- 5 Hospital-acquired conditions: E.g. the hospital makes an error during a surgery and so has to take the patient back into the OR, but bills separately for both surgeries



### The Quantify Solution

Our proprietary approach involves a forensic analysis of both itemized charges and medical records by our clinical team (which can take tens of hours)

This analysis is performed by our US-based clinical team of physicians (including specialists in areas such as oncology, neonatal, transplants, etc.) and nurse practitioners

There is no way to automate this – any solution involving software or algorithms is simply doing a high-level review of the UB-O4 and itemized charges (which delivers minimal savings)

Performing a forensic review comparing the itemized charges (what was billed) vs. medical records (what was actually done) takes tens of hours and requires a very strong level of medical expertise

We write up our findings in an incredibly detailed evidence-based 10-30 page report, which maximizes our savings, and minimizes pushback from the hospitals

This is what enables us to deliver 23% savings on average (vs. payable amount) and why we delivered a total of over \$160 Million in savings last year



### How we're different

#### What other vendors do

- Other cost containment companies focus on automation through software and algorithms to deliver quick savings
- This method can involve a quick review of the UB-04 and itemized charges, but does not involve an analysis of medical records
- Since medical records can be hundreds or thousands of pages long and are incredibly complex, the only way to review them is manually, by physicians with strong expertise
- Without a forensic review of medical records, savings are only in the low single digits

#### What Quantify Health does

- A forensic review of a claim requires a deep analysis of both itemized charges and medical records
- That is impossible to do with software, and requires deep medical expertise
- That's why our reviews are performed by our US-based team of physicians and nurse practitioners, and require tens of hours to complete
- This enables us to deliver 23% savings on average vs. adjudicated amount/ contract payable



### Evidence-driven reporting process

After our team of physicians and nurse practitioners have completed the review, we write up an incredibly detailed 10-30 page report with all the evidence to support our findings

This is a true differentiating factor – the detailed medical depth enables us to maximize our savings and minimize pushback from hospitals

We share this 10-30 page report with the hospital once the claim is paid at the lower, correct amount – that way we proactively address any potential pushback from the hospital

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### Financial impact

We charge 30% of the difference between the health plan's allowed amount and our final repriced amount – we never compare our performance to the billed amount

Example of a claim below:

٠	Billed amount:	\$500,000
•	Allowed amount by carrier/ health plan:	\$300,000
•	Final repriced amount by Quantify Health:	\$200,000
•	Therefore, savings delivered by Quantify Health:	\$100,000
•	We would charge 30% of the savings:	\$30,000

Proving our savings is very straightforward – and is based on the allowed amount and the final repriced amount – if we don't deliver any savings on that claim then we don't charge anything

There are no other upfront fees/ ongoing fees/ implementation fees

Our solution works for fully-insured health plans (commercial, Medicare Advantage, Medicaid), TPAs, self-funded employers, stop-loss/ reinsurance carriers, and captives

Our clients include one of the top 5 health insurance carriers

Last year we delivered total savings of over \$160 million (average savings per claim of 23%)

### Option 1) Pre-pay review of high cost claims

(1	Carrier/ health plan pends High Cost Claims (post-adjudication and pre- pay) and sends claim to Quantify Health	<ul> <li>The carrier/ health plan would pend high cost claims (in-patient hospital claims with payable of over \$100,000) after any internal reviews by the health plan</li> <li>The carrier/ health plan would send the UB-04 and adjudicated amount over secure email/ secure FTP (no IT implementation needed)</li> </ul>	
2	Quantify Health requests itemized charges and medical records from hospital	<ul> <li>If the carrier/ health plan already has the itemized charges and medical records, they can be sent directly to Quantify Health</li> <li>If not, we're happy to reach out to the hospital ourselves to request the information</li> </ul>	
	Quantify Health performs the review on each high cost claim	<ul> <li>Our clinical team of physicians and nurse practitioners then performs the full forensic analysis</li> <li>We build a 10-30 page report highlighting the areas of overcharge and submit it to carrier/ health plan</li> </ul>	
	The carrier/ health plan pays the final repriced amount	<ul> <li>The carrier/ health plan would then pay the final repriced amount using the existing reimbursement model between the PPO network and the provider (note: we don't change the reimbursement model)</li> </ul>	
	Quantify Health addresses any questions or appeals from the hospital	<ul> <li>Once the claim is paid, we proactively send the report to the hospital and address any questions or concerns</li> <li>If the hospital appeals, we handle the entire appeals process on an end-to-end basis</li> <li>We have an uphold rate of over 93% on appeals; if there is a successful appeal on an overcharge item based on evidence, then a supplemental payment would be issued to the hospital</li> </ul>	10

### Option 2) Post-pay review of high cost claims

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1 Carrier/ health plan sends a list of paid high cost claims to Quantify Health	<ul> <li>The carrier/ health plan would send Quantify Health a list of paid claims over \$100,000 after any internal reviews</li> <li>The carrier/ health plan would send the UB-04 and adjudicated amount over secure email/ secure FTP (no IT implementation needed)</li> </ul>
2 Quantify Health requests itemized charges and medical records from hospital	<ul> <li>If the carrier/ health plan already has the itemized charges and medical records, they can be sent directly to Quantify Health</li> <li>If not, we're happy to reach out to the hospital ourselves to request the information</li> </ul>
3 Quantify Health performs the review on each high cost claim	<ul> <li>Our clinical team of physicians and nurse practitioners then performs the full forensic analysis</li> <li>We build a 10-30 page report highlighting the areas of overcharge and submit it to carrier/ health plan</li> </ul>
4 The carrier/ health plan offsets future payments to the hospital	<ul> <li>The carrier/ health plan would then offset future payments to the hospital based on the findings of the Quantify Health report</li> </ul>
5 Quantify Health addresses any questions or appeals from the hospital	<ul> <li>Once the claim is offset, we proactively send the report to the hospital and address any questions or concerns</li> <li>If the hospital appeals, we handle the entire appeals process on an end-to-end basis</li> <li>We have an uphold rate of over 93% on appeals; if there is a successful appeal on an overcharge item based on evidence, then a supplemental payment would be issued to the hospital</li> </ul>



### Impact on contracted rates

A common question we get is how does Quantify Health affect contracted rates between the health plan and the provider

Our solution works well across commercial, Medicare, and Medicaid plans without affecting the existing contractual relationship between the health plan and the provider

#### Commercial plans

- We are not changing the reimbursement model between the PPO network and the provider
- We are simply validating that the charges are paid correctly by using our evidence-based approach, without modifying contracted terms
- In "Percentage off billed" models (which are common with commercial plans) we will always adhere to the reimbursement model, but will highlight billing errors (e.g., getting charged for 48 hours of ventilator usage in a 24 hour period), double-billing, etc., while backing everything up with ample evidence

#### Medicare and Medicaid plans

- DRG/ case rate models are common with Medicare/ Medicaid plans
- While low-cost claims usually only have a fixed DRG rate, high-cost claims (with a payable of over \$100,000) usually involve a base rate and significant outlier charges
- While we can't change the base rate however the outlier charges are billed on a "percentage off billed" model, and we can address the potentially significant overcharging that might be happening through our forensic reviews

### Case studies

#### Case study 1

# Claim payable without Quantify:\$1,578,649Claim payable with Quantify:\$1,028,046Savings by Quantify:\$550,602 (34.9%)

Claim Review Summary								
	Health Plan Name: S Patient Name: S Dates of Service: 3 Facility Name: S Patient Discharge Status:	Report Date: 1/: Total Billed Charges: \$2; Average Daily Charges: \$3 Total Inpatient Days: 92 Account Number:	870,272					
		Financial Summa	ary					
	Review Adjustment	S	Billed Charges					
A B C D E F	Supplies Billed In Error Nursing Services Billed In Error Billing Errors Non-Covered Services - Item 1 Non-Covered Services - Item 2 Room And Board Acuity	Submitted Facility Charges: Less Review Adjustments: Adjusted Facility Charges: Less Discount: Total CPIR Payable:	\$2,870,271.94 \$1,001,095.53 \$1,869,176.41 \$841,128.93 \$1,028,047.48					
	Total         \$1,001,095.53         Claim Payable Without CPIR:         \$1,578,649.02           Difference:         \$550,601.54							

#### Case study 2

Claim payable without Quantify:\$344,177Claim payable with Quantify:\$253,761Savings by Quantify:\$90,416 (26.2%)

#### Claim Review Summary

Health Plan Name: Sample Health Plan Patient Name: Sample Patient Dates of Service: 9/3/2019 - 9/30/2019 Facility Name: Sample Facility Patient Discharge Status: Still a patient Report Date: 4/21/2020 Total Billed Charges: \$647,399 Average Daily Charges: \$23,121 Total Inpatient Days: 28 Account Number:

#### Financial Summary

Review Adjustments			Billed Charges	
А	Supplies Billed In Error	\$28,803.91	Submitted Facility Charges:	\$647,398.69
В	Nursing Services Billed In Error	\$14,102.00	Less Review Adjustments:	\$170,072.99
С	Non-Covered Services - Item 1	\$33,834.16	Adjusted Facility Charges:	\$477,325.70
D	Non-Covered Services - Item 2	\$54,409.92	Less Discount:	\$223,564.76
E	Room And Board Acuity	\$38,923.00		
F			Total CPIR Payable:	\$253,760.94
			Claim Payable Without CPIR:	\$344,176.94
	Total	\$170,072.99	Difference:	\$90,416.00



### Getting started

We can start on either a pre-pay or post-pay basis:

**Pre-pay**: We first start with free preliminary analysis of 1-3 pended live claims:

We need the UB-04, adjudicated amount, itemized charges

We come back with a report on key areas of savings, and if you want to proceed, then we run the full forensic analysis

**Post-pay**: We first start with free preliminary analysis of 1-3 paid claims:

We need the UB-04, adjudicated amount, itemized charges

We come back with a report on key areas of savings, and if you want to proceed, then we run the full forensic analysis using which you can offset future claim spend

#### Next steps:



We would sign a BAA (happy to sign your format once we review it) and our contract (which can be canceled at any time with a 30-day notice)



### FAQs

Are you trying to renegotiate the contracted rates between the PPO network and provider?

- No. We are actually not renegotiating, but are validating that the charges are paid correctly, without modifying contracted terms
- "Percentage off billed" is a common reimbursement model with hospitals especially on the commercial side - we will always adhere to the reimbursement model, but will highlight billing errors (e.g., getting charged for 48 hours of ventilator usage in a 24 hour period), double-billing, etc., while backing everything up with evidence

#### Does Quantify High Cost Claims work on claims with DRG/ case rate model (which is common in Medicare/ Medicaid plans)?

- Yes; high cost claims with a payable of over \$100,000 will usually involve a DRG base rate along with outlier charges
- While the base rate is a fixed amount and can't be changed, the outlier charges are billed on a
  percentage off billed basis and there is significant potential for overcharging
- We have strong impact in addressing the potential overcharging on the outlier charges

#### Is there any member impact? Does Quantify Health influence the medical decisions by the providers?

- No, we are only involved in the process once the hospital stay is completed and the claim is submitted by the provider to the carrier/ health plan, but before it is paid
- We are completely invisible to the member

#### Is there a chance that the member might get balance billed?

- Since we are working closely with the hospital through the process, it is very rare for them to even bring up balance billing – if they do, we will intervene beforehand to ensure it doesn't happen

## Thank you!

#### www.quantifyhealth.co info@quantifyhealth.co

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