

## CASE STUDY

# Settlements approach \$3.5 million from cloud-based cost containment solution

Three-year total expected to reach \$17 million

## Containing the cost of healthcare

While health plans managed to reduce the amount of erroneous medical claims payments by half in 2011, the 2012 National Health Insurer Report Card shows that nearly 10 percent of claims are still being paid incorrectly.<sup>1</sup> For a large insurer paying out \$100 billion in claims a year, this could add up to a loss of as much as \$100 million in a year if the incorrectly paid claims are not corrected.

A prominent regional Southwestern health plan is reducing erroneous claims payments and maximizing its healthcare cost containment program by working with Discovery Health Partners and its Intelligent Cost Containment Platform. Discovery Health Partners uses automated case management, data mining, and reporting tools for processes such as subrogation, coordination of benefits (COB), and overpayment. Dissatisfied with the results of a previous vendor, the health plan switched to Discovery Health Partners to:

- Increase the volume of recoveries
- Recover Medicare Advantage premiums faster
- Have more flexible reporting
- Get better response and attention from its vendor

The health plan, which offers a full portfolio of managed care plans to more than 238,000 people in its state, engaged with Discovery Health Partners to manage coordination of benefits and subrogation processes. The company was so happy with the results that it later extended its relationship with Discovery Health Partners to include managing processes for overpayment and premium restoration for its Medicare Advantage membership.

## Intelligent Cost Containment Platform cuts through healthcare complexity

Discovery Health Partners' Intelligent Cost Containment Platform cuts through healthcare complexity with its automated tools and sophisticated data mining technologies, which help to quickly and more accurately identify errors, subrogatable claims, and potential COB recoveries. The system takes the health plan's electronic claims files and eligibility information on a monthly basis and, based on embedded business rules, finds claims that another party should have paid.

Case-relevant documents are imaged and uploaded directly to the case, eliminating paper files, and allowing authorized members of the health plan team to view case status anywhere, any time. As eligibility errors are identified, the Discovery Health Partners team takes steps to correct this information in the payer's eligibility system so they can pay correctly the first time on future claims.

## Additional services deliver even more savings

The system has worked so well, the health plan also has engaged Discovery Health Partners to manage its Medicare Secondary Payer (MSP) premium restoration and the recovery process for referred overpayments – situations in which the client has already identified a payment error and relies on Discovery Health Partners to manage the provider collection process and recover the overpaid claims.

When the health plan decided also to outsource its MSP premium restoration, Discovery Health Partners had this service up and running within one week. Since the health plan already was providing eligibility files for the other services, it simply had to provide Discovery Health Partners with reports it already received from Centers for Medicare and Medicaid Services. Discovery Health Partners uses the reports to identify instances where CMS has an incorrect record that another party is primary to the Medicare Advantage plan, reducing the amount of premium revenue for those members. Discovery Health Partners reviews these records, determines correct primacy, and corrects the record with CMS, resulting in restored premium revenue to the health plan.

## First year yields \$3.5 million in recoveries

Within the first full year of recoveries, the health plan realized nearly \$3.5 million in settlements. Coordination of benefits and subrogation recoveries will total about \$3.5 million in its second year, while premium restoration is estimated to reach \$7.6 million, for a total of \$11 million in expected recoveries during the second year. Not only are the recovery figures large, many are also recoverable in the near term. For example, through Medicare Secondary Payer Validation and Premium Restoration, the health plan has been able to recover \$2.8 million in just the first 60 days.

These savings are the result of improved data mining and analytics through Discovery Health Partners' Intelligent Cost Containment Platform, which allows the team to quickly and accurately pinpoint cases for recovery. Based on past experience across its customer base, Discovery Health Partners can point to various diagnosis codes and combinations of codes that indicate another party might be responsible for a claim. The expertise of Discovery Health Partners' MSP Validation and Premium Restoration team is responsible for the high level of restored premiums. The specialized staff, which is dedicated to MSP, skilled in CMS communications, and measured on the quality of their outcomes, achieves 99% acceptance of records submitted to CMS.

In tracking the progress of these cases, the customer has appreciated the flexibility of report design and full transparency offered by the Intelligent Cost Containment Platform. Discovery Health Partners provides the client with a quarterly subrogation report that shows recoveries and pipeline. This feeds into the health plan's budget and informs planning and forecasting activities.

"I'm so happy we switched to Discovery Health Partners. They've been so much more responsive and easy to work with," said a representative with the health plan.

### About Discovery Health Partners

Discovery Health Partners helps organizations reduce and contain healthcare spend through intelligent cost containment solutions. We specialize in technology, services, and solutions for Subrogation, Dependent Eligibility Verification, Coordination of Benefits and more. We enable health plans, self-funded employer groups and government agencies to manage more efficiently and with less risk and cost by integrating advanced technology, information analytics and modernized workflow for superior identification and transparency. Working with Discovery Health Partners, clients realize improved recoveries, reduced cost, better control, and new levels of insight. Discovery Health Partners is a division of LaunchPoint, a provider of information-centric services and solutions for healthcare enterprises.

Learn more at [www.discoveryhealthpartners.com](http://www.discoveryhealthpartners.com).

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*- Health plan representative*

David Grice, Vice President of Sales  
Phone: 678.296.8918  
dgrice@discoveryhealthpartners.com  
www.discoveryhealthpartners.com

<sup>1</sup> American Medical Association 2012 National Health Insurance Report Card