

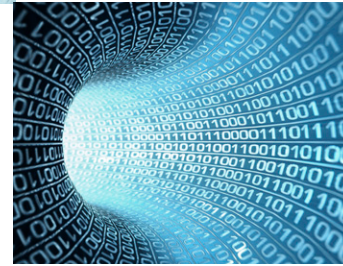
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Paladin Managed Care Services

The New Name for Cutting Edge Medical Management

On September 7, 2010, Total HealthCare Management, Inc. (THM) announced that it has changed its name to Paladin Managed Care Services. The new name marks a new beginning recognizing the company's significant expansion of managed care programs and cost containment innovations.

Paladin has built upon the foundation established by THM, employing physicians in all aspects of the management of clients' medical care costs. This innovative approach has proven to consistently produce better results compared to the typical practice of nurses

or other staff performing these tasks. Using physicians shortens response time, yields better medical decisions, enhances communications with medical providers and reduces the potential for litigation. Capitalizing on this concept, Paladin's "physician-centric services" are now available to all of its clients nationwide.

Jeffrey Miller, COO of Paladin said, "Our new name reflects the expanded role of physicians and the application of creative technology solutions. Both innovations enhance our effectiveness in delivering improved medical cost savings while not sacrificing quality

care. Paladin's improved physician-centric medical management model makes us the right move for clients searching for better control of today's escalating cost of medical care."

Paladin Managed Care Services Gets Results for SeaBright!

Medical treatment is an increasingly costly fact of life in the workers' compensation insurance business. According to the National Council on Compensation Insurance, medical costs were 58 cents of every claim dollar in 2009. Finding a way to stay ahead of the game – providing innovative and cost-effective medical management services - while anticipating clients' unique needs is important to a workers' compensation insurer like SeaBright Insurance Company.

SeaBright continually seeks out ways to provide the most effective medical management services possible. In the spring of 2009, SeaBright replaced its medical management services vendor with its sister company, Paladin Managed Care Services, known at the time as Total HealthCare Management. In just over a year, SeaBright and its policyholders have seen significantly improved results from Paladin's high-quality medical management services.

Dr. Marc Miller, SeaBright's Chief Medical Officer said, "We found out immediately that our company could count on Paladin to have its finger on the pulse of the medical management services industry. By partnering with Paladin, we are now seeing great results from a provider that truly cares about our policyholders' satisfaction and our bottom line."

According to Dr. Miller, Paladin has increased SeaBright's Medical Bill Review (MBR) net savings by 5.75 percentage points. Paladin's MBR includes clinical bill review and an automated bridge which ties Utilization Review (UR) and MBR services together electronically via procedure codes.

Miller added, "When it comes to Utilization Review services, Paladin has significantly raised the bar by designing their program to drive faster turnaround times on our reviews at a much lower overall cost."

Paladin has a track record of outstanding results on large individual claims as well. For example, on a recent SeaBright claim, Paladin brought the exposure

amount – totaling \$1.7 million - to SeaBright's attention and gathered further information about the full exposure. Using its proven medical management strategies Paladin reduced the claim to just over \$250,000. Also, at the time of injury another Paladin client alerted us to a high exposure claim, which totaled nearly \$2 million when charges were billed by medical providers. Paladin successfully reduced these charges by over 78 percent!

Paladin has distinguished itself in California as a highly-effective UR provider. In our last newsletter, we included some details from California Insurance Commissioner Poizner's UR study. Among other findings, this study indicated that for the insurance industry in California, 75 percent of UR requests were being approved with no modification.

Paladin's physician-centric UR approach outperforms the California insurance industry with a much more appropriate approval rate, averaging less than 40 percent. Modifications are under 28 percent and denials are at over 32 percent. Most importantly, along with these impressive results, Paladin's UR decisions are overturned less than 2 percent of the time. When Paladin's doctors are working directly with the treating physicians, the results speak for themselves!

Paladin provides an array of medical management services including: utilization review, medical bill review services, clinical bill review, out-of-network negotiations, medical legal bill review, Medicare set-asides, PPO repricing, complete claim reviews and case management for clients nationwide. Each service is uniquely designed to provide benefits tailored to each of our clients that are sure to meet a wide-range of needs. If you would like to know more about what Paladin can do for your company, please contact Jeff Miller at (949) 732-2407.



Medical Bill Review: Beyond Fee Schedules and PPO Reductions

Jeffrey D. Miller, Chief Operating Officer
Paladin Managed Care Services

It is a common misconception that jurisdictionally-established fee schedules and passive Preferred Provider Organization (PPO) reductions are the only means by which medical bills can be reviewed and reduced. Reducing provider charges to fee schedule amounts, plus some level of application of ground rules outlined by the AMA or by each state's fee schedules are often relied upon as the only options that payers of all types of medical charges have available. This narrow focus provides a simplified, efficient approach, but pays dearly for this simplicity by missing substantial medical cost savings.

We at Paladin know that there are a myriad of other factors that can be considered, and each can deliver additional savings beyond what conventional wisdom may suggest. Our physician-centric review process eliminates the typical, one-at-a-time examination of each billable item. Instead, we use a holistic approach that looks at all available information to better identify opportunities for savings.

Here are a few cases that exemplify superior results achieved by our physician-centric approach:

- During a surgery, screws were dropped and could not be used. Did you know that the payer doesn't owe full price for these screws? Our physician reviewer did. We caught this detail and reduced the payment accordingly.
- A worker sustained flash burn injuries to his hands and

nasal nares. The provider billed treatment as "trauma status", which in the prevailing jurisdiction is exempt from the established Fee Schedule and drove significant charges. Our physician reviewed all documentation and billings related to the case and determined that the patient was not in any respiratory distress, and had been admitted into a burn unit for burns to only 4 percent of the injured worker's body with no indicated respiratory injury. In this case, the original billing of charges in the \$225,000 range was reduced by over \$160,000.

- A medical provider billed over \$1.1 million for treating an older quadriplegic injured worker. Our physician's comprehensive review of the entire claim including the Utilization Review results revealed that the Diagnosis Related Group (DRG) was inappropriately selected. The original amount was reduced by \$850,000, and payment of just over \$250,000 was accepted by the provider.

In this last example, the examination of the DRG assigned by the provider and whether PPO contracted discounts were available for reduction of these bills were but two of the many avenues pursued. Ground rules applicable to the Fee Schedule and AMA Current Procedural Terminology coding were applied, and review by like-licensed physicians was utilized to examine



the place of service, level of service, treatment modalities and appropriateness of treatment. This "big picture" approach did not focus on each individual charge in isolation, but rather looked at the claim in its entirety, including corroborating information from our Utilization Review service.

You might be thinking that our approach makes sense for claims totaling over \$1M in provider charges only, but what about the other 99 percent of claims? We have found that this same approach is effective in controlling medical costs across the board, regardless of bill size.

According to the National Council on Compensation Insurance, medical costs were 58 percent of all claim expenses in 2009, and the Insurance Information Institute expects that number to top 70 percent by the year 2017. As medical costs continue to increase, effective medical management will become even more critical, and utilizing available technology to focus medical bill review solely on fee scheduling and applying PPO contract arrangements to medical charges will no longer be enough. At Paladin, we're facing this challenge right now through our physician-centric medical bill review approach, and as a result, our clients are reaping the benefits of lower treatment costs.



Paladin Managed Care Services Receives URAC Workers' Compensation Utilization Management Accreditation

Paladin Managed Care Services, formerly Total HealthCare Management, Inc. (THM), was awarded full Utilization Management accreditation by URAC — a Washington, DC – based health care accrediting organization that establishes quality standards for the health care industry – for its nationwide utilization management program for workers' compensation. THM originally received this accreditation in January 2008.

Jeffrey D. Miller, Chief Operating Officer of Paladin, said, "We are proud to have once again met the rigorous and exacting accreditation standards required for URAC certification. This recognition reflects our steadfast commitment to providing top quality, highly effective services to our clients."

URAC President and Chief Executive Officer, Alan P. Spielman, applauded the company on achieving the accreditation. "In today's health care market, URAC accreditation provides a mark of distinction for organizations to demonstrate their commitment to quality health care," Spielman said.

To continue to meet URAC accreditation standards, the company was required to complete a comprehensive application followed by a meticulous onsite review process to evaluate quality and efficiency. The process included staff interviews, case file audits, and an examination of regulatory compliance.

URAC, an independent, nonprofit organization, is well known as a leader in promoting health care quality through its accreditation and certification programs. URAC offers a wide range of quality benchmarking programs and services that keep pace with the rapid changes in the health care system, and provide a symbol of excellence for organizations to validate their commitment to quality and accountability. Through its broad-based governance structure and an inclusive standards development process, URAC strives to ensure that all stakeholders are represented in establishing meaningful quality measures for the entire health care industry. For more information, visit www.urac.org.

Learn What Paladin Can Do For Your Company!

Paladin Managed Care Services

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