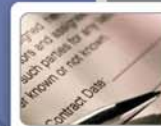


FAIRPAY insights\$

Finding the fair cost of care[®]



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(LTC)

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CAPABILITY SPOTLIGHT: LONG TERM CARE

2010 Industry Trends

*A message from Chad Birckelbaw,
President & COO, FAIRPAY Solutions*

By the time we go to press, we will be halfway through 2010 and in many respects, the results could be classified as "more of the same". Client savings continue to grow to a record high, and percentage savings has even ticked up a few percentage points for the first 6 months, while average savings per bill has jumped a lofty 12%. The most prevalent factor contributing to this trend appears to be charge inflation. A quick look at provider charges for like or similar services by the same provider, as well as what other providers in the area are charging for the same services reveals double digit pricing increases in some key jurisdictions. This has been slightly offset by an ongoing shift in mix of bills from Inpatient to Outpatient. Even with fewer Outpatient bills, the net effect has been an increase of almost a thousand dollars per bill. Since providers' (self reported) costs are only up low single digits nationally, inflation appears to be the most likely driver of the increased charges.

If charge inflation and cost shifting remain consistent, what has changed are some of the provider gaming techniques. 2010 has seen a dramatic expansion of suppliers billing for implantables, even though only 2 states (CA and TX) have legislation allowing the practice. More importantly, several of the software platforms don't have the capability to capture the duplicate billing since the data element

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FAIRPAY is excited to announce recently expanded capabilities to include Long Term Care (LTC) services. Medical costs of LTC bills often add up astronomically over the course of the extended period of treatment. The same databases and proprietary methodology that drive FAIRPAY's specialty savings results deliver equally as strong LTC savings for clients with the added peace of mind associated with a sign-off product.

FAIRPAY's specialists leverage LTC experience along with supply and cost databases and FAIRPAY's technology platform to achieve savings on the Per Diem rate and on all other services and supplies provided by the long term care provider. In states where Fee Schedules and rules for long term care apply, FAIRPAY can still help you achieve larger monthly savings. LTC specialists obtain formal provider agreement via a Long

Term Care Agreement (LTCA), negotiating the rates for the entire stay.

FAIRPAY's LTC specialists engage facilities in dialogue focused on a reasonable reimbursement for the treatment plan at hand. During the process, FAIRPAY maintains direct communication with the stakeholders, the adjuster and field nurse case manager, saving RNs and claims representatives time by allowing them to focus on the injured worker, their family, the provider and the employer. Additional benefits of FAIRPAY's LTC services include:

- Eliminates provider pushback
- Lowers or eliminates reserve adjustments
- Conveniently integrates within workflows
- Increases bottom line savings, averaging between 40% - 60%

FAIRPAY has saved in excess of \$2 million for LTC clients. Ask us how we can begin to provide similar savings for you today!

☒ BEST PRACTICES:

Engage Customers to Achieve Optimal Savings

Your customers are an active part of achieving successful medical cost containment. Partner with FAIRPAY to deliver an educational customer webinar or execute a proactive customer communication campaign. This ensures your customers thoroughly understand the importance of cost containment and FAIRPAY's processes. Clients who proactively engage their customers enjoy smooth implementation and ongoing support, both of which lead to higher overall savings.

For additional information, please contact your FAIRPAY Solutions Account Manager.

2010 Industry Trends

A message from Chad Birckelbaw,
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used as a unique identifier is not always provided by both the supplier and the provider when billing for the same implantable. This has prompted a few opportunistic revenue cycle management companies to encourage all their providers' implantables be billed both directly and from the supplier. As of the publishing date for this newsletter, FAIRPAY had reviewed bills from suppliers in 11 jurisdictions other than TX and CA. A quick sampling of our clients revealed inconsistent methods and processes for identifying and reimbursing these bills.

Lastly, this time last year, we announced several new product offerings driven by clients. If you saw our press release prior to RIMS, you know that the Long Term Care (LTC) solution has had universal appeal as we have eclipsed \$2 million in savings over the last 20 months on only a handful of cases. This may be the only set of circumstances where you can get our historical 50+% savings with no provider pushback. I would encourage you to ask your Account Manager about how we stack up against your current solution for these bills.

I would be remiss if I didn't acknowledge a change in our leadership structure. Rich Leonardo is leaving FAIRPAY to pursue another opportunity. We are grateful for Rich's contributions and wish him well in his new endeavor. Rich and I have worked closely over the years with our Leadership Team to build a culture that places our clients' needs at the center of the organization and I'm confident in the ability of our team to continue to meet your changing needs.

As we approach mid-year stewardship season, and knowing I can't make it to every client review to share this personally, I want to take this opportunity to express my gratitude on behalf of our entire team for your continued business. We are blessed by the opportunity to serve you, our clients, and the many clients that you represent. This is a responsibility that we do not take lightly. Our hope for you and your teams is a wildly successful second half.

Regards,

Chad

FAIRPAY SOLUTIONS' 2010 SCHEDULE

-  **August 15 - 18:**
FL Workers' Compensation Conference
Orlando, FL
-  **October 13 - 15:**
CA Workers' Compensation Forum
Huntington Beach, CA
-  **November 10 - 11:**
National Workers' Compensation & Disability Conference
Las Vegas, NV

COMMON ELEMENTS OF ROBUST WORKERS' COMPENSATION MEDICAL PAYMENT SYSTEMS

Not all laws are created equal. The creation and adjustment of workers' compensation relationships, rights, and obligations varies widely from state to state. Each state takes an approach to guiding the dynamic interactions of its workers' compensation system – including those interactions arising out of reimbursing medical providers – that is tailored to the economic realities, political leanings, and traditional problem-solving practices of that state. Despite the diversity of the particular systems adopted by the various states, there are some common elements to those systems that create greater opportunities for successful interactions on the part of workers' compensation payers and their partners. FAIRPAY has gained valuable perspective on these common elements through its experience in reviewing medical bills in every jurisdiction, and offers its insight on the following elements:

- **Employer direction of the choice of primary medical provider.** As the medical portion of each dollar spent on claims benefits grows yearly, it becomes ever more imperative for payers to have the ability to identify and utilize those providers who share and implement the return to work treatment philosophy.
- **"Reasonableness" as a fundamental pillar of the provider payment standard.** This concept can mitigate some of the financial incentives driving provider charging practices, such as cost-shifting to workers' compensation payers to re-coup shortfalls from other payer types.
- **Area-based comparisons built into the payment standard.** Measurements against providers in the same geographic area helps create a check against higher than average individual provider charging practices.
- **Protections against balance billing of injured claimants and direct billing of insured employers.** Perhaps the most critical component of any system, protecting the injured worker from strong arm collection tactics allows the payer to pursue a legitimate dispute with the provider without the risk that the injured worker will be harmed as a result.
- **Hard and fast deadlines for medical providers to formally file fee disputes.** Requiring any disputes to be brought in a short period of time assists in closing claims files and can reduce the number of disputes.
- **Enforcement of a substantive burden of proof on the moving party in a formal dispute.** Requiring the provider to prove that its charges are reasonable and meet the standard for payment substantially cuts down on the volume of frivolous disputes.

Not every element from the foregoing discussion must be present in a workers' compensation system for a payer to experience successful or positive interactions with injured claimants, medical providers or state administrators. However, those payers who are aware of these elements and can most readily adapt to them – or participate in influencing the operative jurisdiction to adopt them – can gain competitive advantages and efficiencies in the conduct of their workers' compensation business. Contact your FAIRPAY representative today to learn more about how FAIRPAY can put its experience to work for your business.