ClarisHealth

The Value of Total Payment Integrity for Health Plans

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Introduction

Most health plans think they have payment integrity covered with a claim editing solution, internal efforts, and the outside expertise of a services vendor or two. But what are the real results, and how does that compare to the industry?

It's difficult to maintain your focus on results when you are facing increased pressure to control medical expenditures and further lower administrative costs. All while working in a highly fractured structure of multiple interdepartmental teams, a vast network of third party suppliers, and antiquated or insufficient technology, which often perpetuates errors and increases costs.

Virtually every health plan is looking to move their medical savings from a typical 1-2% today to something above 5% over the next few years. Oftentimes, health plans believe they don't have the capacity to experience such a lift, so they take no action.

Today's industry demands payment integrity organizations leverage comprehensive solutions that drive value and efficiency across the entire payment integrity ecosystem. We call this approach "total payment integrity," and it holds the potential to transform operations for all types of payers – no matter the amount of staff, expertise and IT resources currently available.

In this eBook, health plan leaders will learn how total payment integrity:

- Differs from the typical approach to cost containment
- Integrates efforts across various internal departments
- Maximizes your value from third-party services suppliers
- Supports your goals to internalize more audit and FWA activity
- Allows you to progress on overpayment prevention
- Minimizes provider abrasion
- Achieves significant ROI on technology

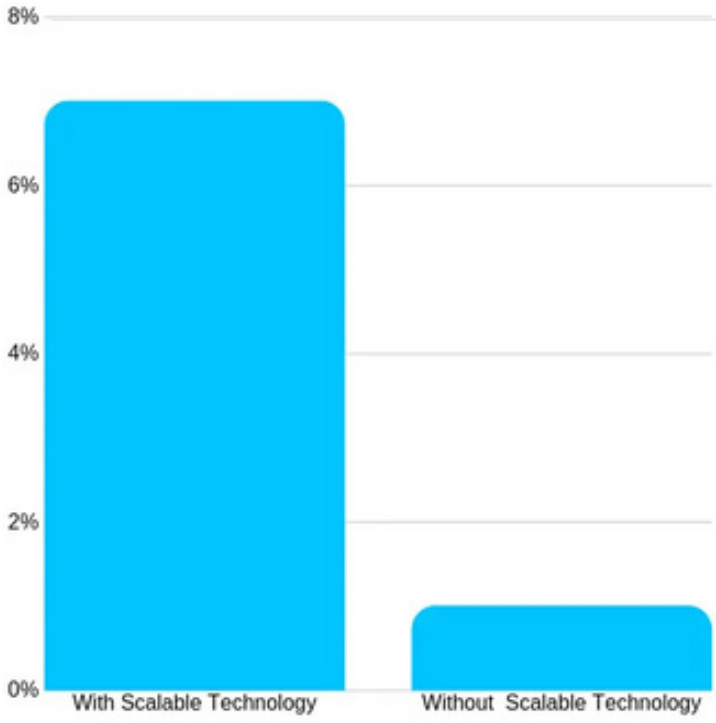
Typical Payment Integrity Approach

Experiencing gaps in your cost containment efforts? In days gone by, the healthcare industry was straightforward enough that you could address most challenges by adding another supplier to your payment integrity mix. Evaluating their success was relatively simple as well: look at dollars recovered and quality of claims identified.

But, in an environment only increasing in complexity and without technology in place to optimize collective efforts, this typical approach to payment integrity has its limitations:

- Focuses on retrospective pay-and-chase
- Lacks unified enterprise-level reporting
- Creates competing objectives across claim processing departments
- Causes provider and member friction around payments
- Increases administrative and medical costs, potentially impacting medical loss ratios
- Lacks transparency across solutions, suppliers and business lines

Where are the new concepts and innovation that allow you to grow recoveries, focus on prevention and optimize costs? In this modern age of data analytics and advanced technology, you have greater potential than ever before to more than triple your medical savings: from the typical 1-2% today to 7% or more.



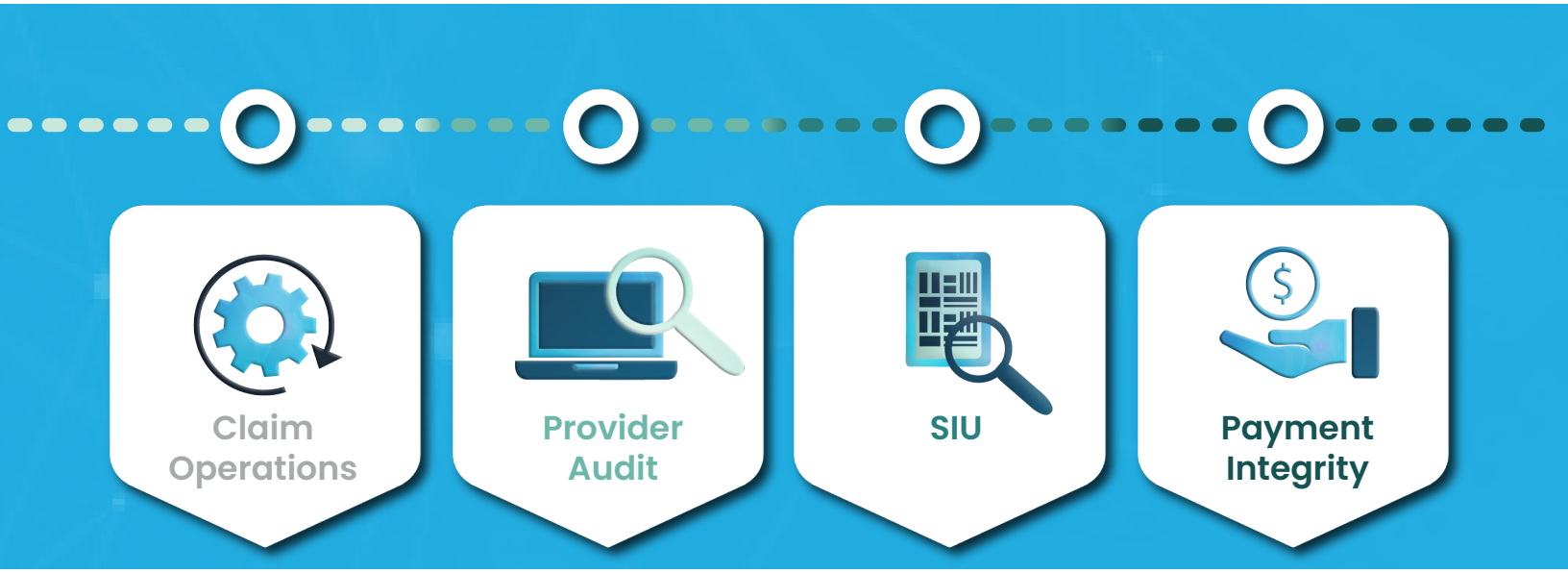
ClarisHealth surveyed health plans on their rate of return for claim spend. Scalable payment integrity technology was the primary difference in a higher rate of return on claim spend.

Health plans with scalable technology saw up to a 7% return versus an average of 1% for those that did not.

Health plans surveyed include 2 national and 7 regional plans.
Survey conducted by ClarisHealth.

Integrate Your Efforts

On paper, key departments that play a vital role in cost containment – such as Claim Operations, Provider Audit, SIU and Payment Integrity – may appear to integrate harmoniously around their shared goal of paying claims right the first time.



The reality is that the division of tasks – and budgets – across multiple payment integrity departments swiftly leads to inefficiency, often in the form of data siloing.

Whereas data silos were once encouraged to preserve competitive advantage, modern business practices promote transparency and free-sharing of information, both of which are inhibited when information is contained in departments. It's difficult to ascertain success and establish appropriate workflows if we cannot bridge the gap between various departmental efforts.

Diagnosing Claims Cost Containment Silos

Even though knowledge silos emerge organically, they are detrimental to data sharing, efficiency and innovation. In fact, if your organization operates with internal technology disparities that perpetuate data silos, meeting increased claims cost savings goals will prove difficult. This inefficiency and lack of alignment puts 3-7% of paid claims dollars at risk each year.

As a result, we recommend you root out these fundamental issues that hold you back from real progress on payment integrity goals.

Imagine the strides your health plan could take if multiple cost containment departments and suppliers could leverage their collective expertise – without negatively impacting the member and provider experience. Inefficiencies caused by internal data silos can be swiftly resolved by a single, integrative technology platform, a platform that aggregates both internal and third-party data into a single information portal.

Strategic Approach to Payment Integrity

- Build Out Your Technology Ecosystem
- Access Business Insights
- Leverage Post-Pay and Prepay Detection Capabilities
- Close the Loop on Supplier, Provider Communication
- Integrate Payment Integrity and FWA Efforts

> **Expect innovation to take a greater hold on the insurance industry in the coming years, though complex legacy systems and issues with data, governance and culture could make execution of strategies a significant challenge.**

AM Best
Best's Special Report

Centralize Payment Integrity

Comprehensive payment integrity technology has paved the way for a new trend. Strategically-minded health plans are not just sharing relevant data between various stakeholders. They are creating centralized payment integrity departments to formalize the process of working on common goals.

As you likely know, just because centralizing payment integrity efforts sounds good on paper doesn't mean it is easy. At many health plans, payment integrity operations may be spread across up to eight departments.

Moving responsibilities away from singular departments may be hard for organizations used to interdepartmental autonomy. How can you motivate acceptance of change?

To effectively manage a change of this scope, your organization will have to focus on vision and build a message accordingly. The message you send to staff can empower them to accept new processes and mentalities. Emphasize how the transformation will improve their day-to-day working environment.

When every department involved in payment integrity has the ability to utilize a single stream of reliable data, various stakeholders can visualize the flow of information and leverage the synergy of their collective efforts to improve overall payment integrity. Once users understand how new technology and updated processes improve the ability for them to do their job, change is much easier to accept.

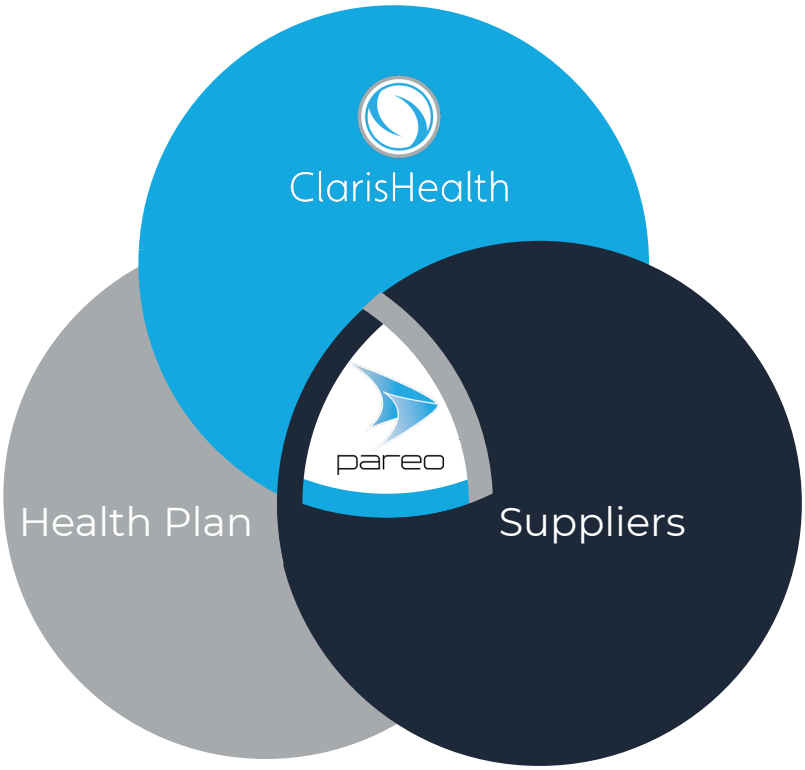
Maximize the Value of Payment Integrity Suppliers

Historically, vetting and working with multiple vendors, each with their own niche of expertise, quickly adds up administrative costs for health plans. And, unfortunately, managing suppliers with spreadsheets, status emails and quarterly business reviews keep vendors and internal auditors at odds.

Relying on vendors for payment integrity staff and expertise isn't a novel concept. But, using the right third-party business partners, strategically arranged, can accelerate your savings potential. Whether you completely outsource claims recovery efforts to service vendors, or aspire to internalize 100% of those activities, a blended approach likely yields maximum recoveries at the most optimized cost.

For instance, there is significant value to identifying vendors for individualized niche services, especially after identifying any gaps in your payment integrity efforts. Multi-pass suppliers ensure you have several sets of eyes on data so you don't miss savings opportunities. And, don't forget the potential for payment integrity suppliers to facilitate research and development operations.

Adding third-party vendors without tools for seamless collaboration can ring up costs without contributing value. But a strategic payment integrity supplier program is the secret sauce of highly efficient and successful health plans. And with technology to eliminate supplier overlap, standardize claim file distribution, streamline workflows, and support data-driven evaluation, plans can expand their supplier profile without a corresponding increase in administrative costs.



Work Better Together

The right technology can foster a more collaborative, productive and efficient relationship between health plans and their suppliers. A vibrant partnership of this sort – one that promotes mutual benefit – is rooted in transparency.

Your vendor partner development program should encourage clear communication, foster quicker adoption of new concepts, and eliminate friction around invoicing and payments. This process is too complex to be handled through email and spreadsheets, no matter how sophisticated your SOPs may be.

To get the most out of your vendor partnerships for claims audits, health plans need to find effective ways to ensure mutual value:

- **Share goals**
- **Communicate clearly and consistently**
- **Set expectations on service level agreements, contract terms, etc.**
- **Pay on time**
- **Train vendors on your processes and seek to understand their business, too**
- **Ensure accountability - on both sides**
- **Hold meaningful strategy sessions rather than status updates**

There's just no substitute for real-time collaboration and clarity around claim assignments. When you can mutually develop goals with suppliers and track performance real-time, this open communication allows you to mitigate any complications as they arise, instead of allowing issues to compound.

Furthermore, when you are able to provide suppliers with access to meaningful health plan data, they have the opportunity to act as a true partner to your organization. The right technology will enable your third-party business partners to demonstrate value beyond the usual scorecard of dollars recovered and number of claims identified.

Execute on Internalization Strategies

Getting maximum value from third-party services vendors doesn't preclude making the most of internal resources. But the manual processes, outdated technology and data silos in place at many health plans minimize the effectiveness and productivity of skilled auditors. But total payment integrity technology can enable seamless collaboration between auditors and services suppliers and timely communication with providers can help you execute on innovative internalization strategies.

Automate Workflows

Automating complex workflows provides secure data access and streamlines auditor communication and activities with clear inventory assignments. These workflows allow for sophisticated routing by audit type and configurable user profiles. Prioritized work queues with overlap control ensure internal auditors or third-party suppliers don't work the same claims at the same time. And automated processing of all analytics and claims inventory generates results for audit and validation in real-time. These workflows also can prevent duplicate medical records requests that can sometimes result from multi-pass audit processes.

Validate and Internalize Complex Analytics

If your health plan doesn't have dedicated data science expertise, or claims auditing shares this resource with other departments, it can be difficult to build an arsenal of advanced claims concepts. Integrative technology offers insights into which analytics offer the most value to your health plan. Moreover, you should be able to maintain a centralized, organized electronic library of queries – no matter their source. This access allows you to maximize analytics across all lines of business to gain insights into hit rates and improve accuracy.

Access A.I.

As much as 80% of relevant clinical information is stored as unstructured free text. Manually evaluating hundreds of pages of medical records and other supporting documentation can result in inefficiencies and lead to inconsistencies in audits that create unnecessary friction with providers. But by digitizing clinical content to take advantage of advanced A.I. capabilities, you can minimize the provider burden and make the most of your valuable experts' time.

> **"Organizations need to focus on enterprise data governance and data management, as a key capability that can be built up. If an organization is able to cleanse and aggregate data from multiple sources and bring the data into its analytics, you get better results."**
>
> VP Accountable Care Innovation and Clinical Transformation, State Health Plan

Focus on Prevention

Why pay-and-chase for $0.75 on the dollar? Even on this new frontier of technology, no "best practice" for efficient payment recovery and error leakage prevention has been established, and it's a costly gap: overspending on healthcare claims payments is estimated to total between $760 billion to $935 billion. That's 25% of total annual healthcare expenditures in the United States.

Proactive health plans employ various measures to prevent improper payments. These measures include claim editing software integrations and leveraging extra technologies and services offered by third-party payment integrity suppliers. But even these efforts may be insufficient.

At the same time, too many health plans lack dedicated data science resources to develop and test sufficient prepay concepts. And, even if they have insights on their most successful post-pay concepts, there may be no ability to store those and apply them prepay.

How do you know if your efforts are on-par with the industry?

Integrate Data

In order for a health plan to measure success in preventing payment error leakage, you must first evaluate if the metrics are accurate and complete. An approachable solution to achieving accurate metrics is utilizing technology that aggregates existing data into a singular portal, accessible by multiple departments and stakeholders.

If that technology supports APIs for real-time data feeds from service vendors, industry databases, provider EHRs and best-of-breed applications, health plans can streamline payment integrity operations and support their organization in owning prepay strategies.

> **"We were bogged down with managing our inefficient systems and post-pay inventory. We knew we needed to focus on prevention, but we had no tools to do so. Which claims were at risk for overpayment? What were the root causes of perennial payment errors? We didn't even know where to begin."**
>
> Director of Payment Integrity, Regional Health Plan

Optimize Post-Pay Recovery Efforts

While a health plan's goal is to ultimately reduce the overall retrospective effort in favor of primarily prospective claims validation, successful post-pay recovery is the foundation. In fact, the predictive analytics that form the foundation of prepay concepts often rely on compiling historical results to improve precision.

Start by ensuring you have all areas of payment integrity covered – coordination of benefits, data mining, medical record review, contract compliance, and fraud and abuse detection. Coordinate these efforts between internal and vendor resources. And use the data from your efforts to surface trends and identify those providers that could benefit from additional support. Work to engage these providers with education and motivation to improve billing practices and submit clean claims that ensure prompt payment. Your providers want to get claims right the first time, too.

Eliminate Provider Abrasion

Cost containment efforts at health plans are expected to increase as organizations look to maximize recoveries. Using multiple payment integrity suppliers and multi-pass strategies, along with internal efforts, is a strong path to containing costs. However, without a centralized technology solution to coordinate efforts of all parties, overlapping information requests are sure to occur.

While your health plan is devoting its considerable internal and third-party resources to the different areas of payment integrity, don't forget one important stakeholder at risk of getting caught in the crossfire: your network of providers. By depending on traditional approaches to payment integrity, 90% of your health plan's cost containment efforts are the source of provider abrasion.

Whether it's a generic overpayment claims letter or multiple, overlapping medical records requests, outdated manual communications processes cost health plans a lot of money. The consequences of provider abrasion vary, but often they lead to:

- **Negative perceptions**
- **Limited response to medical records requests – needed for HEDIS and risk adjustment requirements as well as clinical audits**
- **Losing the relationship**

The majority of provider abrasion, which trickles down to health plan members, stems from poor communication. But there's more that health plans can do to improve provider relationships, and much of it has to do with having access to better, more accurate data.

Are You Hurting Provider NPS with Your Payment Integrity Efforts?

4 Elements of Payment Integrity Affect NPS

1 False Positive Rates

A concept either generated internally or by a third-party can create an overpayment false positive, meaning the health plan "thinks" it's an overpayment when it actually isn't. This may create damage that is more difficult to correct than to prevent.

2 Overlapping Medical Record Requests

The old, manual way of requesting medical records is a big burden on providers and fraught with potential minefields. Requests that include little to no insights only magnify this abrasion.

3 Full Claim Denials

Many times, a health plan will deny an entire claim when only a line item or two are incorrect because their systems are inflexible. The inability for said systems to be dynamic and responsive is a big detractor when it comes to provider NPS

4 Outdated Provider Outreach

In almost all areas of our lives, modern electronic communication rules the day. Not so with the payer-provider relationship. The current process at most health plans relies on manual activities that lack context.

Engage Providers with Streamlined Communication

Providers and payers both seek to control rising healthcare costs. Bad communication between the two may be more costly now than ever as we approach a healthscape that relies on flawless coordination between health organizations, insurers and providers.

The best solution for communications management with providers is one that facilitates quick and accurate responses. Streamlined communications regarding overpayments, underpayments and denials could go a long way towards improving the payer-provider relationship.

By supporting and managing payer-identified overpayment recovery operations and capturing potential additional savings gains recognized from unsolicited errant claims inventory of network providers, coordinating your provider outreach in a singular technology can maximize your cost containment efforts. Additionally, the right health plan technology can complement other payment integrity activities, making a once time-intensive activity like coordination of benefits significantly faster.

As the complex world of contracting and claim adjudication evolves, payers and providers have an ever-greater imperative to employ better engagement tools that create gains in efficiency, transparency, and allow for faster resolution and ultimate avoidance of billing and reimbursement issues.

“As physician practices spend an average of 3 hours a week interacting with health plans at a national cost of $23 billion to $31 billion a year, the administrative complexity created by multiple documentation requirements to varying billing, precertification, and credentialing forms takes time away from clinical care.”

Institute of Medicine (US) Roundtable on Evidence-Based Medicine

Unleash the Power of an Integrated System

Choosing the right payment integrity solution for your health plan holds arguably the greatest potential impact on your bottom line. The right comprehensive solution will allow your health plan to lower medical and administrative expenditures and take advantage of sophisticated analytics and streamlined workflows.

According to a *Best's Special Report*, "Insurers – Behind the Technology Curve, and They Know It," most health insurers are upgrading legacy administrative and claims systems. In addition to mitigating business and cybersecurity risks, the report finds potential in the ability of artificial intelligence and predictive analytics to streamline processes and lower expenses.

These advanced tools allow health plans to make high-level decisions quickly, with realtime information, as long as they are deployed within a data-sharing framework.

With the awareness that stakeholders and processes across the health plan are increasingly interconnected, and that the pace of change is accelerating, adopting technology with flexibility and data visibility in mind is a smart move.

If cost containment efforts drive a significant portion of your operational strategy, your health plan can realize significant benefits of an integrated technology platform.

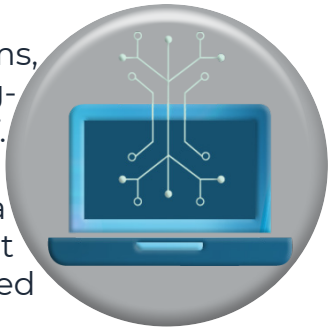
Collaboration

As the fulcrum of the healthcare industry, health plan processes involve many stakeholders. Payment integrity efforts alone require third-party services suppliers, audit staff, the SIU and providers all to communicate at various points of the process. The tendency is to seek out collabortion or work low tools to solve for this need – even though the key information that needs to be communicated exists outside of these tools.

Fortunately, most platform solutions incorporate communication capabilities in addition to shared access to essential information, which allows multiple audiences to literally be on the same page. In addition, allowing every stakeholder to stay on-platform to perform their tasks creates efficiencies and stronger user habits.

Seamless Integration

No matter how comprehensive the functionality native to the technology platform is, outside tools – and even other platforms – will continue to be used throughout the organization. IT teams already have too many tedious integrations to manage: legacy solutions, specialized databases, cloud apps from various software vendors. But platforms turn projects that would usually require dozens of integrations into straight-forward one-time connections.



Integrating accounting platforms, CRMs, service vendor systems, provider systems, claims editors and more with a payment integrity platform provides unique synergies without overtaxing IT. Most are easily accomplished with low-code tools or simple API connections. This integration standard enables real-time data flow and can help health plans build a technology ecosystem that works toward healthcare data interoperability, which is mandated to be in effect for health plans imminently.

Detailed Insights and Analytics

Because health plans tend to use various disconnected pieces of technology, the associated data tends to stay locked in their respective silos – along with valuable insights the data provides. But gone are the days of matching business goals to queries on last month's or last quarter's information. With increasing demands from internal and external forces to tap into the value of enterprise data, health plans are answering the call with the help of integrative platforms.

Payers can increase their data management and availability capabilities substantially when most of their payment integrity work takes place on-platform. This improvement is especially true with cloud-based platforms. Particularly when coupled with data visualization capabilities, platforms enable a strategic shift in data ownership from a centralized IT function to business groups, giving more users the power to answer any question, with any data, in real time.

Configurability

Health plans tend to have unique processes and needs – even compared to other health plans – that require technology to be flexible to accommodate those differences. For most software tools, that requires custom development, which is either impossible (due to cost) or impractical (due to time). This limitation has led many a health plan down the path of building their own technology solutions with mixed results, which can include the risk of not being able to maintain a self-built tool over time.

A hallmark of platforms, on the other hand, is configurability, which offers health plans an ideal blend of control and freedom. These flexible platforms allow health plans to configure fields and workflows and user access to their specific situation, acquire additional functionality as needed, and seamlessly integrate other chosen platforms and tools to their benefit. All without substantially increasing internal IT lift by taking on software development, maintenance and security that splits focus from core operations.

Scalability

The ability to collaborate and communicate with various stakeholders, seamlessly integrate with relevant technologies, derive actionable data insights, and configure your technology ecosystem determines whether your health plan can be flexible and agile. All of these platform benefits add up to a significant competitive advantage for health plans: scalability.

Platforms support your goals to grow faster and innovate without worrying if your infrastructure and budget can accommodate accelerated plans. So, when you identify opportunities to extend product lines, boost customer service, increase operational efficiency and more that can substantially impact value, you are better poised to act on it.

How Does Comprehensive Payment Integrity Stack Up Against Other Solutions?

When we speak with health plans and payers, we find that there's some confusion surrounding the elements of a robust payment integrity program. In particular, claims editing software or a FWA tool are sometimes seen as a complete payment integrity management solution, even though we regularly uncover gaps and hidden revenue for plans that rely on just a claims editor.

It's all too easy to find a special tool that solves the problem of the day or translates a manual process into a digital one. But these modular approaches are not the same as a total payment integrity solution. Understanding that your health plan's challenges and goals change at an increasingly rapid pace in today's modern world, it pays to consider flexible technology frameworks that mitigate predictably fragmented processes.

> **"Companies that can think in terms of systems, as opposed to point-solutions, stand to outpace others in terms of both revenue and margin growth. In 2018, those who lagged behind on technology adoption had 15% in foregone annual revenue. If they don't change, they could miss out on as much as 46% of their annual revenue by 2023."**
>
> Accenture "How to scale innovation and achieve full value with future systems" report

Even if your health plan doesn't adopt all areas of a comprehensive technology platform at once, you should thoughtfully consider how it compares to other pieces of the payment integrity puzzle.

Self-developed Technology

Though self-built payment integrity solutions are fully customized to your health plan's needs, they tend to incur more upfront and ongoing costs than most organizations are able to shoulder. Consider a commercially available, flexible technology that can be quickly implemented and offers many immediate benefits to a health plan, versus a self-built solution that will require a longer lead time before ROI is realized. Additional considerations for those weighing building (or upgrading) an in-house solution are: functionality that needs to be included and integration with suppliers and other technology solutions.

Claims Editor

Comprehensive payment integrity technology should work in tandem with claims editing solutions by improving the scope and automating much of the workflow. A claims editing solution alone:

1. Limits a health plan's post-pay identification efforts.
2. Makes proving the ROI on claims editing efforts much more difficult. There are no internal analytic capabilities, and even if there were, they'd only be showing one part of the payment integrity process.
3. Overlooks goal setting and accountability capabilities needed to better manage third-party suppliers.
4. Inadvertently contributes to data silos by addressing only one piece of payment integrity.

FWA Solutions

Fraud tools, like claims editing solutions, are limited in scope and therefore not comprehensive. They should not be a health plan's only line of defense in preventing improper payments. However, to fully eliminate silos, a total payment integrity solution should include or seamlessly integrate with FWA functionality.

Third Party Specialized Suppliers

A health plan considering third-party vendors shouldn't have to choose between payment integrity technology and their business partners' solutions. Look for supplier optimization tools that allow for platform integration, improving a payment integrity system's performance and workflow.

What should you look for in a solution to transform your health plan operations?

Transparent Technology
Provide end-to-end oversight over your claims cost containment program.

Single Source of Information
Bridge the gap between internal and third-party payment integrity functions.

Straightforward Approach
Enable maximum recoveries and avoidance at the most optimized cost.

Calculate Potential ROI

When shopping for a payment integrity solution, your team will understandably have many questions. Your COO will wonder how this software will improve operations, your IT Director will have questions about systems integration and security, and your CFO may have the most pressing question of all: What's the ROI?

Because payment integrity has become such an integral part of profitability, health plans have to emphasize accurate return on investment forecasts and continuously measure actual results relative to those forecasts. So, before you purchase a payment integrity solution, let's run through how to measure ROI, and what denotes a good ROI versus a bad ROI in this market.

To determine your ROI model for total payment integrity, there are 5 broad areas of value for health plans and payers. You can use the following categorical variables as points of measure to determine the value of your investment as you build your ROI model. We will also walk you through each area with an example using a 3 million member health plan.

Financial Value Area 1: Ability to Optimize the Balance of Recoveries Between Internal Activities and 3rd Party Services

If your payment integrity solution allows you to shift supplier post-pay work in-house (instead of being outsourced), it is more cost-effective for health payers. The variables are:

- Current vendor post-pay recoveries: How much is the plan realizing in recoveries from third parties?
- Estimated percentage shifted in-house.

To calculate the net savings on this variable, multiply the total recovery dollars shifted in-house by the difference between your average payment integrity supplier fee and your average internal cost of recovery. The difference between the cost of internal recovery versus the average supplier cost can translate into significant savings.

Your calculation: ($____ x ____%) x (____% -____%) = $ ____

For example, the example health plan calculated its annual post-pay vendor recoveries at $40M. If the plan is able to shift 35% of that recovery work in-house, a typical rate, that equates to $14M in recoveries shifted. Let's assume an average vendor rate of 15% and average internal cost of recovery of 6%:

$14M*(15%-6%) For the health plan above, this equates to savings of $1.3M.

Financial Value Area 2: Improvements to Supplier Efficiency

Does the payment integrity solution help optimize the supplier contribution? Some do, and some don't. For those that offer improved vendor optimization tools, here are the variables:

- Supplier post-pay recoveries after shift: What are the recoveries in dollars post-shift to more in-house recovery work?
- Supplier lift.

To calculate net savings, subtract the supplier fees from the increased supplier recoveries to yield a net recovery amount to the health plan or payer.

Your calculation: $____ - $____ = $____

Following the example above, let's say the plan now has $26M in post-pay supplier recoveries after the in-house shift. The plan realized a target 30% "lift" in supplier performance through the incorporation of transparency and accountability tools, translating into $7.8M in increased supplier recoveries based on the current supplier footprint. Subtract an average supplier fee of 15% from these increased recoveries, or about $1.2M:

$7.8M - $1.2M

For the health plan above, this equates to $6.6M in net additional recoveries.

Financial Value Area 3: Ability to Expand the Current Supplier Footprint

With the proper solutions in place, health plans can go on the offensive by adding new payment integrity suppliers and stacking those suppliers for optimal performance. To fund this expansion, many health plans opt to reassign their entire savings from recoveries shifted in-house (calculated in Financial Value Area 1) to additional targeted suppliers who are focused in a particular segment of payment integrity.

Though it is not uncommon to see health plans 1.5-2x their recoveries by expanding their vendor footprint, a modest 35% increase is a reliable projection.

Your calculation: ($____ x ____%) - ($____ x ____%) = $____

Continuing with the example, let's assume that $14M of additional recoveries are gained through the expansion of the supplier footprint. After netting average vendor fees of $2.1M (15%):

$14M - $2.1M

For the health plan above, this equates to $11.9M in additional recoveries.

Financial Value Area 4: Ability to Expand Pre-Pay Avoidance Internally

Total payment integrity encompasses robust preventive capabilities to avoid messy recovery scenarios. As a result, internal pre-pay avoidance comes into greater focus, and a 10% improvement is common.

To factor the potential pre-pay recovery growth savings, subtract the internal cost of recovery from the internal recovery growth amount.

Your calculation: $____x (____+____%) - $____ x (____% - ____%) =____

The same plan we have been following also recovers $40M prospectively on an annual basis. By factoring in a modest 10% internal recovery growth metric, and accounting for the internal cost of recovery:

$40M*(1+10%)-$40M*(100%- 6%)

For the health plan above, this equates to $3.8M net pre-pay recovery growth.

Financial Value Area 5: Reduction of Administrative Costs

Administrative costs and high levels of "administrative burden" are believed to account for 8% of total national health expenses in the U.S., so any improvement in this area can be a big win for your health plan.

Start by calculating your total administrative costs for payment integrity efforts based on the number of internal payment integrity staff and multiplying by the average staff member fully-loaded cost. There are also additional department administrative costs – like supplies, phones, etc. – that can be included. An administrative cost reduction of 10% is a good benchmark.

To calculate your net savings in this area, multiply your total estimated payment integrity costs by the expected cost savings percentage.

Your calculation: $____ x ____% =____

Concluding with our example above, let's say the health plan estimates its total payment integrity administrative costs at $2M. Let's assume the benchmark 10% cost reduction:

$2M x 10%

This administrative savings yields an additional $0.2M to the health plan.

One Platform to Empower, Transform, Control

It's all too easy to get bogged down managing the day-to-day of internal versus third-party resources. Free yourself from the outdated technology and processes that limit your health plan's payment integrity potential. Instead, consider a flexible model for one point of accountability.

Pareo® is the industry's first modular and secure web-based platform that integrates all audit results into one solution. Get the control you need to reduce claim spend while eliminating infrastructure overhead, minimizing IT expense, and improving provider engagement.

What could you accomplish with Pareo?

Expand Avoidance Opportunity
Ensure claims are paid right the first time with comprehensive, prevention-oriented solutions.

Optimize Recovery Costs
Strike the ideal balance between recovery results and costs to maximize overall program value.

Prepare for the Future
Rise to meet tomorrow's payment integrity challenges with rapid and responsive innovation.

> **"With Pareo® we were able to expand our program to include second- and third-pass suppliers and increase recoveries by $25 million."**
>
> Director of Payment Integrity, State Health Plan

Pareo Means Visibility

The single integrated platform provided by Pareo empowers health plans to optimize their entire payment integrity and FWA operation with unparalleled visibility into their efforts and results. With configurable feature sets that can be stacked to build configurable solutions and multi-year strategies, Pareo can meet many use cases across a health plan.

Third-Party Supplier Optimization

Grow recoveries and avoidance with a 30% increase in supplier efficiency.

Auditor Workflow and Analytics

Scale your internal data mining, COB and claims recovery operations with a 3x increase in auditor productivity.

Clinical Workflow and Analytics

Unlock unstructured clinical data with A.I. to maximize effectiveness of internal certified coder and nurse auditors for a 2-4% decrease in medical spend while eliminating provider abrasion.

Prepay Workflow and Analytics

Minimize pay-and-chase for a 35% improvement in cost avoidance.

Fraud Detection and Case Management

Access best-in-class A.I. to detect novel fraud while minimizing false positives and seamlessly collaborating across all audit and investigative divisions for a 20-50% increase in savings.

Reporting and Business Intelligence

Drive smart overpayment avoidance with real-time data on your entire payment integrity operation.

Provider Engagement

Improve the payer-provider relationship and reduce costs for both parties via a communication portal for education and payment accuracy management.

> **ClarisHealth's Total Payment Integrity™ solution not only allowed us to scale our third-party supplier program but also gave us the data insights to identify underserved product lines so we could focus our efforts. As a result, we have reduced medical expense by 2.6%.**
>
> Director of Claims Cost Management, Regional Health Plan

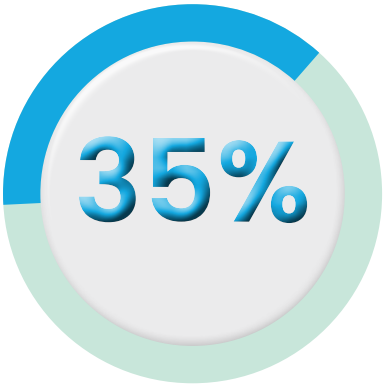
Achieve Real ROI

When health plans adopt the ClarisHealth solution, they typically realize a 15x return on their investment in Pareo.

rate of recovery,
relative to claim spend

increase in supplier efficiency

increase in auditor productivity



improvement in pre-pay
cost avoidance

> **With the clarity that Pareo has given us, we're able to track recoveries monthly, and we more than doubled our recoveries from the previous year.**
>
> Erik Chase, Director of Payment Integrity, L.A. Care Health Plan

We are ClarisHealth.

ClarisHealth is the answer to the health plan industry's siloed solutions and traditional models for identification and overpayment recovery services. We provide health plans and payers with total visibility into payment integrity and FWA operations through our advanced, A.I.-powered cost containment technology Pareo.

ClarisHealth meets a health plan where they are on the payment integrity and FWA continuum to develop a customized technology solution stack. This approach ensures that individual health plans are maximizing their cost avoidance and recovery efforts.

Together, we are removing the limits of what health plans can achieve in payment integrity and transforming engagement in healthcare.

Tap the potential of total payment integrity

$362 Billion

Medical cost savings related to improved payment integrity overpayments.

$47 Billion

Administrative cost savings if plans use predictive modeling to pre-score claims for COB, upcoding, subrogation, fraud and medical management pre-pay.

7% Optimized

Rate of recovery, relative to claim spend.

How can a total payment integrity platform empower your health plan? Contact us today for a no-risk demonstration of Pareo.

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