



HEALTHCARE PRICE TRANSPARENCY

Understanding price differences between providers is key to lowering employer healthcare costs

DR. ERIC BRICKER
Chief Medical Officer and Co-Founder
Compass Professional Health Services

BACKGROUND

Eric Bricker, MD



- **Co-Founder & Chief Medical Officer**
 - Compass Professional Health Services
- **Internal Medicine Physician**
 - Johns Hopkins trained
 - Published research on diabetes care quality and hospital-acquired infections
- **Prior Hospital Finance Consultant**
 - Provider billing and revenue projects
- **Blog**
 - Won Ragan's Healthcare Best Blog Honorable Mention in 2013 and 2015
 - LinkedIn Healthcare Price Transparency Group (2,500+ members)

Our Purpose.

To champion simpler, smarter healthcare
for employers and their employees



- Founded in 2005
- 2,000+ clients ranging from manufacturing to high tech and everything in between
- 2 million+ members
- 1 million+ healthcare problems solved

In Good Company.

T-Mobile

Southwest

Dillard's

Sabre

ATMOS
energy



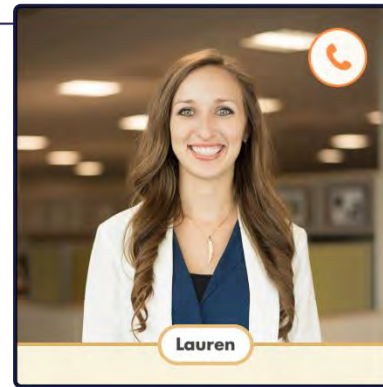
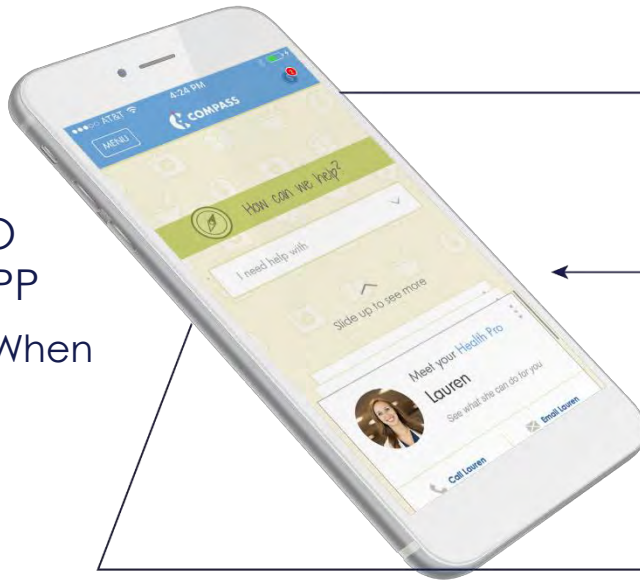
FORT WORTH

Michael's
Where Creativity Happens®

OUR SOLUTION

Compass Navigator.

HEALTH PRO
CLOUD™ APP
Technology When
You Want It.



HEALTH PRO®
CONSULTANTS
Expertise When
You Needed It.



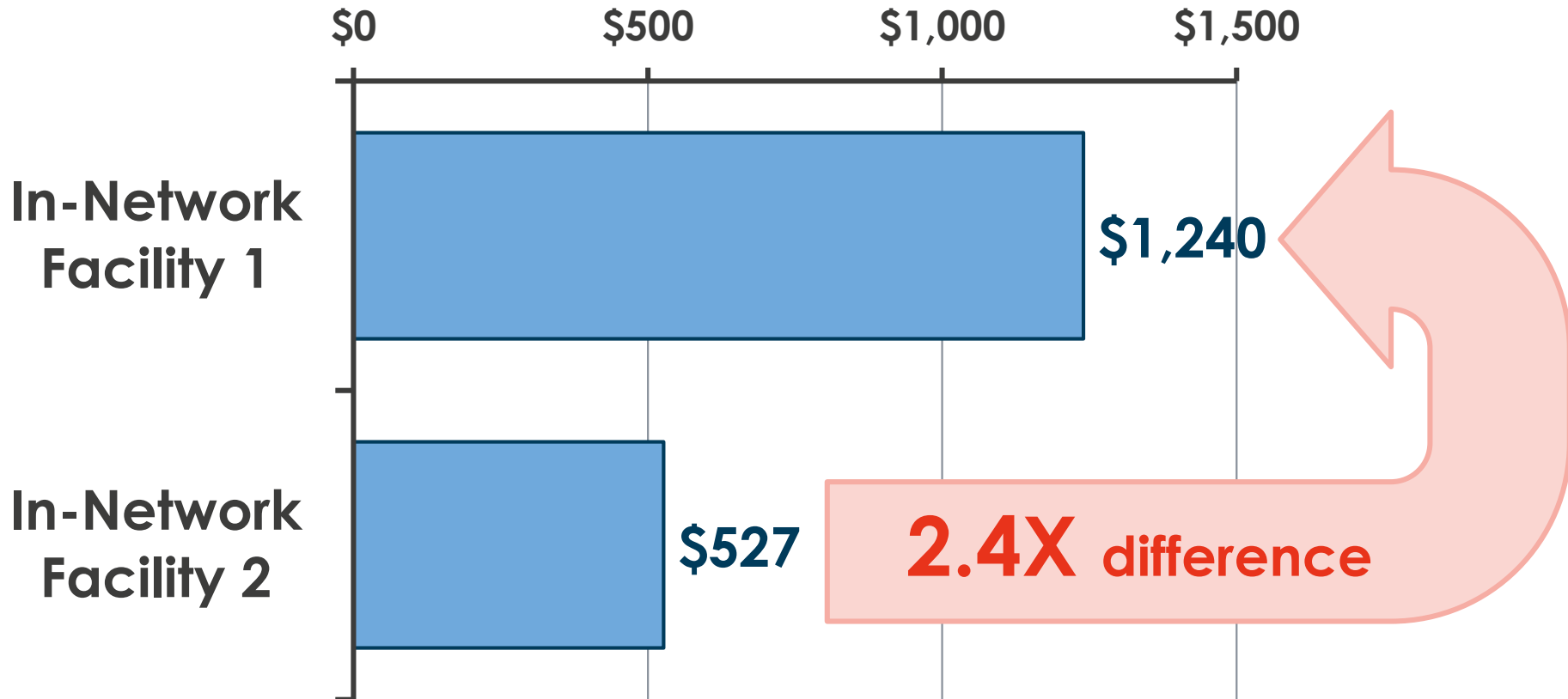
CONSUMERISM OPPORTUNITY

The price of healthcare services is very different depending on where you receive care locally, even **WITHIN NETWORK.**

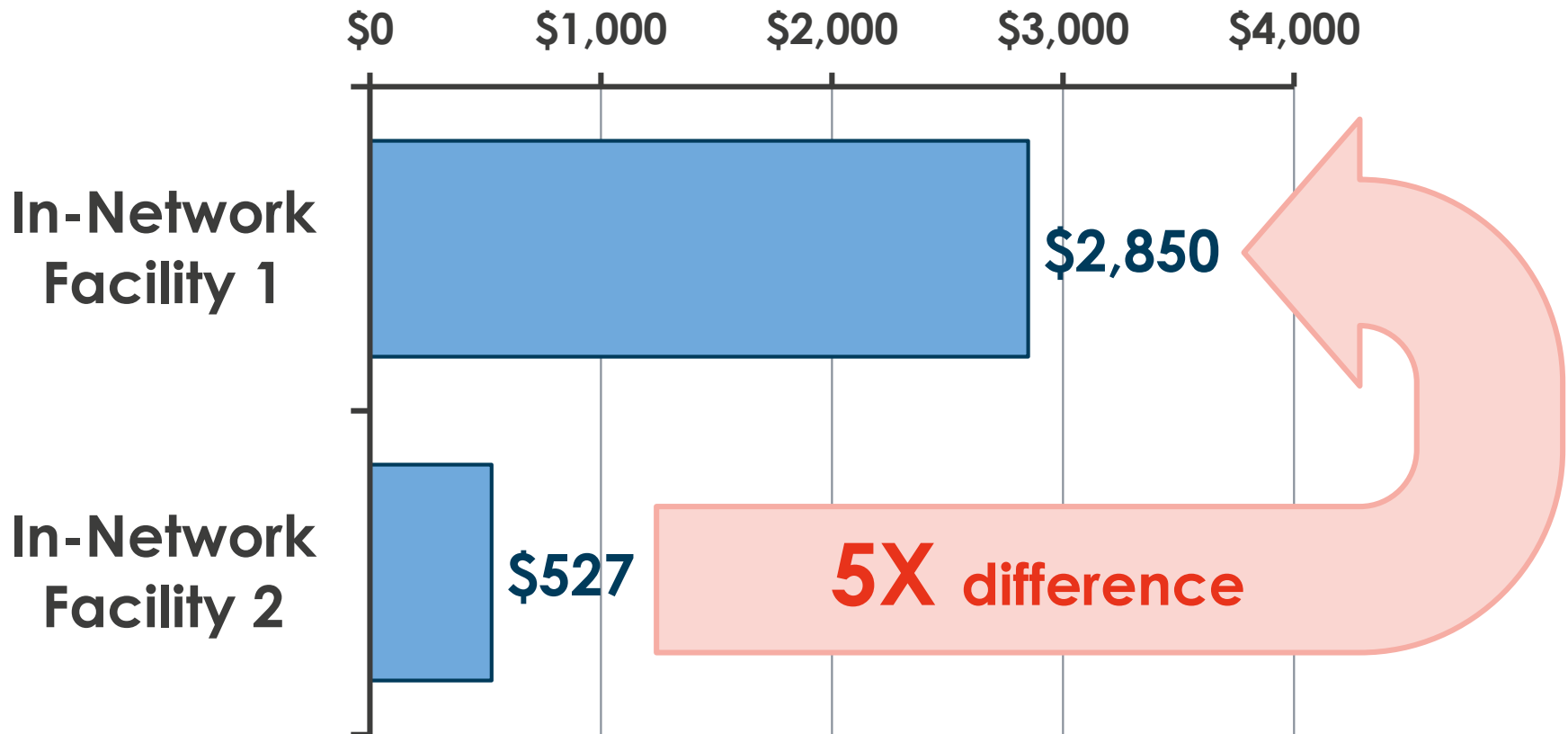
“I don't think many people within our own profession realize this”

- Employee Benefits Executive

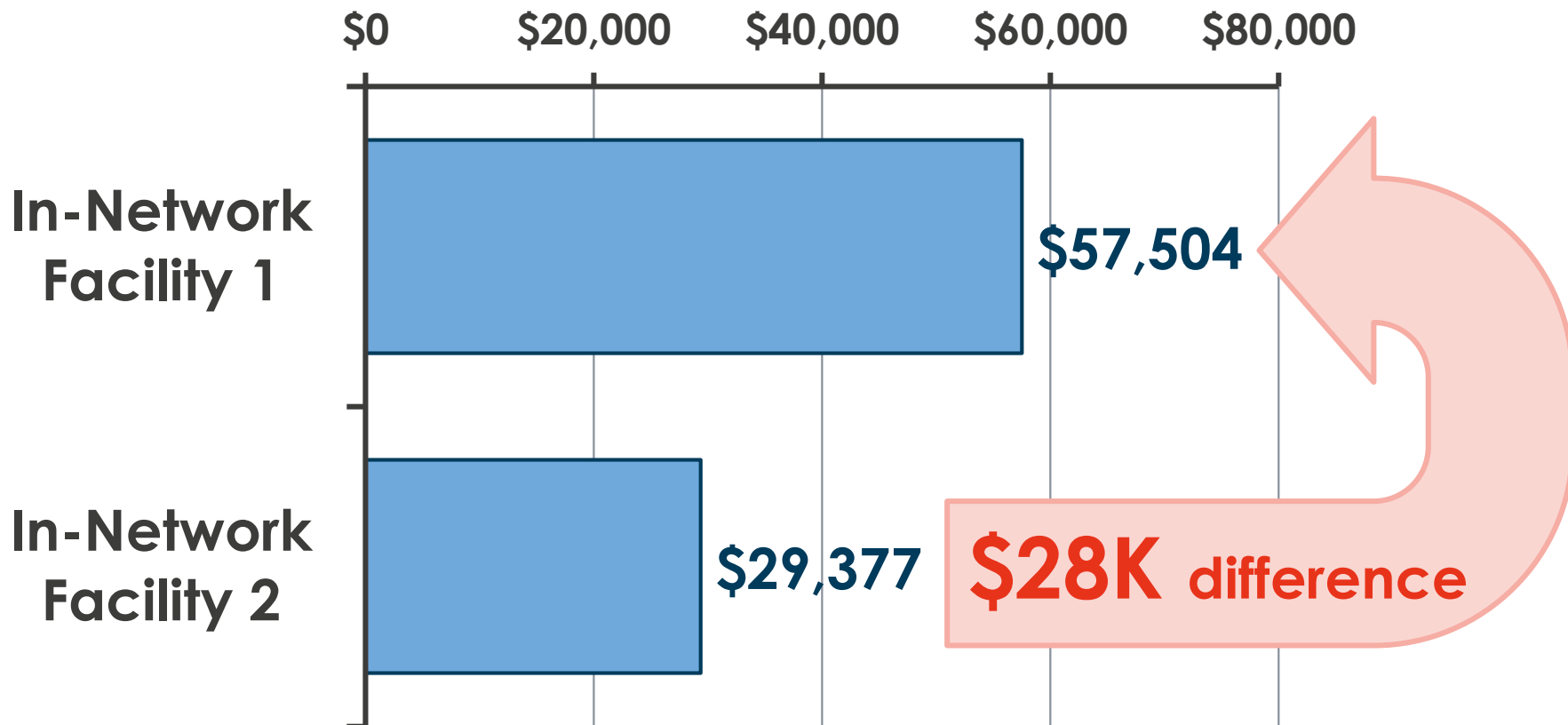
COMPARE IN-NETWORK PRICES FOR MRI



COMPARE IN-NETWORK PRICES FOR GI ENDOSCOPY



COMPARE IN-NETWORK PRICES FOR KNEE SURGERY



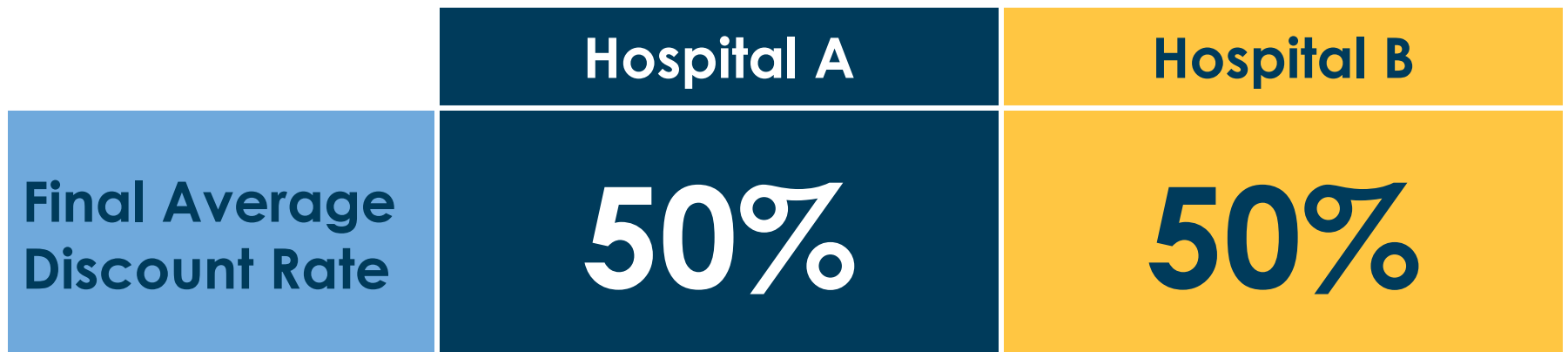
NETWORK CONTRACTING

Category	Hospital A	Hospital B
Imaging	<ul style="list-style-type: none">• “I want good reimbursement for <u>imaging</u>”• Contracted Rate of <u>\$1,240</u>	<ul style="list-style-type: none">• “I am willing to take lower reimbursement for <u>imaging</u>”• Contracted Rate of <u>\$527</u>
Orthopedic Surgery	<ul style="list-style-type: none">• “I am willing to take lower reimbursement for <u>orthopedic surgery</u>”• Contracted Rate of <u>\$29,377</u>	<ul style="list-style-type: none">• “I want good reimbursement for <u>orthopedic surgery</u>”• Contracted Rate of <u>\$57,504</u>

NETWORK CONTRACTING

Repeat that dynamic for:

- Labor and Delivery
- Endoscopy
- Implantables—
pacemakers, stents
- Outpatient Surgery
- MRIs
- Med/Surg Day Rate



BILLED CHARGES DO NOT EQUAL PRICE

The Price Equation



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Billed
Charges

Contract
Terms

Price

Charge
Master

Reimbursement
Methodology

Allowed
Amount

CPT code

“Discount”

Contract Rate

CONTRACT TERMS MATTER

- Case Rate
- Percent of Charge
- Stop-Loss
- Carve-out

“That’s all very interesting, Dr. Bricker. But can you tell me which hospitals use case rates and which use percent of charge?”

“Well, it doesn’t work that way.”

CASE RATE

The price is negotiated for a specific test or procedure independent of billed charges.



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**Billed
Charges**

**Contract
Terms**

Price

Hospital A	\$3,000	\$2,000	\$2,000
Hospital B	\$1,500	\$1,000	\$1,000

Examples: CT, MRI, Some Outpatient Surgery

PERCENT OF CHARGE

The price is determined based on a percent of the billed charges that is negotiated.



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**Billed
Charges**

**Contract
Terms**

Price

Hospital A	\$1,500	75%	\$1,125
Hospital B	\$6,000	50%	\$3,000

Example: Outpatient Surgery

CARVE OUTS

The billed charges have a specific line-item for a device or medication that has a separate negotiated price.



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**Billed
Charges**

**Contract
Terms**

Price

Hospital A	\$10,000 \$10,000	\$5,000 \$10,000	\$15,000
Hospital B	\$12,000	\$7,500	\$7,500

Examples: Pacemakers, cardiac stents, infusion meds

STOP LOSS CLAUSE

A price is set at a case rate up to a certain amount of billed charges, above which the price changes from a case rate to a percent of charge.



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**Billed
Charges**

**Contract
Terms**

Price

Hospital A	\$20,000	\$10,000	\$10,000
Hospital B	\$40,001	75%	\$30,000

(case rate of \$10,000 up to \$40,000 of billed charges)

BILLED CHARGES MATTER

Billed Charges are Independent of Cost



Cost

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**Contract
Terms**



**Billed
Charges**

**Charge master bases charges off of
desired price and existing contract terms**

Technology When You Want It...

Health Pro Cloud – Your Digital Healthcare Concierge

Instant expertise

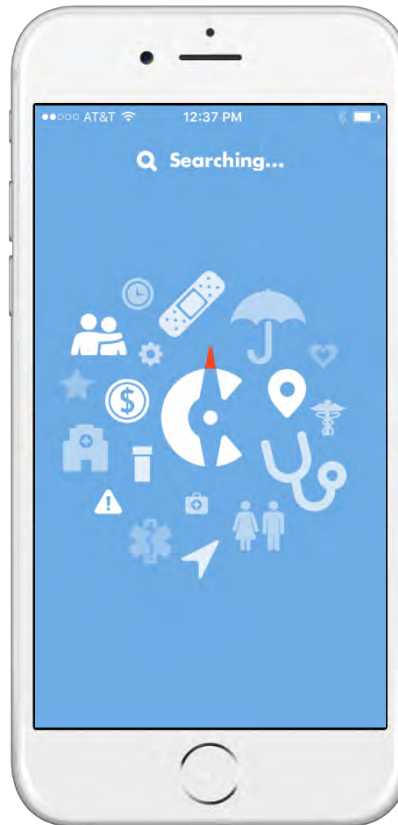
Navigate the complex healthcare system & receive instant answers to questions 24/7.

No instructions needed

Enjoy an intuitive interface based on insights from over a million healthcare interactions with Compass members.

Tailored to you

Get personal guidance whether you're just getting started or in the middle of a complicated health event.



Knows your needs

Stay on top of your health as it thinks ahead & answers questions you might not know to ask.

An expert on tap

Easily connect with your Health Pro® consultant when things get difficult or you feel overwhelmed.

Health Pro Cloud is an iOS and Android app available for download..





Expertise When You Need It.

Your Compass Health Pro Consultant provides expert, friendly guidance for complex healthcare needs.



Help Employees
Select & Understand
Health Benefits



Find a Great
Doctor



Pay Less for
Prescriptions



Guide to the Right
Programs at the
Right Time



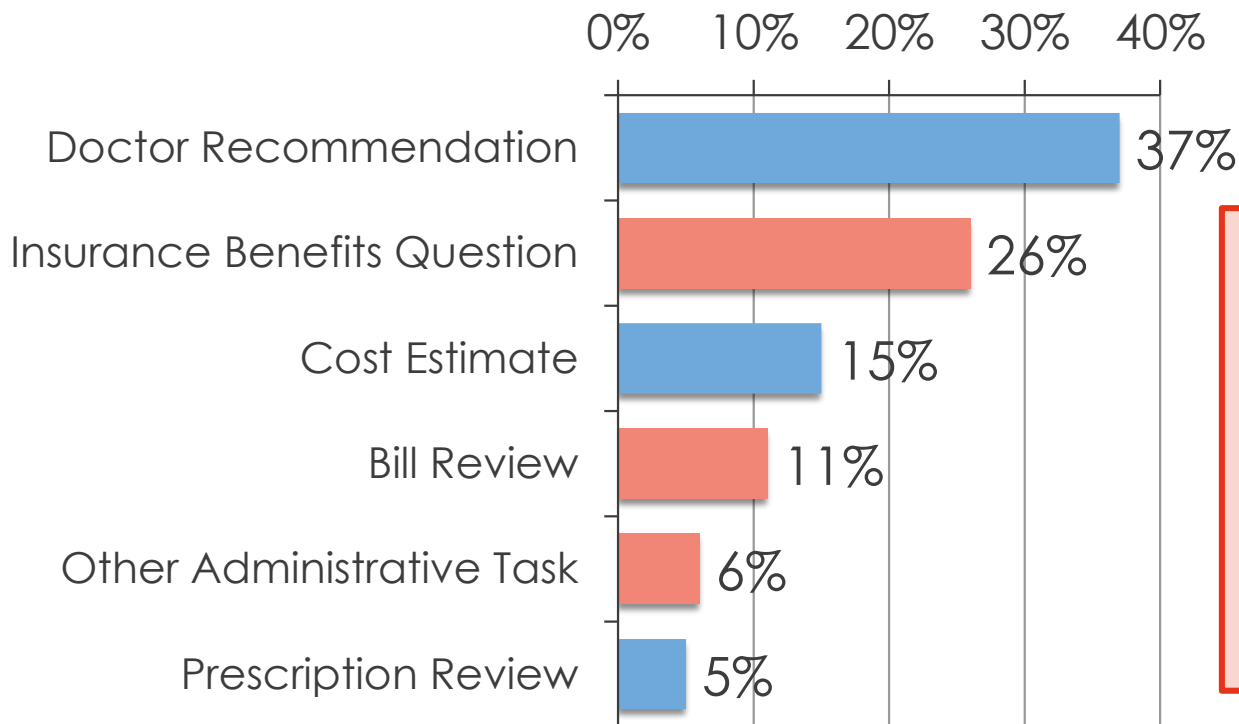
Comparative Shop
for Medical Care



Get Help with
Medical Bills

MEMBERS NEED HELP BEYOND PRICING!

Why Members Initially Contact Their Compass Health Pro:



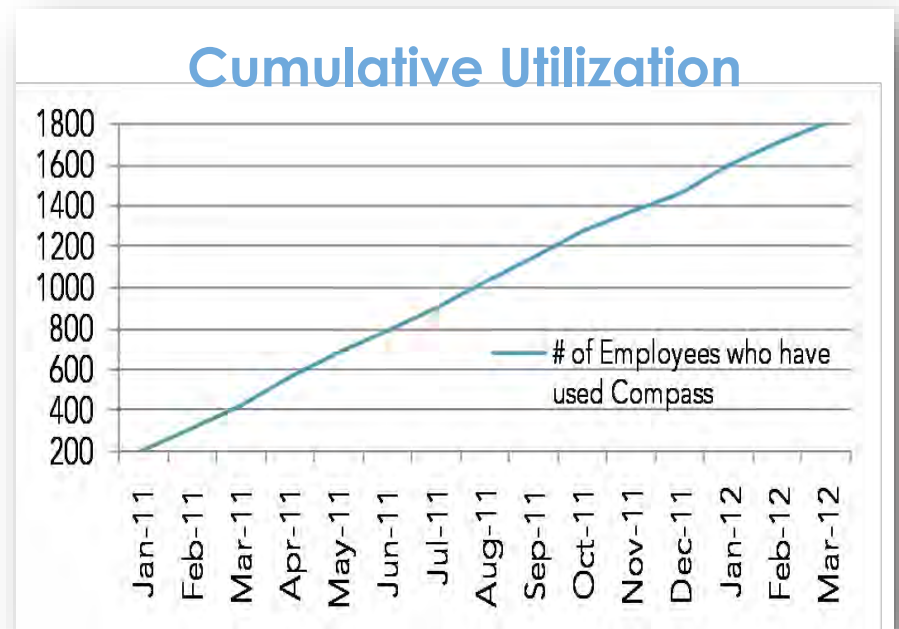
Of the members whose 1st solution is administrative* in nature, **61% request a cost-impacting solution** downstream.

* Bill Review, Insurance Benefits Question, or Other Administrative Task

For every 1,000 employees that use Compass, employers average 4,000 hours of increased productivity.

EMPLOYER CLIENT CASE STUDY

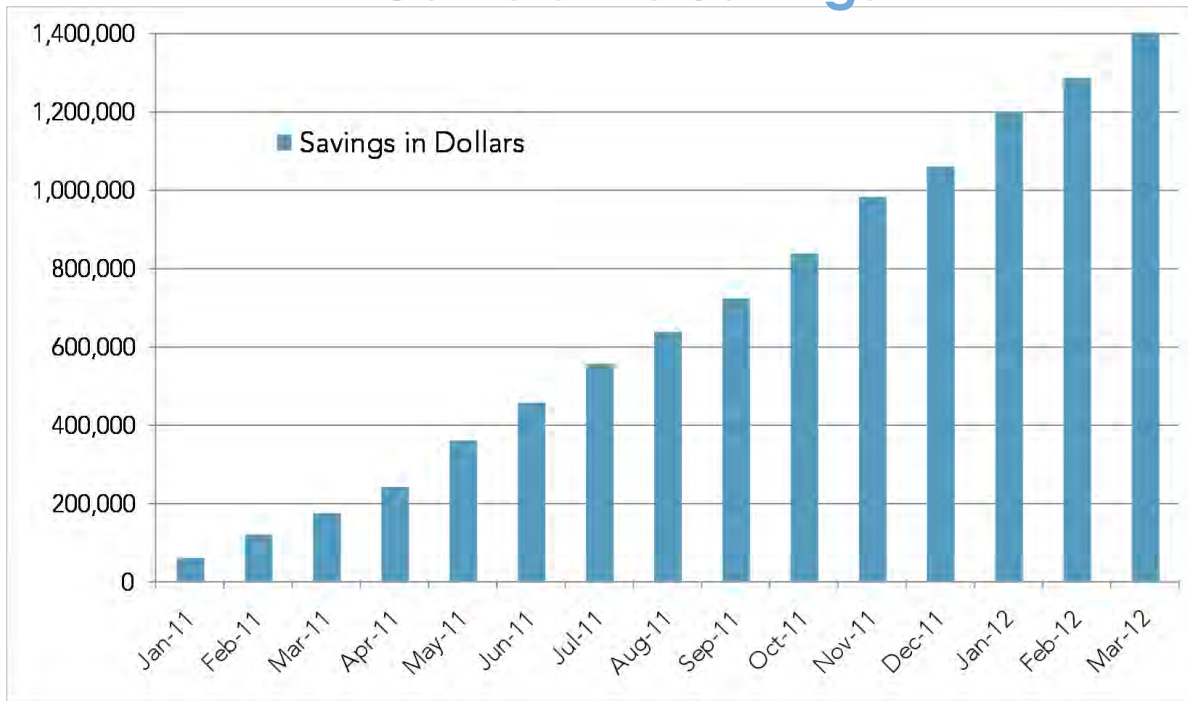
- 6,000 employees
- Wanted to move to CDHP but lacked transparency & navigation tools to make the move successful
- Compass Pilot – Sept 2010
- Nationwide Rollout – 2011 in conjunction with new CDHP
- EE engagement includes online video & monthly emails



EMPLOYER CLIENT CASE STUDY: COMPASS SAVINGS

Savings measured only for scenarios where Compass was involved with the services and were substantiated by the employer's own claims.

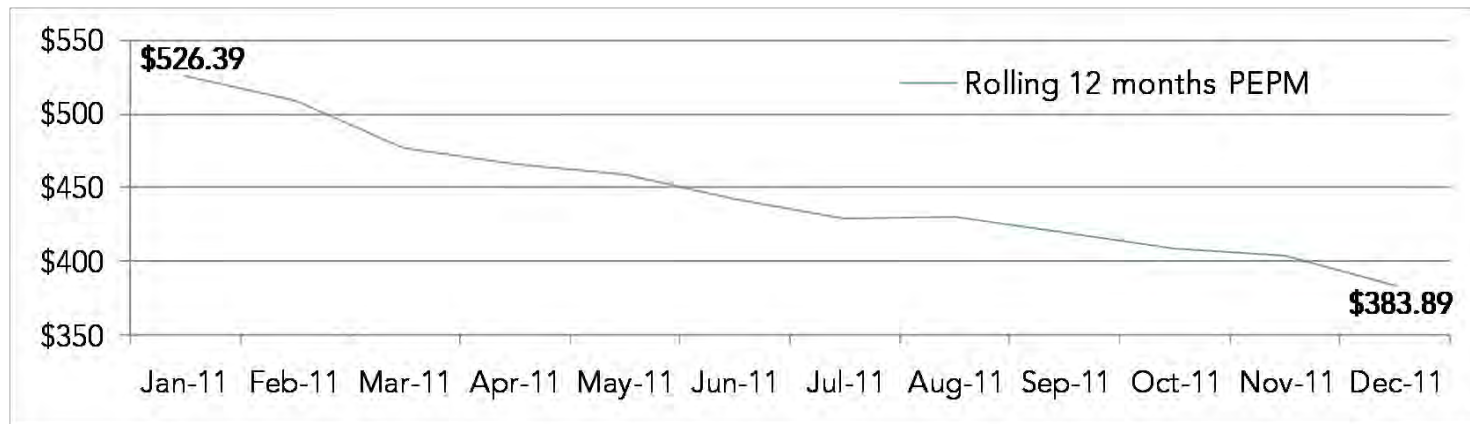
Cumulative Savings



EMPLOYER CLIENT CASE STUDY: PEPM COSTS

Rolling 12-month PEPM claim cost (medical & Rx) fell from **\$526** to **\$384** (27% drop).

Per Employee Per Month Cost



EMPLOYER CLIENT CASE STUDY: TOTAL PLAN COSTS

YTD Aggregate Dollars	Actual 2010	Actual 2011	Difference
Medical Claims	\$33,071,415	\$19,874,464	- \$13,196,951
RX Claims	\$6,962,140	\$5,744,465	- \$1,217,675
Fixed Costs	\$3,791,343	\$3,304,394	- \$486,949
Stop Loss Reimbursements	(\$521,758)	(\$633,612)	- \$111,854
Dental and HRA Cost	\$6,976,338	\$5,311,124	- \$1,665,214
Total Medical, RX, & Other Costs	\$50,279,477	\$33,600,835	- \$16,678,642
Employee Contributions	\$23,145,980	\$10,965,434	- \$12,180,546
Total Medical, RX, & Other Net Costs	\$27,133,497	\$22,635,401	- \$4,498,096

- Employer **lowered overall plan costs by \$4.5M**
- **Employee premium contribution decreased by \$12M** as a result of plan design change
- **Medical claims reduced by \$13M (39%)**
- **Rx claims reduced by \$1.2M (17%)**

LEARN MORE

- **VIDEO - Meet Compass:** In this short video, learn about Compass' mission to make employee healthcare amazing and help you redefine employee healthcare. [Watch the video.](#)
- **SUBSCRIBE TO HIS BLOG:** [Click here](#) for weekly blog posts from Dr. Bricker. This week's topic is "Steps you can take to lower the cost of top selling drugs."
- **SCHEDULE A CALL:** [Click here](#) to schedule a 10-minute phone call to **learn more about Compass.**
- **QUESTIONS?:** Dr. Bricker would love to help you. You can email him at ericb@compassphs.com or call him at 800.513.1667 x701.



ELEVATE YOUR HEALTH
BENEFITS EXPERIENCE



DR. ERIC BRICKER
Chief Medical Officer and Co-Founder
Compass Professional Health Services



COMPASS

Healthcare Redefined.