3rd SAS Health Insurance Managing Health Insurance Claims in the Modern Industry

18 May 2012



Chye Pang-Hsiang, FIA

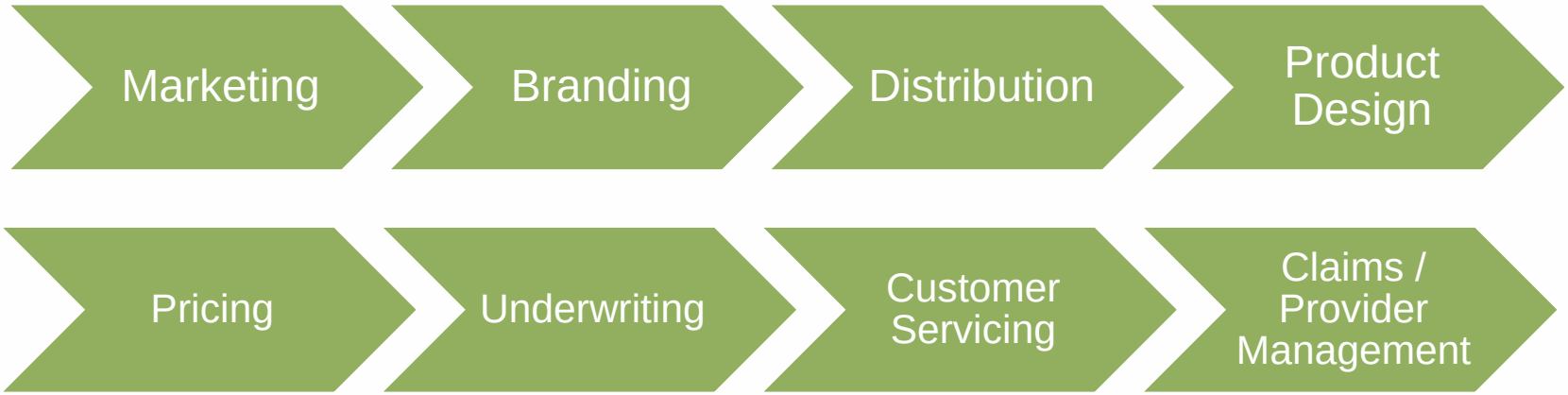
Principal and Consulting Actuary

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Overview

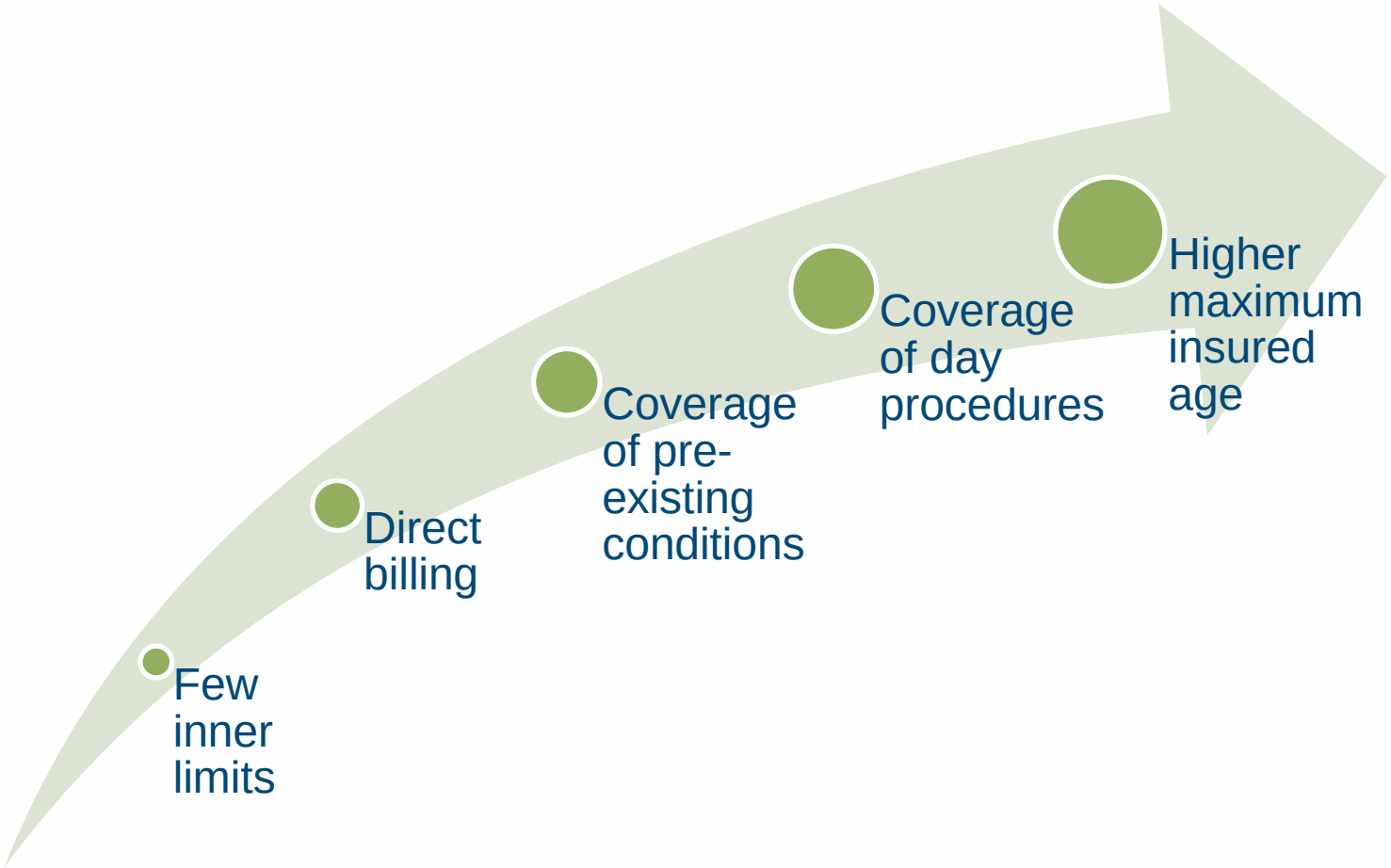
- The PMI value chain
- Product trends
- Claims trends
- Leveraging technology: auto-claims adjudication

PMI Value Chain



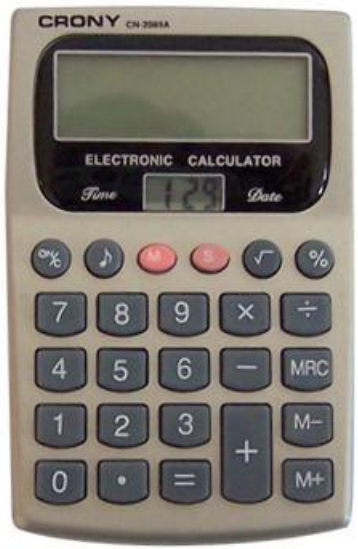
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Marketing / Product Led Evolution



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The Simpler It Looks…





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The Simpler It Looks…



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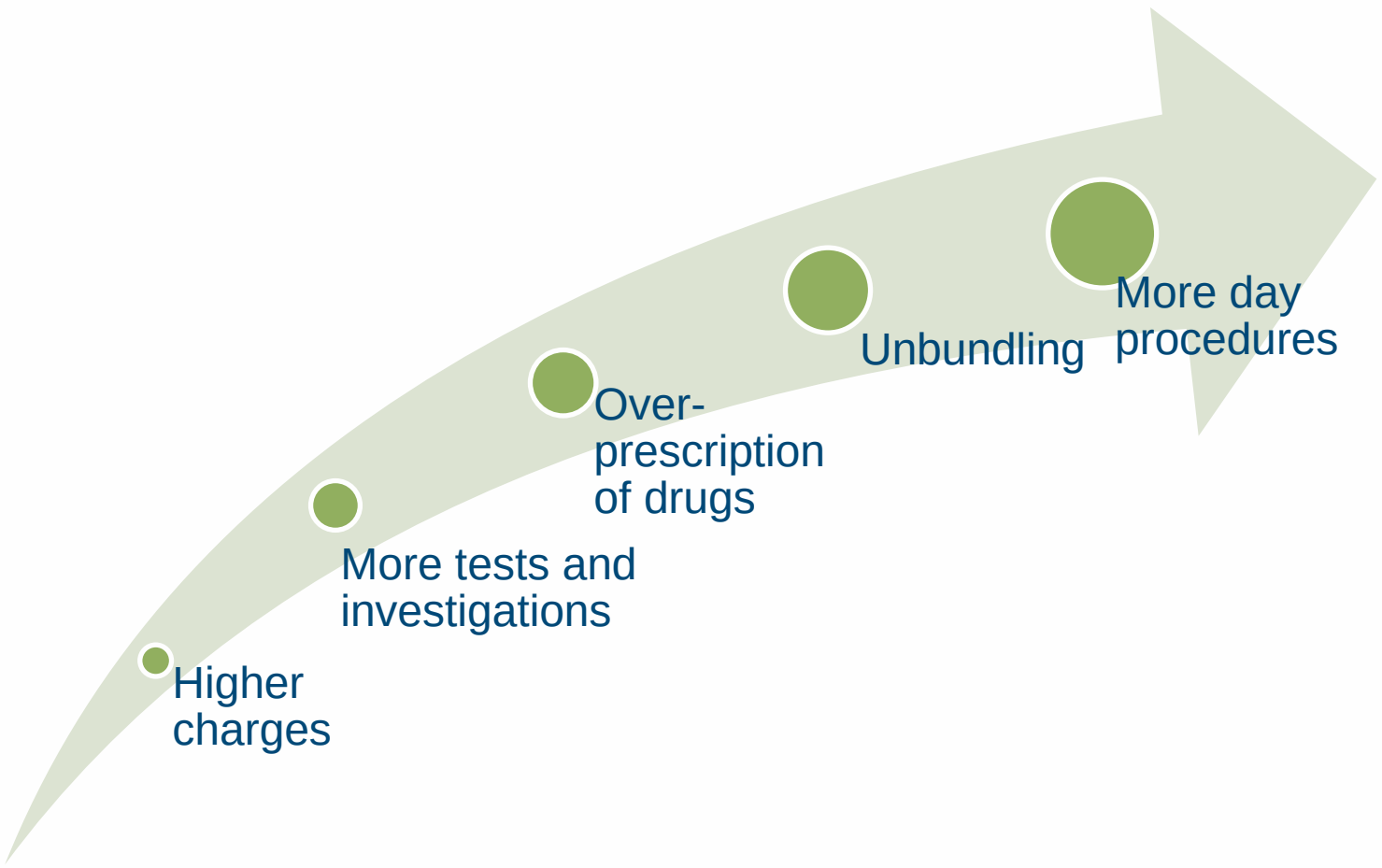
…The More Complex the Backroom

Types of Fraud	Coding	Payment Rules	DRGs	Fee Schedules	Direct Settlement
Misrepresenting severity of illness			-		
Misrepresenting diagnosis	+				
Services not rendered as billed	+				
Misrepresenting intensity of service	-			-	
Medically unnecessary/ inappropriate services	+		+		+
Excessive services	+	+	+		+
Excessive use of assistant surgeon	+	+			+
Inappropriate setting (could be outpatient)	+	+		+	+
Unbundling charges	+	+	+		+
Services billed but not rendered	+	+		+	-

+ Helps address the problem
- Contributes to the problem

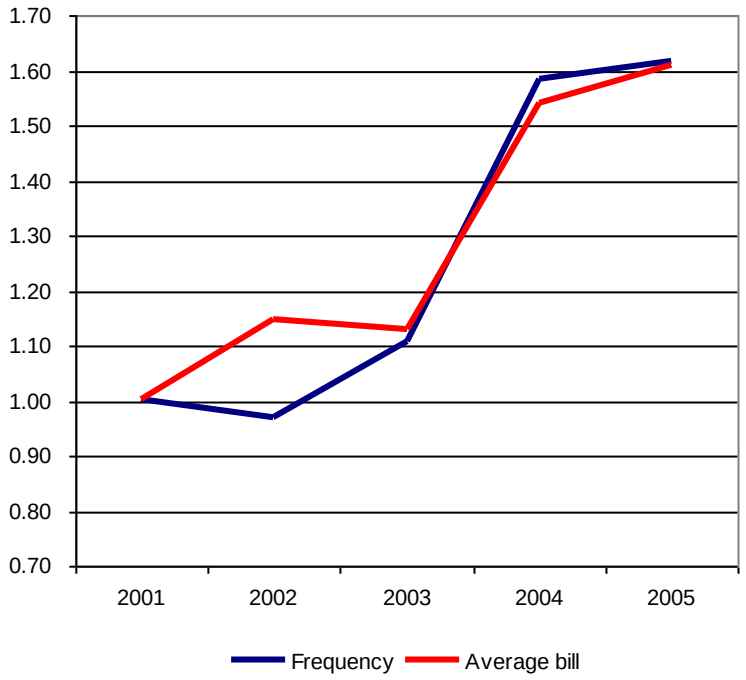
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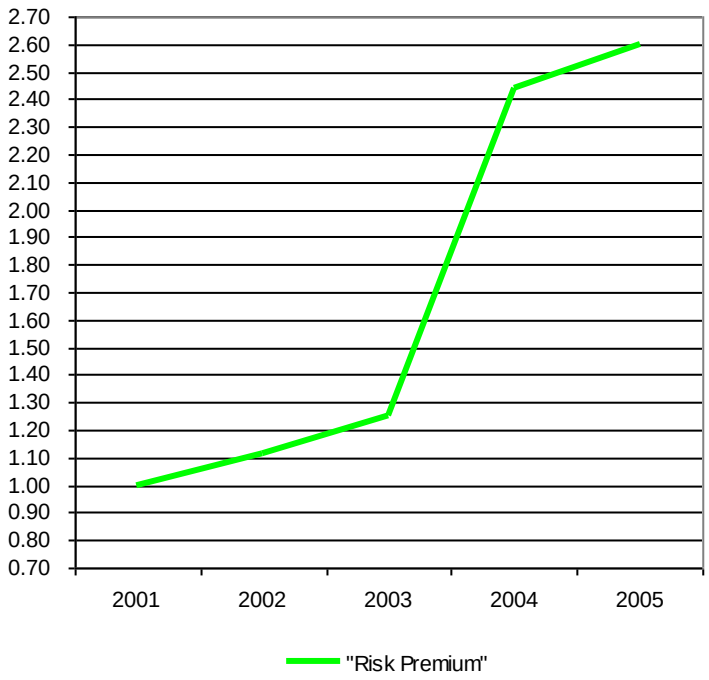
Medical Trends



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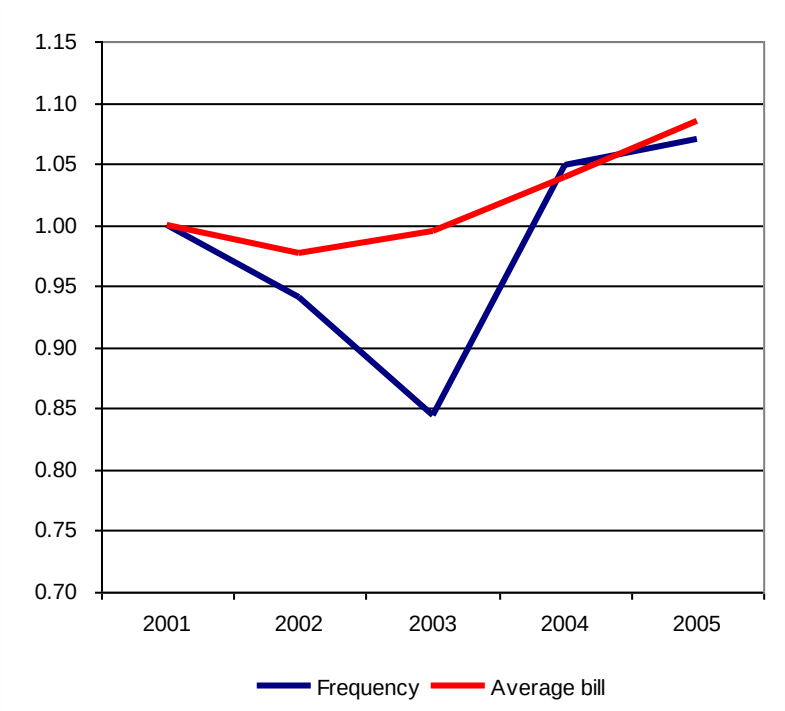
Specialist Outpatient Procedures

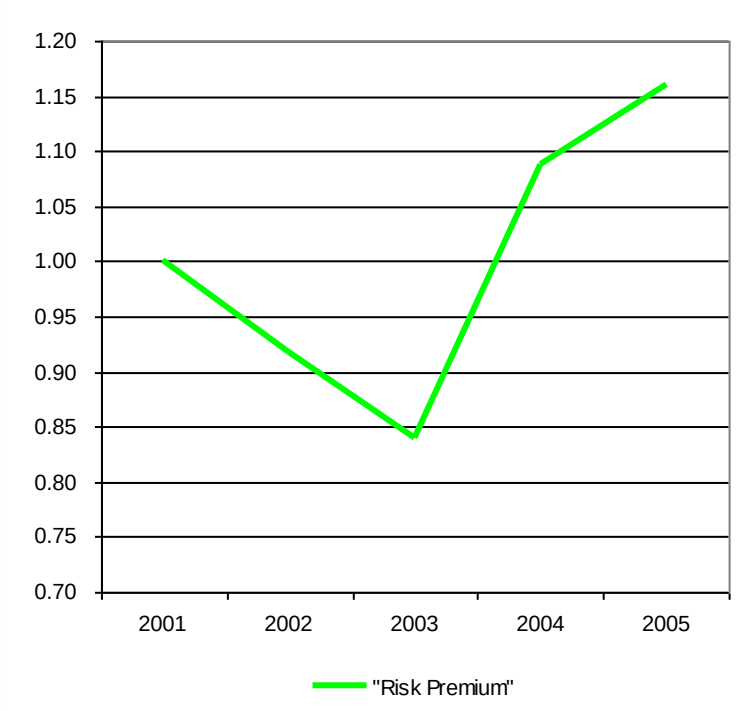




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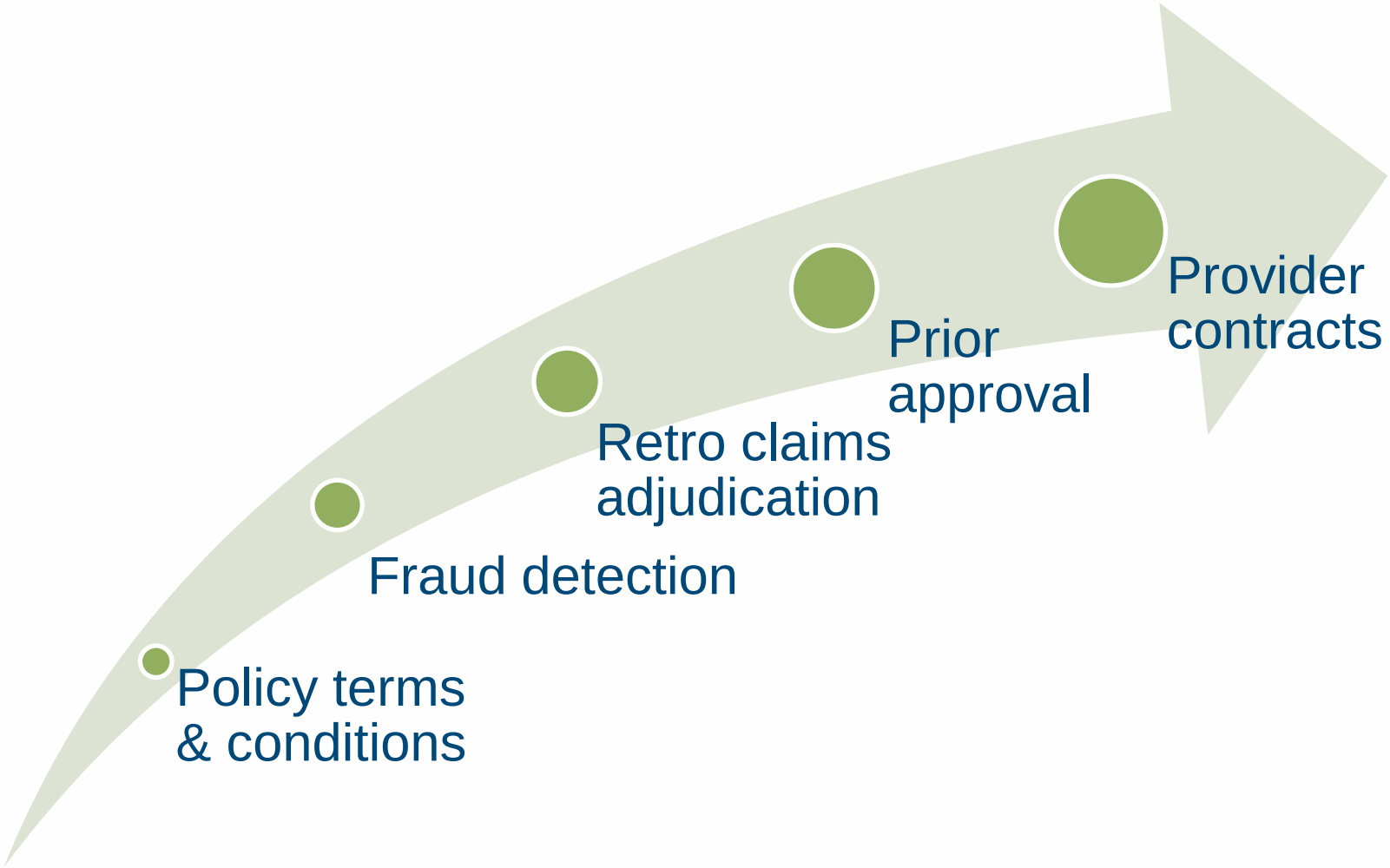
Surgeon





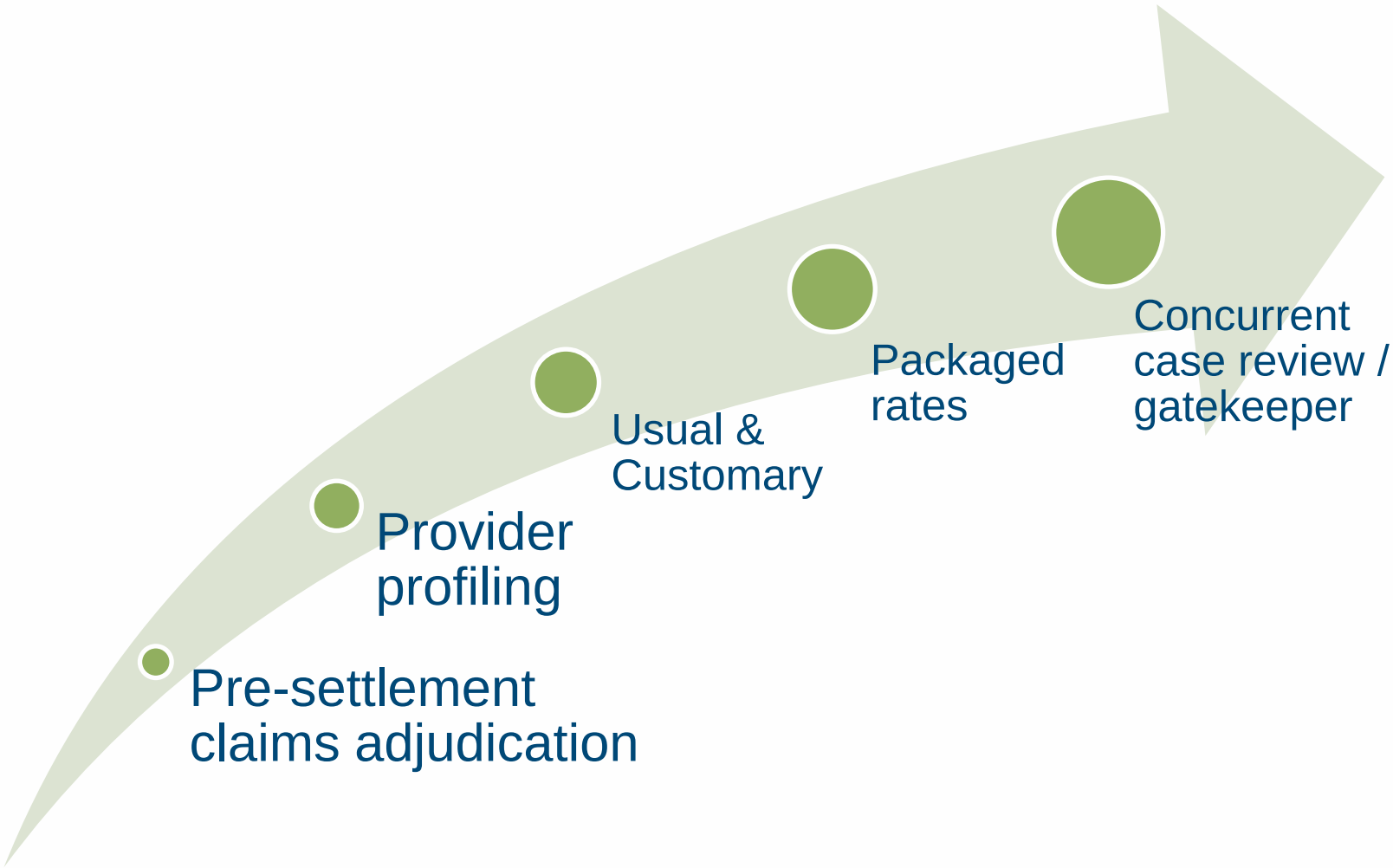
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Claims Management Interventions



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Claims Management Interventions



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Claims Management: Key Objectives

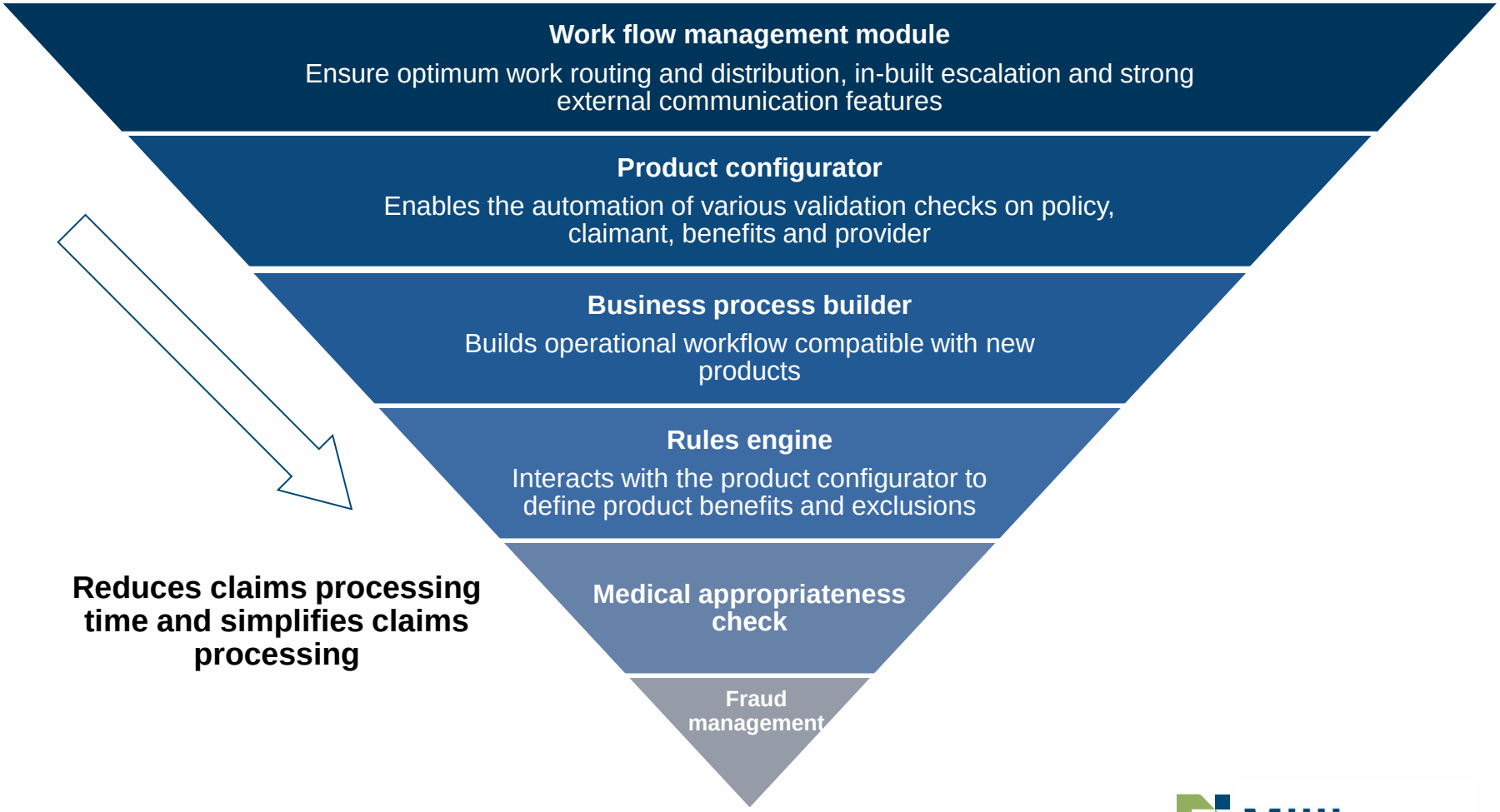
- Detect fraud
- Reduce transaction cost
- Timely settlement of claims
- Reduce unwarranted excess payments & inappropriate billing
- Derive information for data driven contracting
- Monitor outcomes, promote provider transparency and accountability
- Promote customer involvement and awareness in managing claims

Ideal Claims System

- Desirable features in claims management system
  - Workflow management / process management
  - Policy and insurance checks through rules engine
  - ICD Code specific processing checks
  - Integrated clinical logic
  - Usual & customary charges checks
  - Provider profiling
- Ideally, system should aggregate benefit, beneficiary and claim information at single source (also referred to as policy, enrolment and claims data)
- Good rules engine with in-built logic key to auto-adjudication

Strengthen Your Claims System

Components required to achieve significant automation and reduce claims processing time.



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Auto-Adjudication Systems

Assist a claim processor to accurately determine the severity of a patient's condition and identify if claimed items and services are in proportion to the condition

- Indications for investigations, ICU stay, need for surgery
- Goal length of stay
- Expected routine investigations and consumables
- Pre / Post hospitalisation resource utilisation
- Impact of co-morbidity
- Specifications for standard inclusions and non-chargeable items

Laparoscopic cholecystectomy

1. Definition:

It is a surgery in which the abdomen is opened with large incision fo

Suggestion

2. ICD 10 code check:

Synonyms: Acalculous cholecystitis, Cholelithiasis, CBD stone, failed laparoscopic Procedure,

ICD 10 code description	ICD 10 code	CPT codes with description
Cholelithiasis	K80	47562 (Laparoscopy, surgical; cholecystectomy)
Acute Cholecystitis	K81.0	47563 (Laparoscopy, surgical; cholecystectomy with cholangiography)
Chronic Cholecystitis	K81.1	47564 (Laparoscopy, surgical; cholecystectomy with exploration of common duct)
Obstruction of bile duct	K83.1	
Biliary acute pancreatitis	K85.1	

3. Presentation / Indications:

- Pain after meals in right upper quadrant
- Nausea
- Vomiting

- Peritonitis
- Severe acute pancreatitis
- Empyema of gall bladder
- Obstructive jaundice
- Gall stone induced pancreatitis

4. Elective operation:

It is usually an elective procedure requiring:

- Ward admissions
- Investigations (PAC package, Ultrasound)

Note: Investigations done mostly on OPD basis prior to a planned admission
If Elective admission, first visit by specialist should not be charged

Suggestion

5. Indications for ER admission:

(Look for terms in admission notes or discharge summary for the following)

- A colicky abdominal pain, distension and vomiting

6. ER admission:

This includes:

- One visit by surgeon.
- Additional investigations and medications for ER, symptomatic management may be charged additional e.g. Symptomatic treatment (Pain killer injections, syringes, IV fluids,)
- Expected length of stay in ER = 6 to 8 Hrs
- Investigations (PAC package, Ultrasound)
- Shift to ward or OT on same day

7. Length of stay

Levels	Signs and symptoms	Length of Stay
▪ Level I	▪ Pain after meals in right upper quadrant ▪ Nausea ▪ Vomiting ▪ Proven gall bladder / CBD stone ▪ Recurrent cholecystitis	1-2 days
▪ Level II	▪ Level 1 with comorbidities ▪ Gall stone induced pancreatitis	3-4 days

8. Surgery charges:

8.1. Package Price:

Suggestion

This may be done as a package procedure. Total charges include room, professional charges, investigations and cost of medicines etc.

	Private Room	Shared Room	General Ward
Corporate hospital	*	*	*
Charitable/Trust hospital	*	*	*
Nursing home	*	*	*

Note: Any additional consultant visits from specialty other than the primary condition may not be included in the package.

8.2. Break-up charges

8.2.1. Surgeon fee:

	Private Room	Shared Room	General Ward
Corporate hospital	*	*	*
Charitable/Trust hospital	*	*	*
Nursing home	*	*	*

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Level I (almost for all patients)

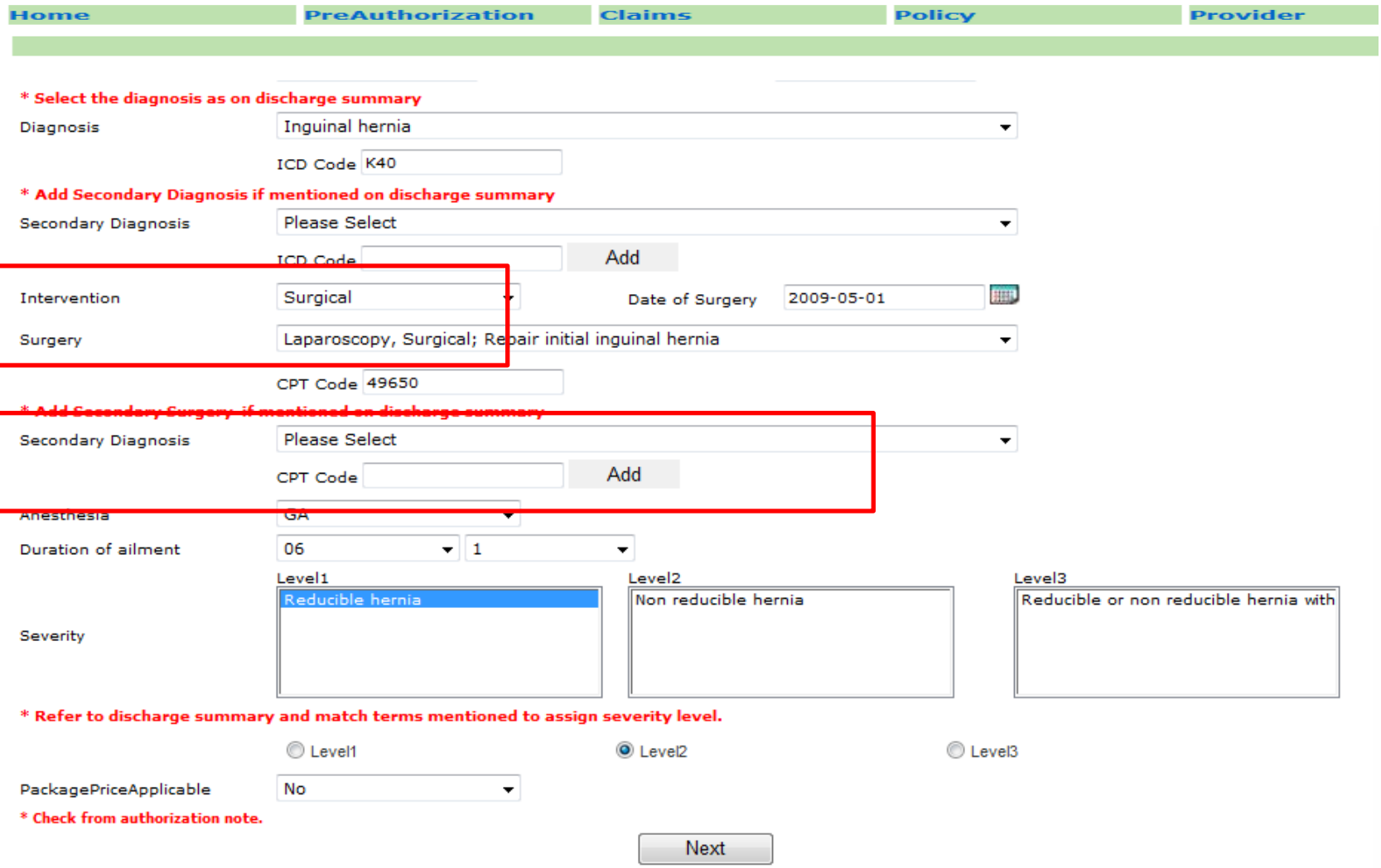
	Corporate hospital	Charitable/ Trust hospital	Nursing home	Units Level I	Units Level II
Hb	*	*	*	2	3
TLC	*	*	*	2	3
DLC	*	*	*	2	3
Blood Urea	*	*	*	2	3
Serum Creatinine	*	*	*		
SGOT	*	*	*		
SGPT	*	*	*		
ALK PO4	*	*	*		
Serum amylase	*	*	*	2	3
Serum lipase	*	*	*	1	2
Blood Sugar	*	*	*	2	12
Serum Electrolytes	*	*	*	2	3
Urine (R&M)	*	*	*	1	2
X-ray chest	*	*	*	1	1
ECG	*	*	*	1	4
BT/CT	*	*	*	1	1
HIV	*	*	*	1	1
HBsAg(Australia Antigen	*	*	*	1	1
Ultrasound abdomen	*	*	*	1	1
HPE of gall bladder	*	*	*	1	1

Note: Some hospitals may club certain investigations and bill as CBC, KFT and LFT.

Suggestion

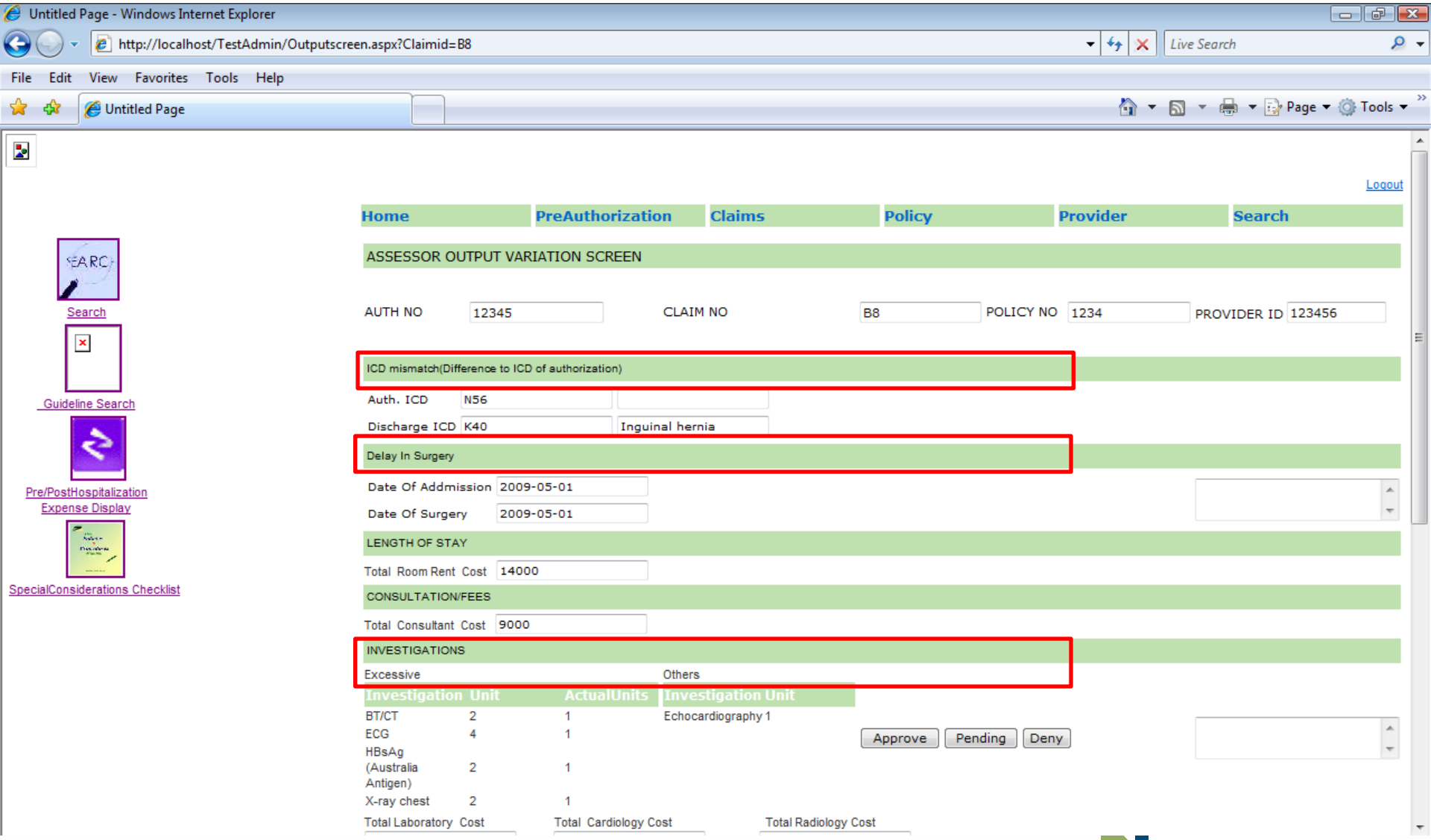
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Data Entry



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Variation Screen



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Variations Identified

- ICD CPT mismatch / not indicated for the age group / gender
- Delay in surgery / length of stay / duration of ICU stay
- Excessive physician / unwarranted specialist visits
- Unwarranted assistant surgeon fee
- Excessive / unwarranted investigations
- Excessive / unwarranted consumables
- Excessive / unwarranted drug use
- Drug charges above printed price
- Non chargeable consumable

….. and more

Savings identified during pilots with 11 TPAs and insurers range from 2 to 5%. Currently used by clients in India and Middle East.

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Back To Reality

- Stumbling blocks in Southeast Asia
  - Coding
  - Availability of itemised bill information
  - Data entry
  - Ability to negotiate with providers
  - Scale
  - Return on investment
- However…..
  - The information is there and we do have the technology
  - You cannot manage what you cannot measure
  - PMI will play an increasingly important role in society