



Next-Generation
Subrogation Solutions

**Best Practices for
Maximum Results**

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Introduction

No one wants to leave money on the table. But that is often what happens when health plans don't recover payments for claims that are someone else's financial responsibility. A health plan's successful recovery of injury-related claims depends upon a fine-tuned and optimized subrogation process. Additionally, it is important that plans continue to manage all areas of recovery, including emerging opportunities like Mass Tort, which, with the right technology and expertise can be an effective way to add to the bottom line.

With the right strategies in place, increased subrogation recoveries are within your reach. [Discovery Health Partners](#) offers effective strategies in three key areas to help improve your subrogation process:



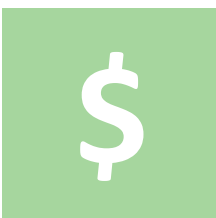
Identifying the best cases for recovery

Identify



Optimizing the recovery process workflow

Optimize



Measuring and managing program performance

Measure



Identify

Identification Overview

Identifying the right subrogation cases is the first step in recovering the losses that are owed to a health plan. Many of the current identification practices are outdated and unrefined, resulting in more or missed cases, but not the right cases to maximize results. There are several best practices that can help health plans accurately identify, without wasting resources on unnecessary investigations. Implementation of these best practices, which leverage today's technology and analytics, can truly optimize your subrogation results.

“If you don't identify the cases, you can't recover or cost-avoid,” Liz Longo, Discovery Health Partners General Counsel, said in a recent [webinar](#). “It's a delicate balance between identifying too many cases, which results in false positives or non-recoverable cases, and identifying too few cases, which results in missed opportunities.”

Fine-tuning your identification process can help you achieve optimum accuracy in pinpointing the right subrogation cases, resulting in a cost savings to your bottom line.

Identification

Best practice #1

Diagnosis code lists have long been the starting point for uncovering potential subrogation cases. However, these lists of codes tend to be subjective and not frequently reviewed. Scoring and analytics can help you uncover which cases will drive your recoveries. Analytics mean that there is a continuing analysis of the codes used (diagnosis, procedure, revenue codes), in connection with varying demographics (age, location, presence of other medical conditions), compared against the data on recoveries achieved. When looking at all of this together, you can identify and constantly refine which combinations are more likely than not to result in a recovery. The goal is to learn from the data, then use what you learn.

Looking at diagnosis codes in isolation from other claims information often misses the mark. Looking at them along with demographic information identifies the relationships that lead to recoveries and allows the plan to prioritize recovery efforts.

For example, fractured femur and fractured ankle and foot codes are typically included in the subjective and static identification lists commonly used. Fractured femurs are very common in older populations and more often than not are not related to any accident or injury for which there is a recovery source. Similarly, fractured ankles and foot bones are common among diabetics unrelated to any accident or injury. By utilizing scoring and analytics, there will be a fine tuning and continuous sharpening of which fractured femur, foot and ankle codes, in combination with other codes and demographics, are likely to yield a recovery and which codes are not.

Plans want to make sure that those relationships and trends that result in recoveries are continuously identified and that subrogation identification is refined based on what has been learned to drive improved accuracy.



Identification

Best practice #2

It is critical that plans leverage all available claims data in the identification process and not just consider one or two diagnosis codes. A deep dive into all available claims data reveals important details that might be overlooked in a more limited review. Diagnosis codes must be reviewed along with other codes, including procedure codes and revenue codes. If you only look at the first code on a diagnosis claim, you will likely miss valuable identification information.

For example, “E” codes describe external causes of injury in the place where those occurred (i.e., a car accident on a highway). Because “E” codes are not revenue-generating codes, they usually never appear as the first code on a claim. You might see that a member has sustained a sprained neck by looking at the first diagnosis code on a claim. Without further review of the second or third code, you might overlook the code that indicates that the sprained neck was sustained as a result of a car accident.

Current practices		Best practices
Limited review		Deeper dive analysis

Identification

Best practice #3

One size does not fit all for purposes of identification. Different populations and demographics require different identification. Therefore, it is important that your identification be table driven and flexible. In current practices, identification is often hard-coded and not customizable. This rigidity results in the inability of the plan to adjust its identification criteria for a select group or population leading to over or under identification. Oftentimes, ASO groups may have identification needs different from other populations, such as excluding or flagging the identification of medical malpractice cases. Without table driven identification, such select identification exclusion is not possible.

As another example, firefighter populations illustrate the need for flexible and table driven identification. Many states have enacted cancer, cardiac, and lung presumption laws, meaning that these conditions are presumed to be work-related diseases. Accordingly, flexibility in identification is required to pinpoint these cancers, cardiac, and lung conditions that we would actively seek to avoid identifying in other populations. Your identification needs to be flexible enough to accommodate the differing identification needs of varying populations.

Current practices		Best practices
Hard-coded	Not customizable	Table driven and flexible

Identification

Best practice #4

Another critical component of an effective identification process is the ability to account for and track member chronic conditions. When a member or other source indicates to the plan or the plan's vendor that the member has a chronic condition, (e.g., a bad back, knee, shoulder, that condition for that member should be flagged). Going forward, that condition alone should not be reinvestigated in the future. This chronic condition scoring is a win-win for everyone. It results in reduced member abrasion by minimizing unnecessary member outreach and saving costs associated with needless investigations. This identification and tracking of chronic conditions substantially reduces cost and waste for the plan.

Current practices		Best practices
Ignores chronic conditions		Scoring and tracking

Summary

Using these innovative best practices for identification, [Discovery Health Partners](#) has substantially improved the subrogation process to deliver many more recoveries.

To review, the recommended best practices are:



Scoring and analytics



Deeper dive analysis



Table driven and flexible



Scoring and tracking

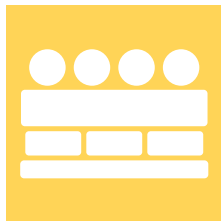
To learn more about subrogation best practices, download our [checklist](#).



Optimize

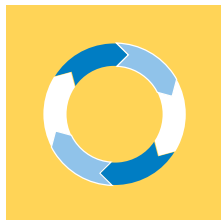
Optimization Overview

Once you've identified which subrogation cases have recovery potential and which do not, it's time to make sure you're optimizing program performance in three key areas:



Platform

Leveraging technology platforms and automation to improve results



Process

Evaluating recovery workflows to ensure efficiency is maximized by leveraging available technology



People

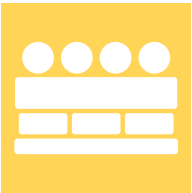
Recruiting and maintaining a united and coordinated team of people

Optimization

Platform: cloud technology

Leveraging the most current technology and automated systems will yield more recoveries with less cost and fewer resources.

Cloud technology offers a next-generation solution for loading and processing claims data, with cloud-based data storage and on-demand added capacity. Not only is cloud storage scalable and much less expensive than physical data storage, it allows for easy and mass loading of claims data and execution of claims processing. Given the ability to load multiple data files at the same time, health plans can quickly pursue reimbursement, a crucial part of maximizing recoveries. In addition, cloud-based storage providers offer encrypted HIPAA compliant instances in compliance with the Security Rule.



Platform



Optimization

Platform: software

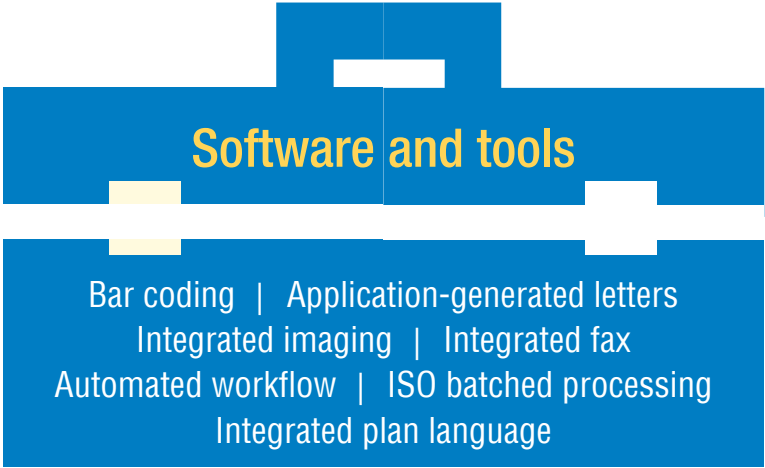
Powerful, flexible case management software solutions are critical to improving your subrogation process. Subrogation processes involve large amounts of mail, including questionnaires, letters, and other correspondence between multiple parties. It is important to have the right software to track and manage your cases.

One component of an effective case management software solution includes integration of two-dimensional bar codes on all correspondence. Investigation questionnaires are typically the first step in a subrogation investigation. If those questionnaires and follow-up letters are bar-coded, they can be tracked more effectively. Bar codes also reduce the risk of a HIPAA breach by preventing questionnaires from being associated with the wrong case.

Other examples include: introduction of a library of template-based letters that can be selected and generated systematically; integration of fax functionality that allows the user to fax letters directly from the application; creation of time stamped activity description that records every activity undertaken on a case; and integration of plan language within the application so the user can access the applicable plan information on a case-by-case basis.



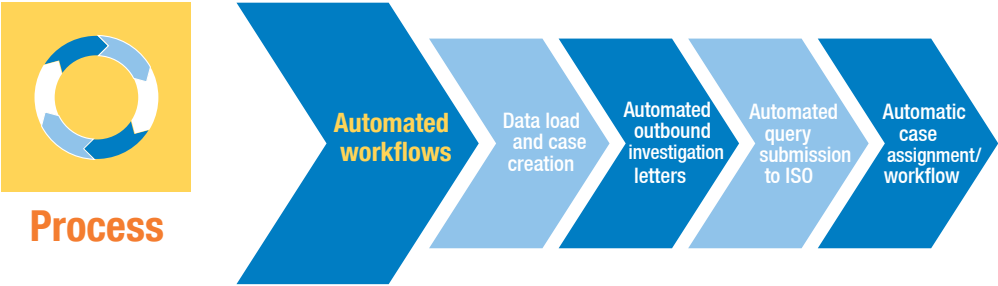
Platform



Optimization Process: software

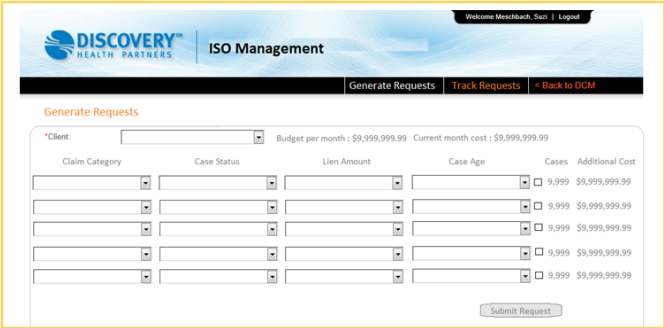
An automated workflow that is proactive, predictive, and intuitive is the basis of next-generation subrogation solutions. With technology changing every day, it's important to periodically review your workflow to leverage opportunities for increased automation.

Ideally, an automated process will trigger a “next” event whenever an event occurs, i.e., if a notice of lien or reimbursement rights is sent, the system should automatically schedule an event to follow up on that notice. Today's best automated systems remove the need for manual scheduling. This frees up your workers and resources to focus on more meaningful tasks in the process.

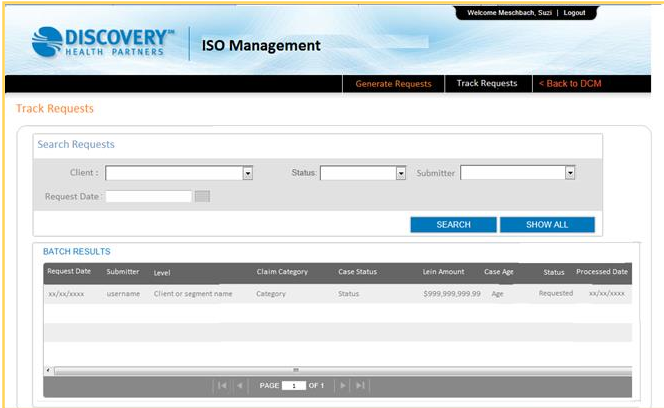


Optimization Process: dashboard

Taking a broad look at what’s working—and what’s not working—can help to streamline your process. You may find that the traditional first step of sending a questionnaire isn’t the most effective for your investigation. Some populations are slow to respond to mailings and they often go unanswered. Bypassing the questionnaire and initiating your investigation with an automated ISO query may be a better option.



It is also important to look at the cost-effectiveness of an ISO query vs. a more traditional mailing. User interface tools, like the one used by [Discovery Health Partners](#), let you manage the selection and cost of ISO queries. An automated and user-selectable dashboard sorts information by various claim categories or by the age of the case. Analytics and data tracking tools give you a full picture of cases that are a “hit” or “miss” with the query. A close examination of this data lets you determine the overall effectiveness of your ISO automation.



Optimization

Process: proactivity

Proactivity is a must in all phases of the subrogation process. When members don't respond to mailings, outbound calling becomes a critical step in obtaining information. Leveraging all possible investigative tools, like court documents, police reports, and ambulance run reports can help identify cases that have recovery potential. Legal oversight and attorney involvement should be present from the start of an investigation to provide ongoing communication and counsel on any changes in laws.



Optimization People

Technology isn't enough when it comes to optimizing your recovery process. You need the right people to interpret and synthesize your data. In short, your people need to be able to recognize a viable subrogation case when it's in front of them.

This analytical outlook coupled with a high level of comfort on the phone and a soft touch with people is a good mix for a subrogation investigator. They will know the right questions to ask, have the skill to analyze the data, and possess the initiative to follow up on those compelling cases.

Training, continuing education, and workplace incentives are crucial to maintaining your team. Workplace incentives can go a long way toward boosting morale for a united, coordinated staff who will contribute to the success of your plan.



People



Identify the right candidates



Provide training and continuing education



Motivate and measure performance

Summary

Rising health care costs are a concern to us all. Successful subrogation can help contain those costs, but the entire process—from the platform to the people—needs to be optimized so that resources are used wisely and effectively. A highly optimized subrogation process results in better tracking of metrics and data, and an uptick in recovered losses.

To review, optimize program performance in three key areas:

-   **Platform**
Cloud technology
Software
-   **Process**
Dashboard
Proactivity
-   **People**



Measure

Measurement Overview

As the old saying goes, “You can’t improve what you don’t measure.” Imagine you are a student taking a test and never knowing your grade. It’s nearly impossible to strategize a plan for improvement if you are unaware of your current performance.

This same principle applies to subrogation cases. Analytics are essential to evaluating the performance and effectiveness of any subrogation program. Armed with meaningful data and metrics, organizations can better analyze performance and make future strategic decisions.

Measurement

Best practice #1

To make the necessary improvements, you need to know how your subrogation program stacks up against others. How do you know if your program is performing above average, in the middle, or just plain poorly? Transparency in data, both internally and from vendors, will reveal insights about your subrogation performance within the industry as a whole.

Benchmarking also gives subrogation professionals some guideposts on where their programmatic weaknesses and strengths may lie. What is needed now is a cultural shift by vendors and health plans to increase operational transparency and provide real benchmarking. Health plans should have full access on a 24/7 basis to all case details housed in their vendors' case management applications, including incoming and outgoing correspondence, telephone calls, activities and diaries of activity.

Current practices		Best practices
Limited metrics	Limited benchmarks	Operational transparency

Measurement

Best practice #2

Real-time dashboards, such as the one offered by [Discovery Health Partners](#), provide on-demand information and metrics that illustrate the current status of your subrogation inventory. Dashboards are able to integrate information from multiple vendors as well as hybrid models, providing the user with the fullest and most accurate picture.

Examples of data that should always be available to the health plan include information on daily, monthly, and annual recoveries; case inventory data; and vendor performance metrics. This data should be sortable by client, funding source, accident type, and specific date range. Reports should be easy to run and offered in a user-friendly format that will help business users understand subrogation performance.

Current practices		Best practices
Lack of transparency to case details		Full access to cases

Measurement

Best practice #3

Closed-case data can be particularly instrumental in demonstrating why you are recovering on some cases, and not recovering on others. Again, a dashboard system allows the user to sort by cases that have been and have not been recovered and the reasons why the plan is and is not recovering. Next, that data must be able to be filtered by claim type, plan type and other relevant recovery factors. The ability to analyze your data will allow you to evaluate subrogation program performance and then make strategic decisions regarding future program improvements.

Current practices		Best practices
	Limited transparency to performance	Real-time dashboards

Mass tort

Maximizing your mass tort recoveries

Joint replacement surgery is fairly common in the United States, with more than 285,000 hip replacement surgeries every year¹. However, if that new hip turns out to be defective—causing further pain or weakening of the joints—this routine hospital procedure could become subject to the complexities of mass tort litigation.

What is mass tort?

Mass tort occurs when a faulty drug or device harms a large number of people, such as a hip replacement that causes tissue and bone death, or a diabetes drug that is linked to bladder cancer. In a mass tort case, each plaintiff files an individual claim resulting from distinct damages and each plaintiff receives his own trial. Mass tort relies on some of the same processes and procedures as subrogation to recover payments. However, due to the complexity of mass tort cases, not every health payer has the technology, expertise, or resources to devote to pursuing mass tort.

Cost recovery opportunity

While mass tort litigation is certainly complex and resource-draining for health plans to pursue, it represents a substantial cost recovery opportunity for health plans, with potentially millions of dollars in legal settlements at stake.

¹American Academy of Orthopaedic Surgeons, 2014
<http://orthoinfo.aaos.org/topic.cfm?topic=a00377>

Discovery Health Partners mass tort solution

Discovery Health Partners offers a solution to maximize mass tort recoveries with a unique process model that drives measurably better results. Built on the pillars of accurate identification, proactive legal expertise, dashboard visibility, and compliance with regulatory agencies, our solution has the potential to recover millions of dollars for our partner health plans.

Identification

Identifying members who received medical care associated with mass torts requires powerful data mining and advanced analytics capabilities. Each case involves a new set of indicators, and requires distinct analytic models. Data is drawn from claims, diagnostic and procedure codes, as well as medical and legal records for more accurate identification with fewer false positives.

Legal expertise

Mass tort recoveries require a detailed understanding of complex legal processes and jurisdictions, which some health plans don't have available to them in-house. Discovery Health Partners has expert in-house legal counsel with a deep knowledge of mass tort and established processes for litigating these claims, which often fall into overlapping jurisdictions. Using advanced state-of-the-art case management software, our legal team proactively tracks cases and pursues recoveries using this systematic approach.

Visibility and compliance

Like any complex process, optimizing mass tort recoveries requires visibility into trends, exceptions and outliers, and performance indicators. Discovery Health Partners' full-service dashboard provides visibility into your mass tort inventory with detailed reporting. With this transparency, senior management can track trends and cases for more accurate forecasting. It also provides internal and external reporting insights that meet all compliance requirements.

Results with Discovery Health Partners

The best approach to mass tort in today's post-healthcare reform era is proactive, systematic, and programmatic. Discovery Health Partners has implemented these best practices with our current clients at a rate of 100% satisfaction. We are the leading provider of mass tort solutions, with millions in successful recoveries for our clients, and we are ready to help your health plan identify, pursue, and maximize tort recoveries. To learn more about our mass tort best practices, download our [checklist](#).

Proven results

Case study #1

\$3.9 Million

Discovery Health Partners has helped clients restore millions of dollars through our next-generation subrogation solutions. One client, a prominent regional health plan with 110,000 members, partnered with us to strengthen cost containment initiatives, including their subrogation program. Discovery Health Partner's Subrogation solution's data mining and analytics engine identified more opportunities for subrogation, with a higher degree of accuracy than their incumbent vendor.

Most importantly, the solution included flexible and extensive reporting and dashboard capabilities, giving the client full visibility into their subrogation program, and the power to track financial performance against benchmarks. Over a two-year period, the health plan has recovered \$3.9 million using our Subrogation solution.

Proven results

Case study #2

\$2.3 Million

A community health plan with 207,000 members managed its own subrogation program internally, relying on manual processes and paper records. They engaged Discovery Health Partners in an effort to streamline their program, leverage legal best practices, and generate improved recoveries.

Our end-to-end analytic and case management platform automated many tasks and allowed the plan to leverage legal expertise that wasn't available in-house. The client can now actively monitor their subrogation program against benchmarks in real time through Discovery Health Partners' web-based dashboard, allowing the plan to more accurately manage and improve key performance metrics. With subrogation recoveries of nearly \$2.3 million in the first year of the program, the client has engaged Discovery Health Partners for additional cost containment solutions.

Conclusion

Identifying cases and optimizing and measuring performance are the foundation of a successful subrogation program. These best practices combined with [Discovery Health Partners'](#) powerful data mining and analytics tools have a proven track record of helping leading health plans generate measurably better results from their subrogation programs and deliver millions in recoveries.

Discovery Health Partners leads the path forward for health plans to improve subrogation recovery rates and ultimately contain costs, making healthcare more affordable for us all.



www.discoveryhealthpartners.com