

HMS Generates Savings For Medicaid Health Plan

Today, a growing number of Medicaid health plans are turning to cost containment firms such as Health Management Systems for coordination of benefits and overpayment recovery services.

As the cost of Medicaid continues to soar at nearly 10% annually, plans are discovering what Medicaid agencies long have known: cost containment vendors bring the specialized expertise and resources to ensure the greatest possible cost savings from other liable sources of coverage. The recent experience of HMS and one of its managed care clients demonstrates this value.

Background

Since July 2004, HMS has provided coordination of benefits services to a Medicaid plan covering approximately 115,000 members, located in one Eastern state. Specifically, HMS matches the Plan's eligibility data to those of other healthcare payors, to identify members' insurance coverage previously unknown to the Plan. HMS then bills and recovers pharmacy and medical expenditures from the other payors, and also uses verified coverage data to help the Plan avoid future inappropriate costs.

Approach

HMS began its work for this client with an important head start: insurance coverage data for more than 95% of the population in the state served by the Plan. Over the course of 14 years working there, HMS already had built a large repository of coverage information, drawn from the network of insurance carriers and other entities with which HMS has established relationships. (Today, in 2006, this network includes more than 150 sources throughout the nation.)

In addition, HMS had established electronic billing platforms with many carriers and pharmacy benefit managers. As a result, HMS was able to quickly enhance the Plan's existing COB efforts – not only by identifying other insurance coverage, but also by billing and recovering expenditures from the liable payors. In 2005, HMS submitted three sets of billings, and used its proprietary "Yield/Recovery Management" process to aggressively follow up on each one – maximizing the recoveries from the submitted claims.

HMS and its client well understood that the new insurance data uncovered in this process offered additional value. Together, HMS and the Plan worked to confirm and expand the depth of the new coverage data, so that any claims submitted inappropriately to the Plan in the future could be cost-avoided. As part of this work, HMS's Benefit Verification Specialists used sophisticated workflow tools and automated e-agents to ensure all relevant information available was captured.

Results

The results of the collaboration demonstrate that, with the help of a cost containment specialist, even a modest-sized Medicaid plan can generate large-sized savings.

In just over a year, HMS recovered \$1.2 million – roughly \$0.65 PMPM – in costs for the Plan.

HMS also enabled the Plan to save an estimated \$2.7 million (or \$1.47 PMPM) based on the verification of 5,091 previously unknown insurance policies, covering 6,384 members. These initial results have led the Plan to renew its contract with HMS. Going forward, the Plan and HMS intend to pursue additional cost saving opportunities – for example, by increasing insurance verifications, and working with providers to redirect their claims to the appropriate payors.

While it is difficult to predict the results of such efforts, the early experience of this Medicaid plan and HMS – and the collaborative partnership established between them – have laid the groundwork for future success.



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Health Management Systems, Inc. is the national leader in revenue recovery and cost containment for government healthcare programs. HMS has recovered more than \$3 billion from third parties and other funding sources on behalf of its clients, and today has active contracts in 25 states. HMS's solutions are risk-free, with no up-front funding or additional resources necessary.

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