



## 6 Degrees Health Reference Based Pricing Processes and Standard Procedures

### 6 Degrees Health Background

6 Degrees Health was founded in May of 2012, with a focus on providing transparent solutions backed by objective data, at a reasonable fee. At the core of 6 Degrees Health is MediVI, our internally developed analytics platform. MediVI melds industry standard claims data, hospital quality reports, and financial benchmarks into concise, usable reports. This combination of claims, finance and quality data allows 6 Degrees Health to:

- Analyze markets to identify billing patterns and problematic hospitals;
- Reprice claims to cost multiples, Medicare multiples, or reasonable value;
- Negotiate contracts and existing claims using a cost-up discussion based on objective data and benchmarks. Providers appreciate our ability to back up negotiations with data;
- Assist clients with facility selection.

In addition to repricing and negotiation services, 6 Degrees Health employs seasoned negotiators with extensive experience in catastrophic claims. Our referenced-based pricing (RBP) plans enjoy access to our nationwide Transplant Network and catastrophic negotiation as supplemental services. This is a critical compliment to an RBP approach, because complicated medical cases, like transplants and complex cancers, will often be rejected by large academic medical centers based on the plan reimbursement structure.

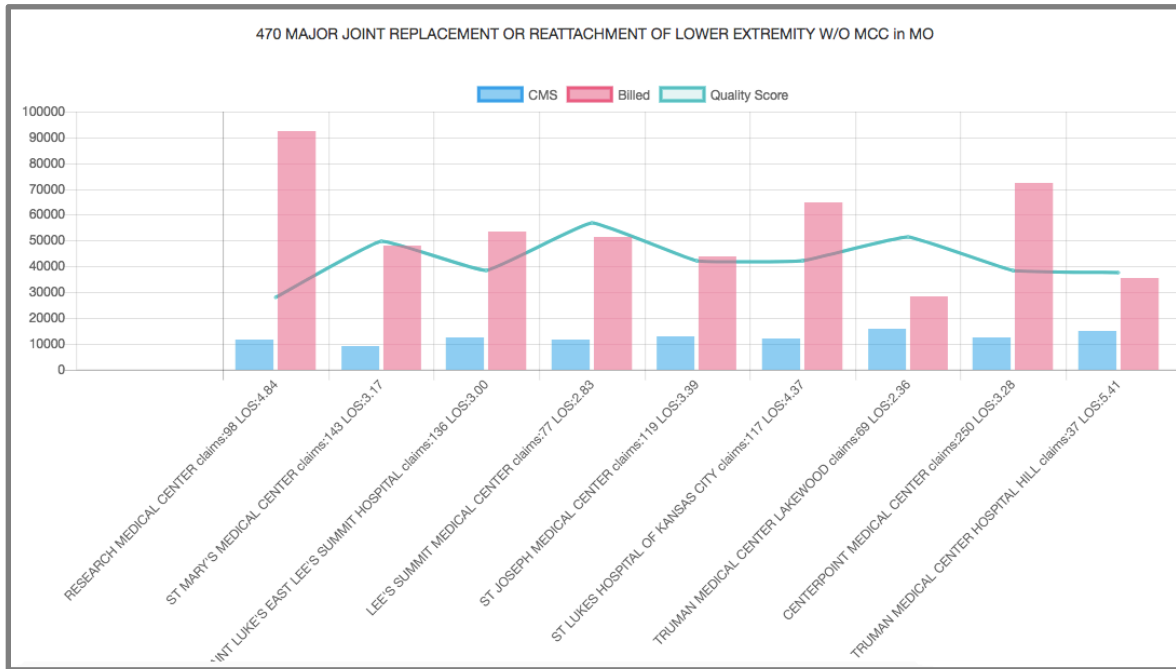
### Consultation with New RBP Plans

All of our relationships begin with a conversation. 6 Degrees Health does not believe in a “one size fits all” approach, so we consult with our plans to design the best approach. We can work alongside a physician network or do full network replacement. And while we do have suggested starting points for Medicare multiple reimbursement levels, the Plan has final say.

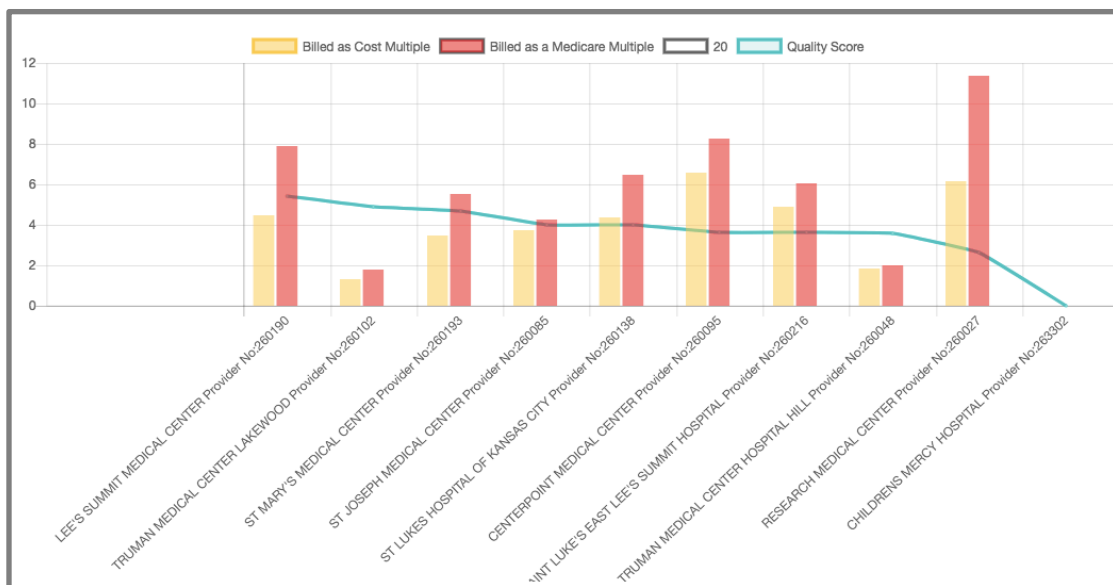
During these conversations, 6 Degrees Health utilizes data from our MediVI software. It gathers, sorts, and organizes the data from millions of medical claims from across the United States. While the data that drives MediVI is not proprietary, the software platform is completely developed and maintained internally at 6 Degrees Health. This allows us the greatest flexibility in design and quality controls.

From MediVI, we can show historical billing data for thousands of providers, on their overall services or specific to a DRG or billing code. Below are samples of this data.

The graph below displays providers in Jackson County, Missouri, who have performed eleven or more joint replacements under the diagnosis related group 470 within our latest data set. For each provider, MediVI can show average billed charges, Medicare reimbursement, and an overall quality score for the hospital.



The next graph is also of Jackson County, Missouri; however, it is displaying each hospital's overall billing history, not procedure specific. As you can see, hospitals are charging anywhere from two times Medicare on average to eleven times Medicare.



In regard to the Medicare multiple, 6 Degrees Health advocates 140% of Medicare for facility charges, 115% of Medicare for drugs on outpatient claims, and 120% of Medicare for professional fees. As stated earlier, these can be adjusted per Plan to best fit their location, risk tolerance, and savings goals.

6 Degrees Health can also integrate our RBP program with direct provider contracts or bundled billing programs, such as PriceMDs or MediBid. Our fees are based solely on a PEPM, and do not include a percentage of billed charges or savings. Because of this, we are not competing for claim dollars. Instead, we are focused on achieving the best overall savings for the Plan.

## **Plan Implementation**

The team at 6 Degrees Health uses our experience to walk Plans and TPAs through the RBP Implementation process. We have seen what works, and what doesn't, so best practice suggestions are passed onto our clients.

6 Degrees Health integrates throughout the implementation process, including:

- Plan document review and suggested RBP Plan Language
- ID Card content suggestions and final design review
- Customer Service language and Medical Management pre-cert language
- Coding and language for the EOB
- Patient Advocacy
- Management of the EDI connection and interface testing

Though there are several people on our Implementation Team, each responsible for their area of expertise, we believe in funneling communication through one point of contact. This ensures that we are up to date on the progress of the implementation and can get to the live date as smoothly as possible.

## **Clinical Reviews on Claims**

Claims that come to 6 Degrees Health for repricing are subject to a clinical review, depending on certain criteria. Any claim that is above a monetary threshold, or contains certain coding, will automatically be flagged for review by our in-house clinical staff. Claims are reviewed for appropriateness of care, length of stay, unbundling, etc.

If the claim passes the clinical review, it is put into the queue for repricing. If the clinical staff has questions that may impact the reimbursement or appropriateness of the claim, additional documentation may be requested. These documents could include itemized bills, admission or discharge records, operative reports, or other clinical notes. If issues persist after further document review, the Plan and TPA will be consulted as to how they would like to handle the claim.

### **Repricing at a Medicare Multiple**

The 6 Degrees Health claim repricing team is composed of experienced staff, each certified by the American Academy of Professional Coders. Before repricing at the specified Medicare multiple, claims are scrutinized for correct billing practices. If coding errors exist, a claim can be rejected back to the provider for revision. Once a claim is considered to be correct, it is repriced according to the guidelines and metrics published by The Centers for Medicare & Medicaid Services (CMS).

Before returning the claim back to the TPA for payment, it is subject to another round of reviews for appropriateness of payment. This is done automatically by the 6 Degrees Health claims system. For example, a claim may be repriced extremely low because of how it is coded, or if Medicare denies certain services. In these instances, the 6 Degrees Health coders may elect to look for an alternate reimbursement model. Please see the next section for additional detail on this.

### **Repricing Services where Medicare is not Applicable**

6 Degrees Health understands that reimbursement at a Medicare multiple is not appropriate for all services. For instance, pediatric claims or claims with dental services could produce a very low reimbursement level, or no reimbursement at all. Outpatient facility claims may also fall into this category, as Medicare can sometimes reimburse outpatient codes below the hospital's actual cost.

When a Medicare multiple reimbursement is not reasonable or applicable, the 6 Degrees Health claims team has other methodologies of reimbursement to utilize. These may include, but are not limited to:

- Alternate payment recommendations by other organizations, such as the AMA or Medicaid
- Amount of resources expended to deliver the treatment
- Complexity of the treatment rendered
- Generally accepted billing practices for unbundling or multiple procedures
- Medicare reimbursement rates for comparable services or supplies

- Costs of provider for providing the service or supply
- Charging protocols and billing practices generally accepted by the medical community
- Amounts paid after discounts under government and private plans
- Other resources as necessary

## **Balance Billing and Provider Access Issues**

6 Degrees Health is ready to assist with any provider access issues, provider appeals, or member balance bills. Our Patient Support Services (PSS) can be the first line of defense for these issues, or work in conjunction with the TPA's own patient advocacy team.

Our staff has 40+ years of experience with provider contracting and negotiations. Armed with the data from MediVI, our PSS team will work directly with the provider to resolve the dispute.

As part of our consultation with the Plan to determine appropriate reimbursement levels, we also discuss an authority range within which to negotiate. Typically, the high point of the range is 200% of the Medicare reimbursement, but it is up to the Plan to decide. Though this authority range gives our negotiators some guidelines in which to operate, we begin our negotiations at the initial repricing level. This is because the provider's issues often revolve around not understanding how the claim was repriced, rather than the reimbursement level itself.

6 Degrees Health understands that receiving a large bill can be confusing and frustrating for the member. Our goal is to put the member's mind at ease by educating them on the process and communicating with them throughout the process. Providing superior customer service is the #1 goal of our Patient Support Services.

## **Standard and Custom Reporting**

6 Degrees Health provides monthly standard reporting for each RBP Plan. Standard reports include:

- Claims Detail Report – which lists all repriced claims during the month and totals the billed charges, allowed amounts, and savings. The report also shows year-to-date savings and all-time savings for the Plan.
- Appeal Report – which lists all claims currently in dispute. It will also include any active provider access issues that our PSS team is working on.

6 Degrees Health currently sends the reports via email on a monthly basis. Clients should expect to receive them in the first full week of the following month. We are currently exploring a web-based dashboard option for this data, but a timeline for completion has not yet been

determined. If a client has a specific reporting request, we are happy to look into it and we will make every effort to fulfill that request.

### **Keeping Ahead of the Industry**

6 Degrees Health has shown a commitment to staying at the forefront of the industry by investing in our technology. We now have a team of programmers dedicated to keeping our systems up to date and moving forward. The leader of that team is our CTO, who has over two decades of experience as a software architect and engineer for the technology giant, Intel.

6 Degrees Health keeps its finger on the pulse of our industry through our relationships. We attend conferences and symposiums held by various groups, and our executives speak at many of these events. We also hold our own client summit each year, at which key players from different client types can collaborate in an intimate setting.