

GlobalCare

Our Value of Directed Discounts vs. Passive Discounts with PPO Networks

DEFINITIONS

Directed-level discount: provides the deepest discount available by accessing PPO networks that are either local, regional or national and require compliance to network steerage. Steerage is present if a Payer complies to business rules established between providers and a network as obligated in their access agreement. Examples of steerage include:

- Benefit plan differential (10% or greater)
- Claim payment at either the in-network level or at the out-of-network level
- PPO Network logo identification
- Medical referral or prior Provider Service Notification (PSN)

Supplemental-level discount: provides a reasonable discount by accessing national-based PPO networks with lower requirements to access. Examples of access requirement include:

- Benefit plan differential (10% or less)
- PPO network named on the Explanation of Benefit / Explanation of Payment



SITUATION:

- **Client:** Insurance Carrier
- **Scope:** National
- **Market:** Student Athletes - University & Colleges
- **Product:** Non-primary claims access & re-pricing via supplemental network

ISSUES:

- How to better contain costs of medical care for student athletes who are injured whenever participating in any athletic-related event?
- How to proactively steer athletes to the most appropriate provider for greater discounts?
- How to identify providers/student athletes in who are participating in the program in real-time?
- How to secure access with greatest discounts?
- How to secure access to preferred providers associated to any institution?

SOLUTION:

- GlobalCare introduced to Client our directed PPO model to secure greater access with deeper discounts
 - Designed a custom PPO hierarchy per institution
 - Acquired a listing of preferred providers by institution
 - Issued Provider Service Notification Identification Cards to each institution that provided required and helpful information about the Payer, Carrier, PPO network and where to send claims.
- GlobalCare invented a web-based program to do Provider Lookups with on-demand Provider Service Notification to optimize network selection for savings
- GlobalCare administered each Provider Service Notification with the provider and appropriate PPO network

RESULTS:

- **2008 Year-to-Date performance**

<i>Passive Only</i>		<i>Directed Only</i>	
Number of claims sent	731	Number of claims sent	818
Claim Dollars	\$743,937	Claim Dollars	\$1,123,599
Hit Rate on Claim Dollars	78%	Hit Rate on Claim Dollars	94%
Average Discount ¹	24%	Average Discount ¹	34%
Total Savings	\$136,309	Total Savings	\$361,281
Savings Rate ²	18.72%	Savings Rate ²	31.96%

1 With the Directed Only vs. Passive Only a 41.2% performance improvement in Average Discount is realized

2 Savings Rate is calculation of Hit Rate on Claim Dollars * Average Discount Rate (i.e. 94% * 34%); Savings Rate indicates what the expected return for every claim dollar will be in savings. For instance, for a \$100.00 claim you could expect to realize \$18.72 under the Passive Only model and \$31.96 under the Directed Only model. The performance improvement in Total Savings would be 70.7% using the Directed Model $[(\$31.96 - \$18.72) / \$18.72]$