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Contract Negotiation -
Leveraging Data for Managed Care & Payer Accountability

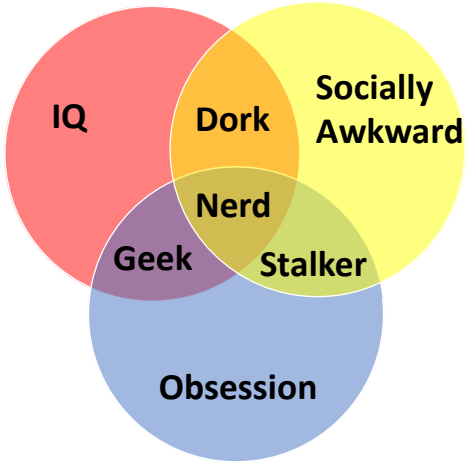
Contract Negotiation - Leveraging Data for Managed Care & Payer Accountability

- What does it mean to aggregate healthcare data?
- How is the status quo insufficient?
- What data to aggregate?
- How does managed care leverage the data to hold payers accountable?

NO TECHNOLOGY EXISTS TO HELP PROVIDERS AND PATIENTS ADDRESS THESE CHALLENGES...

Until now!

Nerd vs Geek by Don McMillan



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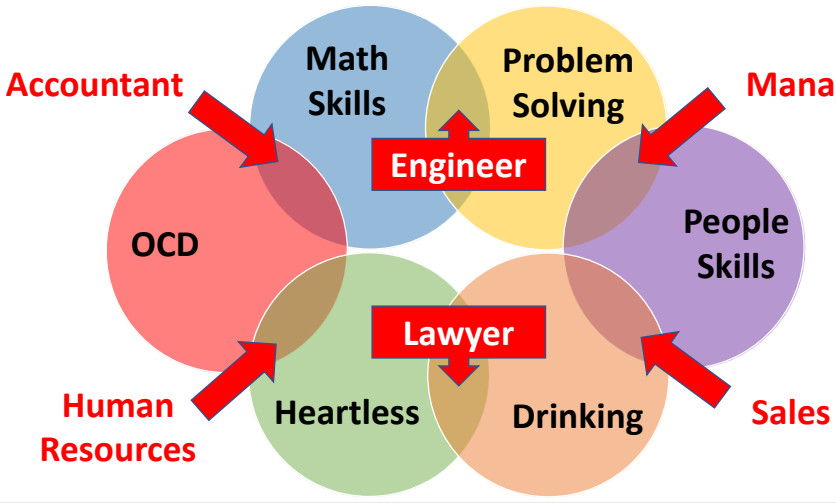
Career Choice by Don McMillan



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What does it mean to aggregate healthcare data?

Unicorn and Cotton Candy Clouds?

Statistics can be misleading by Don McMillan

- There are **1.4 billion people** in China
- There are **7 billion** people on Earth
- Therefore, 1 out of every 5 babies born are Chinese

Conclusion:

If you have 4 kids and you are expecting a 5th…

your baby will be Chinese

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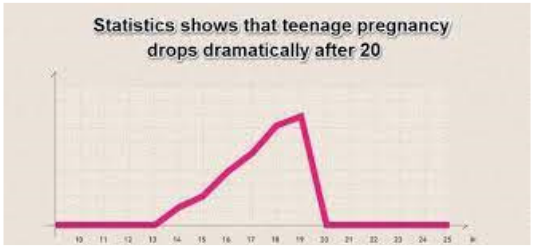
Statistics can be misleading by Don McMillan

ON TEENAGERS, ADULT:

Statistics show that teen pregnancy drops off significantly after age 25.

Mary Anne Tebedo, Republican state senator from Colorado Springs (contributed by Harry F. Pancer)

MONDAY DECEMBER 1999



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Statistics can be misleading by Don McMillan

'We hate math,' say 4 in 10 — a majority of Americans

WASHINGTON — People in this country have a love-hate relationship with math, a favorite school subject for some but just a bad memory for many others, especially women.

In an AP-AOL News poll as students head back to school, almost four in 10 adults surveyed said they hated math in school, a widespread disdain that complicates efforts today

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Every other industry has performance data

"If you cannot measure it, you cannot manage it" -Peter Drucker

- Stock Market
  - S&P 500, Dow, NASDAQ
- Unemployment Rates, Inflation, Consumer Price Index, Interest Rates
- Housing Sales, Manufacturing Orders, Gross Domestic Product
- Company Performance
  - Gross Profit Margin, Working Capital, Current Ratio

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How to we measure and monitor healthcare?

- CMS Data
- Self-Reported Survey Data
- Healthcare is managed by surveying and sampling data from less than 2-5% of the hospitals. Healthcare needs to aggregate common data sets to unlock and learn from the collective experience
- Healthcare data is inherently siloed. Through fear, the industry hoards information, afraid to share and learn.
- Healthcare must find a way to safely share information and do it in a normalized and standardized format, so the results can be compared.

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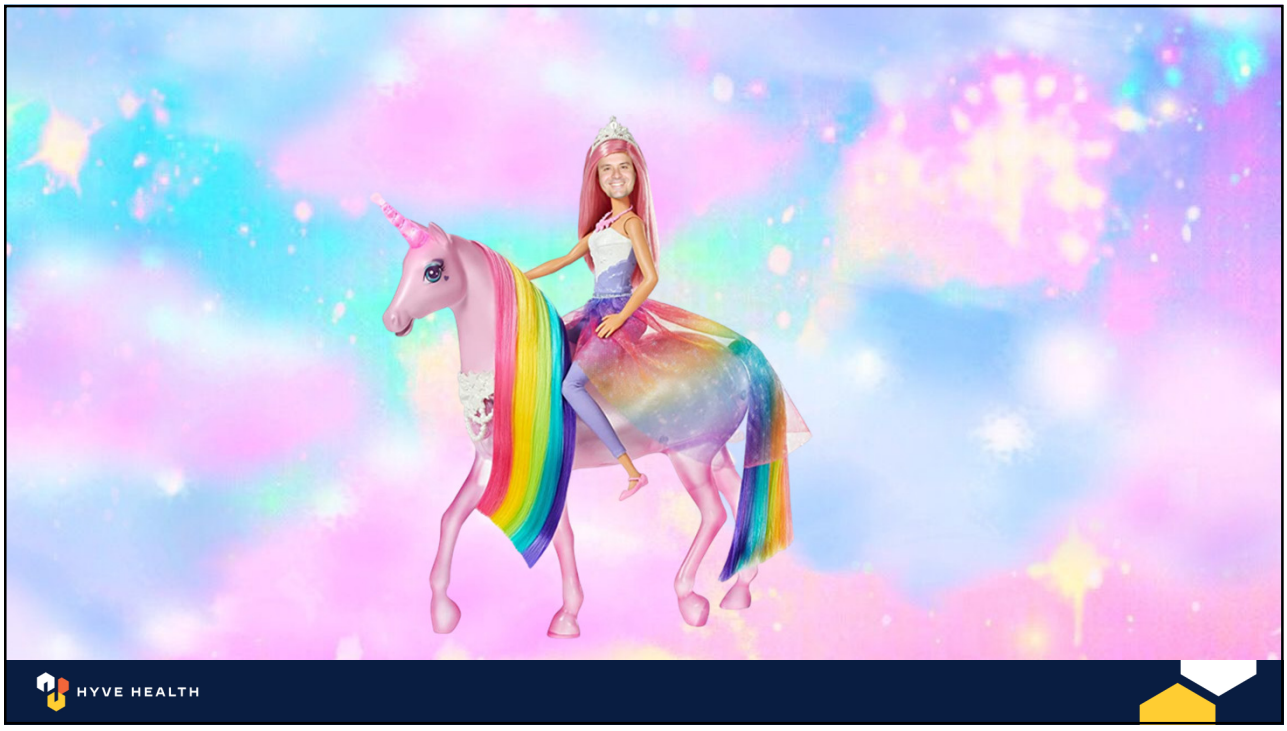

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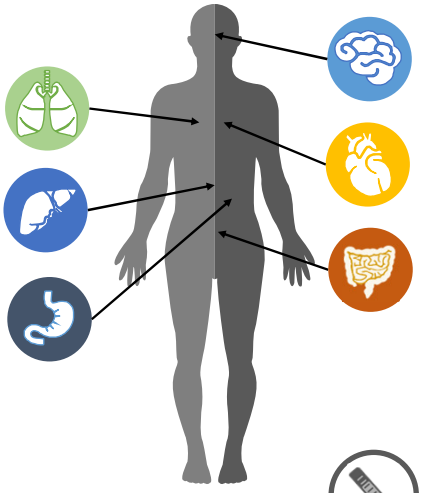
How is the status quo insufficient?



Without clinical benchmarks, physicians would not know what is normal for certain vitals like temperature, blood pressure, and blood chemistry to diagnose health and vitality.

Similarly, without proper financial and operational benchmarking, hospitals don't know what their denials, claim processing, and reimbursement should be.

What is good and what is better?

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Two-year-old data is considered "CURRENT"

- Claims Denials and Appeals in ACA Marketplace Plans in 2021
  - Feb 9,2023
  - "In this brief, we analyze transparency data released by the Centers for Medicare and Medicaid Services (CMS) on claims denials and appeals for non-group qualified health plans (QHPs) offered on HealthCare.gov. Data were reported by insurers for the 2021 plan year and posted in a public use file in October 2022. We find that, across HealthCare.gov insurers with complete data, nearly 17% of in-network claims were denied in 2021. Insurer denial rates varied widely around this average, ranging from 2% to 49%."
  - https://www.kff.org/private-insurance/issue-brief/claims-denials-and-appeals-in-aca-marketplace-plans/

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Survey 200 out of 6000 hospitals = (3%)

- REDUCING DENIALS TOPS THE LIST OF PRIORITIES FOR REVENUE CYCLE LEADERS
  - January 4, 2023
  - "Claims denials are increasing between 10%-15% according to a recently released survey."
  - "These results came from surveying 200 healthcare professionals, primarily in executive or management positions, who actively take part in the decision-making processes for their organizations' claims management systems."
  - https://www.healthleadersmedia.com/revenue-cycle/reducing-denials-tops-list-priorities-revenue-cycle-leaders

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500 denials over one week, three years ago

Medicare

- Some Medicare Advantage Organization Denials of Prior Authorization Requests Raise Concerns About Beneficiary Access to Medically Necessary Care
  - April 27, 2022
  - "HOW WE DID THIS STUDY

    We selected a stratified random sample of 250 prior authorization denials and 250 payment denials issued by 15 of the largest MAOs during June 1-7, 2019. Health care coding experts conducted case file reviews of all cases, and physician reviewers examined medical records for a subset of cases. From these results, we estimated the rates at which MAOs denied prior authorization and payment requests that met Medicare coverage and MAO billing rules. We also examined the reasons that these denials occurred and the types of services associated with these denials in our sample."
  - https://oig.hhs.gov/oei/reports/OEI-09-18-00260.asp

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Prompt Pay Laws by State

State	Status/Terms of Law	State Contact	Website Address (If Available)
Alabama	Clean claims paid within 45 working days, applies to HMO's only.	Anna Burton (334) 206-5366 Alabama Dept. of Public Health	
Alaska	Clean claims must be paid within 30 working days.	Katie Campbell (907) 465-4607 Alaska Div. of Insurance	http://old-www.legis.state.ak.us/cgi-bin/folioisa.dll/stattx01/query=/doc/{t8722}
Arizona	Clean claims must be paid within 30 days or interest payments are required (usually about 10%)	Deborah Claw (602) 912-8444 Arizona Dept. of Insurance	http://www.id.state.az.us/publications/timely_pay.pdf
Arkansas	Clean, electronic claims must be paid or denied in 30 calendar days, paper in 45. 12% per annum interest after 60 days.	(501) 371-2766 Arkansas Dept. of Insurance	http://www.state.ar.us/insurance (Click on Insurance Laws, Rules, and Regs #43)

Arkansas Prompt Pay Law

Arkansas Code Ark. R. § 43. 12	A Health Carrier shall pay or deny a clean claim within 30 days after receipt by the Health Carrier if the claim was submitted electronically, or within 45 days after receipt if the claim was submitted by other means. A Health Carrier shall notify the Health Claimant within 30 days after receipt of the claim if the Health Carrier determines that additional information is needed.	A Health Carrier shall pay a penalty to the Health Claimant for the period beginning on the six ty-first day after receipt of the clean claim and ending on the clean claim payment date (the delinquent payment period), calculated as follows: the amount of the clean claim payment times 12% per annum times the number of days in the delinquent payment.

www.aaoms.org/docs/handouts/insurance_manual/appendix_d.pdf

All Payer Claims Databases (APCDs)

- Source of the data?
- Timeliness of the data?
- ONLY CLAIMS

Arkansas APCD Medical Claims Counts By Month

Generated on :	3/4/2022 4:36:08 PM
EXPLANATION: The Medical Claims Count by Month report provides counts by submitter and unique medical claim number for each month of the selected date range. It provides medical claim counts for the time period selected, the current time period compared to the previous month's time period, and the current time period compared to the same time period in the previous year. Medical claims are identified using dates of service.	
Database :	Apcd_dw
Entity :	10155,12151,12231,12282,12567,16130,16244,16256,60052,60054A,60054M,60217,60984,62286A,67369,67369A,67369B,70580,70998A,70998C,71420,73288,79413A,79413C,79413D,80799,81973,83470,90328,95442,95446,95448A,95448B,95448C,95792,95885,99CIG2,99EBD1,99HSC1,99HSM1,99MCD1,99OPT1,99UMR1
Start Date :	07/01/2018
End Date :	06/30/2021

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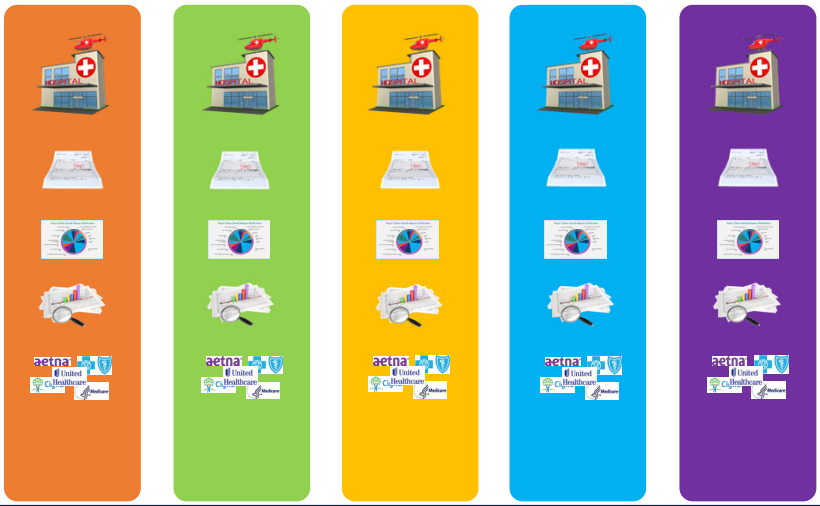
Healthcare data is inherently siloed



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How do you know?

- What is your biggest problem?
- How do you know it is your biggest problem?
- How do you compare your hospital against the industry? Against each other?
- What is the cost of working on the wrong problem? Opportunity Cost

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What data to aggregate?

Healthcare needs a National and State Payer Scorecard

- As an industry, we don't have the capability of being able to see how payers are performing across the country let alone in our own state
- At best, we have anecdotal stories that we can tell at association meetings and conferences
- We need to transform the conversation from anecdotal stories to empirical evidence
- There is only one way…

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837/claims and 835/remits is the key to it all!

- 837/835s are the lifeblood of the healthcare industry
- The industry has been so focused on 837/claims data for years.
- No one is touching the 835/remits…why?
  - Anti-trust…reimbursement was radioactive data.
- Why now?
  - CMS Price Transparency…reimbursement is "theoretically" public domain.
- Why buy third-party data that is obsolete and has an unknown source?
- Hospitals need to unite, share their deidentified data and create the most accurate and timely set obtained directly from the source!

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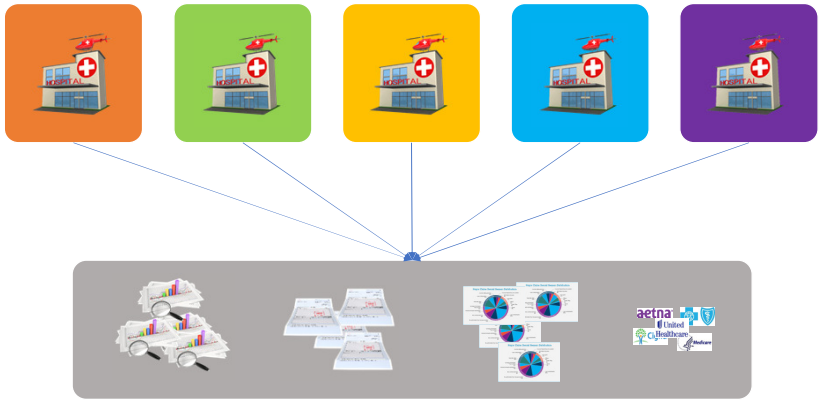
We need to break the data silos



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Deidentified. Normalized. Standardized.

- Deidentified
  - Remove PHI from raw 837/835s
- Normalized
  - Create standard crosswalks for:
    - Payers
    - Denials
    - Specialties
- Standardized
  - Calculate the metrics the same, so the comparison is apples to apples

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Self-reported data is nothing more than…

- Lipstick on a pig
- The source of the data is unknown
- 100% guarantee the queries to pull the data are not the same
- Data can be manipulated
- The result is apples, oranges, bananas, and grapes

-Data Fruit Salad!

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We lack the desire to understand
how good we could be
because we fear how bad we might be.

We don't want to admit we don't know.

We are not willing to risk in order to learn!

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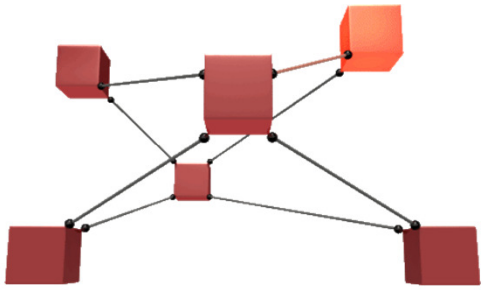
Artificial Intelligence / Machine Learning

- In 1995, I pioneered some research in neural networks
- Today, AI/ML is a big deal
- The foundation of AI/ML is using technology to find and create connections to data that are multidimensional.
- The primary requirement…

DATA



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How does managed care leverage the data to hold payers accountable?

What data does Managed Care need vs want?

- Volume / Utilization
- Contracted Rates
- Payment Rates
- Underpayment analysis (Expected vs Actual)
- Competition Rates (Provider vs Payer MRFs?)
- Charge Description Masters (CDM)
- Medicare Rates?

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What is Contract Negotiations?

- Bartering chickens for pigs

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Throwing rocks at a tank

- Today, during contract negotiations, providers are throwing rocks at payers as tanks
- Why negotiate with 1 out of 100 data points when the payer has 100?

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Where do you get data from today?

- CMS
- Guidehouse
- Strata
- LexisNexis
- PayrHealth
- Consultancies

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What information do you wish you had?

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Give me a single source for:

- Prompt pay rate
- Clean Claims rate
- Denials
- Actual Reimbursement
- By…
  - Nationally/State
  - Payer
  - Payer Type (Commercial, Medicare, Medicaid)
  - Patient Type (IP/OP)
  - Specialty (OB, Ortho, Cardiac, Lab, Rad, etc.)

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Managed Care Applications

- Why to Payers make $B and providers lose $B? Payer have all the data, and they leverage their data
  - Know the collective experience not just your own.
  - Know your experience relative to your peers? ME vs WE!
- CMS Price Transparency / Machine Readable Files (MRFs)
  - MRFs are one dimension of data. Price.
  - What about volumes? Denials? Timeliness of Payments?

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How do you hold payers accountable?

- It is no longer acceptable to have 1 out of a 100 data points.
- Hospitals need to evolve from anecdotal stories to empirical evidence
- Hospitals need to understand the difference between ME vs WE
  - Is my experience with this payer same/different (better or worse) than my peers?
  - Is the problem ME and only related to my hospital because other hospitals are not as bad

    or
  - do WE ALL have the same issue and it is the payer.

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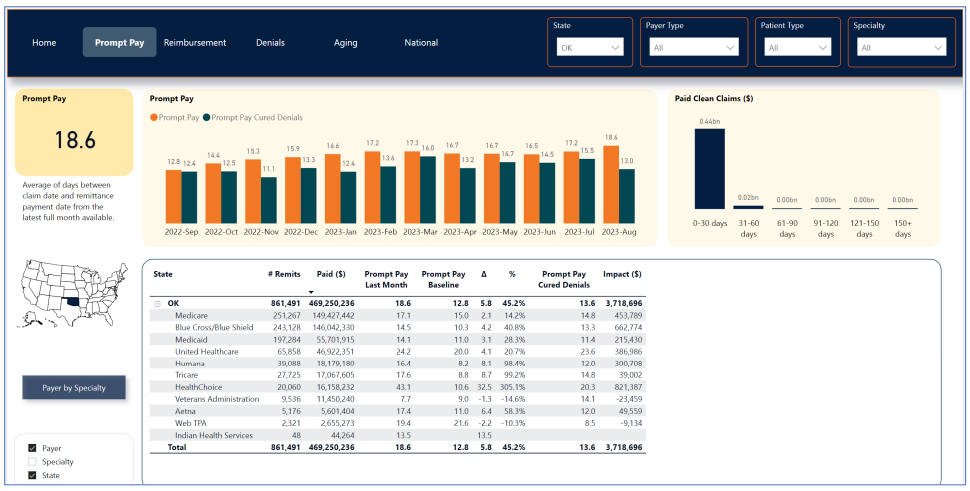
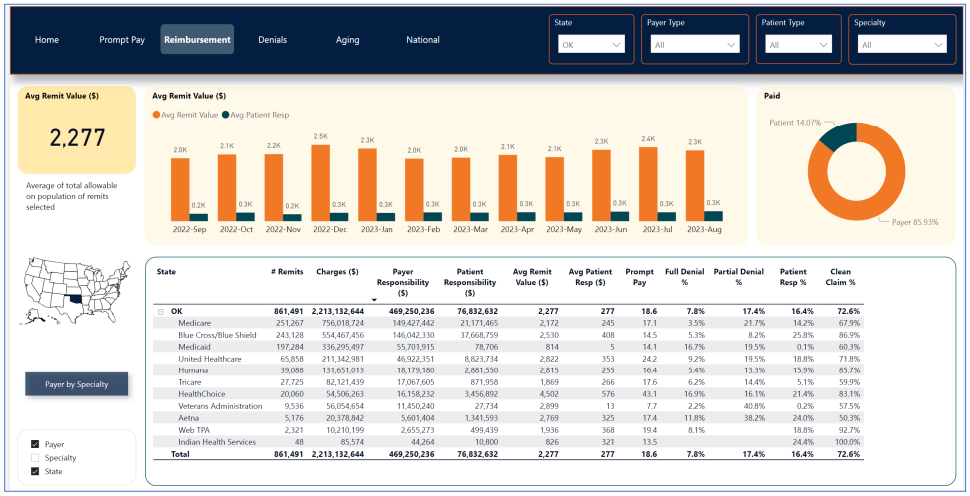
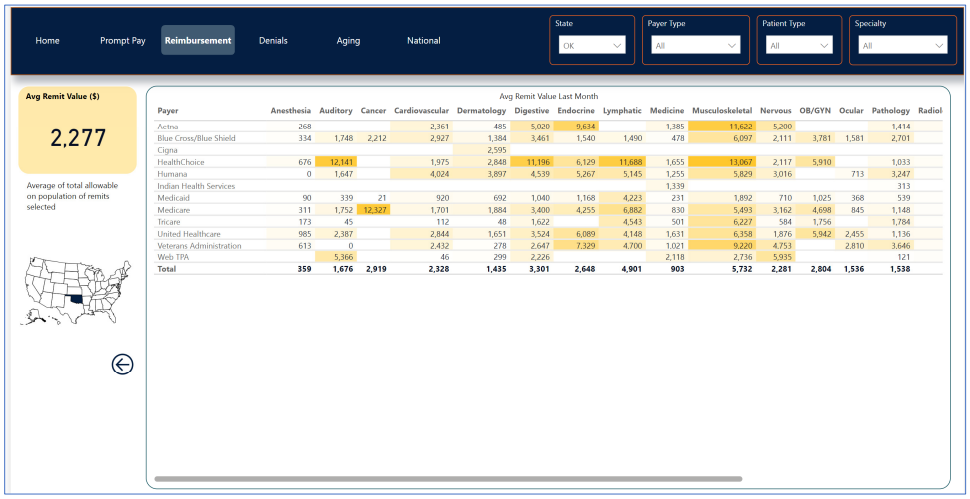
Payer Scorecard: Prompt Pay



Payer Scorecard: Reimbursement



Payer Scorecard: Reimbursement by Specialty



Payer	Anesthesia	Auditory	Cancer	Cardiovascular	Dermatology	Digestive	Endocrine	Lymphatic	Medicine	Musculoskeletal	Nervous	OB/GYN	Ocular	Pathology	Radiol
Aetna	268			2,361	485	5,020	5,634		1,385	11,622	5,200			1,414	
Blue Cross/Blue Shield	334	1,748	2,212	2,927	1,384	3,461	1,540	1,490	478	6,097	2,111	3,781	1,581	2,701	
Cigna					2,595										
HealthChoice	676	12,141		1,975	2,848	11,196	6,129	11,688	1,655	13,067	2,117	5,910		1,033	
Humana	0	1,647		4,024	3,897	4,539	5,267	5,145	1,255	5,829	3,016		713	3,247	
Indian Health Services									1,339					313	
Medicaid	90	339	21	920	692	1,040	1,168	4,223	231	1,892	710	1,025	368	539	
Medicare	311	1,752	12,327	1,701	1,884	3,400	4,255	6,882	830	5,493	3,162	4,698	845	1,148	
Tricare	173	45		112	48	1,622		4,543	501	6,227	584	1,756		1,784	
United Healthcare	985	2,387		2,844	1,651	3,524	6,089	4,148	1,631	6,358	1,876	5,942	2,455	1,136	
Veterans Administration	613	0		2,432	278	2,647	7,329	4,700	1,021	9,220	4,753		2,810	3,646	
Web TPA		5,366		46	299	2,226			2,118	2,736	5,935			121	
Total	**359**	**1,676**	**2,919**	**2,328**	**1,435**	**3,301**	**2,648**	**4,901**	**903**	**5,732**	**2,281**	**2,804**	**1,536**	**1,538**	

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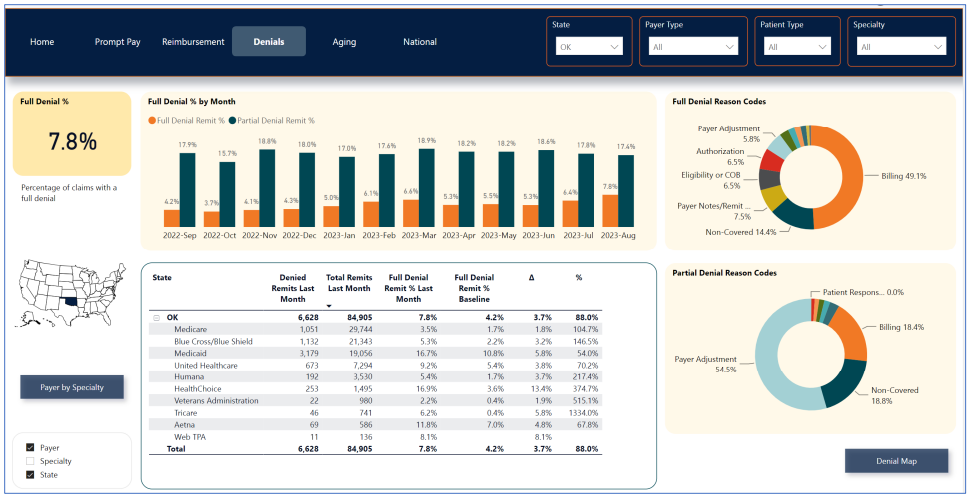
Payer Scorecard: Denials



State	Denied Remits Last Month	Total Remits Last Month	Full Denial Remit % Last Month	Full Denial Remit % Baseline	Δ	%
OK	**6,628**	**84,905**	**7.8%**	**4.2%**	**3.7%**	**88.0%**
Medicare	1,051	29,744	3.5%	1.7%	1.8%	104.7%
Blue Cross/Blue Shield	1,132	21,343	5.3%	2.2%	3.2%	146.5%
Medicaid	3,179	19,056	16.7%	10.8%	5.8%	54.0%
United Healthcare	673	7,294	9.2%	5.4%	3.8%	70.2%
Humana	192	3,530	5.4%	1.7%	3.7%	217.4%
HealthChoice	253	1,495	16.9%	3.6%	13.4%	374.7%
Veterans Administration	22	980	2.2%	0.4%	1.9%	515.1%
Tricare	46	741	6.2%	0.4%	5.8%	1334.0%
Aetna	69	586	11.8%	7.0%	4.8%	67.8%
Web TPA	11	136	8.1%		8.1%	
Total	**6,628**	**84,905**	**7.8%**	**4.2%**	**3.7%**	**88.0%**

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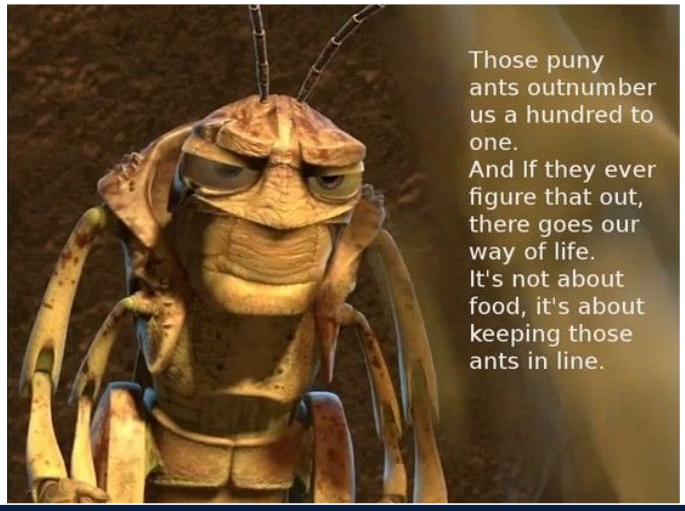
Payers are grasshoppers and Hospitals are ants



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What did we learn?

- Travis is a nerd, not a geek, not a dork, and definitely NOT A STALKER!
- Don McMillan is funny
- We need to be willing to share and learn from each other's data
- We need to be aggregating and learning from our industry's data
- Payers hold all the cards today. Hospitals are throwing rocks at tanks

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