



carbon[™]
STOP LOSS SOLUTIONS

Branch Program

Advisory Statement 2

Claim Payment Integrity

Facility Claims Review — The largest category of health care expense typically receives the least amount of due diligence.

THE BRANCH PROGRAM

Branch, Carbon's cost control program, is a value-added platform designed to assist health plans in the preservation and protection of their plan assets as well as provide creative expertise and solutions to address high-risk cases including Payment Integrity, Contracting, Cell & Gene, Specialty Pharmacy Solutions, and more.

UNMATCHED EXPERTISE

Branch consultants have extensive experience managing complex risk and healthcare compliance — expert clinicians and risk consultants that can help identify and assist in the management of potential catastrophic events with the goal of improving clinical and financial outcomes.

Issue Summary

False Claims Act Settlements and Judgments Exceed \$2.68 Billion in Fiscal Year 2023 - Highest Number of Settlements and Judgements in History

Settlements and judgments under the False Claims Act exceeded \$2.68 billion in the fiscal year ending Sept. 30, 2023. The government and whistleblowers were party to 543 settlements

and judgments, the highest number of settlements and judgments in a single year.

Of the more than \$2.68 billion in False Claims Act settlements and judgments reported by the Department of Justice this past fiscal year, over \$1.8 billion related to matters that involved the health care industry, including managed care providers, hospitals, pharmacies, laboratories, long-term acute care facilities, and physicians. The amounts included in the \$1.8 billion reflect recoveries arising only from federal losses, but in many of these cases, the department was instrumental in recovering additional amounts for state Medicaid programs.

Examples of settlements by Health Plans and Providers are detailed at HEALTH CARE FRAUD. Health Plan stakeholders need to have awareness and action plans to address false claims. Payment Integrity Programs can be an effective control to mitigate this risk and ensure proper payments in accordance with defensible and nationally accepted payment determinations.



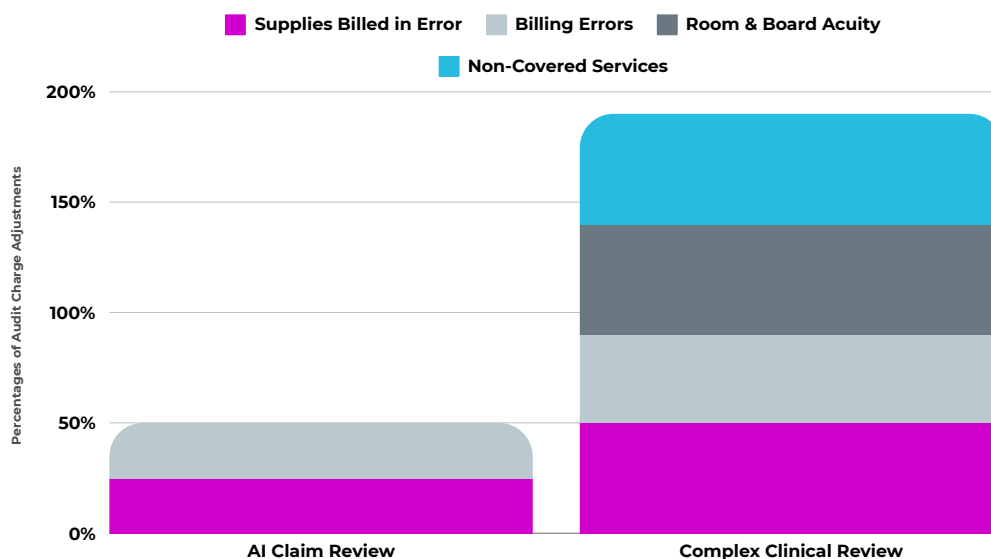
Claim Payment Integrity

Claim payment integrity processes are a best practice tool to address the increasingly complex claims and to proactively ensure correct health plan or third-party administrator payments. Payment integrity processes should include medical record reviews performed by specialty clinicians, the determination of plan covered services and the validation of charge accuracy based on transparent industry references and plan payment policies. Claim payment integrity processes support timely claim review and payment due diligence to ensure plans control costs, address regulatory compliance and ensure fair and defensible payments to providers and facilities.

Technology Trends

The rise of artificial intelligence and increased automation of claim editing is a fast-growing trend in the payment integrity industry. While AI and automation offer benefits in efficiency and quick feedback, they cannot replace human intelligence in medical bill review. AI algorithms can sift through medical records, lab results, and patient-generated data to identify patterns and make predictions about a patient's health status, however, more medically complex conditions with extended hospital stays require a higher level of assessment. Human judgment, expertise, problem-solving skills and creativity are required to navigate and resolve unique billing challenges for clinically complex cases while ensuring adherence to regulatory compliance requirements.

The following Exhibit demonstrates the difference in algorithmic claims editing review findings in comparison to complex clinical review findings after a comprehensive assessment of the medical records on a real-world claim.



The Solution

Commercial, self-funded, exchange and government sponsored health plans are subject to financial, regulatory, and reputational risk if claim payment integrity reviews are not incorporated in their payment procedures. Effective payment integrity programs are supported by focused expertise including clinicians, charge master specialists and settlement resolution teams. Formulaic technology-based algorithm programs have a limited impact since artificial intelligence cannot review medical records, identify key clinical charge adjustments, and communicate the findings to the providers and facilities to ensure consensus for the charge adjustments.

Claim Payment Integrity Reviews Ensure Plans Are:

- Only paying for charges that are covered plan benefits.
- Identifying and adjusting for charges associated with provider preventable or hospital acquired conditions including surgical errors and nosocomial infections.
- Assessing room and board room charges based on documented nursing acuity.
- Adjusting for supplies or patient nursing charges inappropriately billed in addition to room and board or procedure charges.
- Identifying duplicate charges or services billed that are not supported by medical record documentation.

Payment Integrity Client Savings — 22%

The Carbon Branch Program offers consultative expertise and custom resource solutions to support Health Plan Payment Integrity program design and implementation. We work with plans to address their specific risks and develop efficient workflows to support timely and accurate claim payments. Contact us today to learn more about the Carbon Branch high value services.