



2018

CONTRACT MODELING ARTIFICIAL INTELLIGENCE (AI)

A Closely Guarded Secret of the Most Profitable Hospitals

Contract Modeling Artificial Intelligence is the systematic process of intelligently re-adjudicating and validating a large group of claims to include all contract nuances (carve-outs, stop-loss, sequestration, etc.), remits, and billing data.



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What is Contract Modeling Artificial Intelligence?

The hospital of today faces a number of headwinds in an effort to be profitable. These headwinds involve some of the most pressing issues facing hospitals, including declining federal reimbursements, temporary or permanent drops in patient volume, and rising healthcare expenses. At the heart of addressing these headwinds is the service contract with which the hospital operates under. With the potential for millions of dollars in additional revenue, hospitals cannot afford a less than exhaustive contract analysis.

Contract Modeling Artificial Intelligence is the systematic process of intelligently re-adjudicating and validating a large group of claims to include all contract nuances (carve-outs, stop-loss, sequestration, etc.), remits, and billing data. Following this step, the output is then optimized to continuously model what-if scenarios for contract negotiations, impact of new payment methodologies on expected reimbursement, and how much individual service lines could gain or lose if they were adjusted to maximize revenue.



How is Contract Modeling Artificial Intelligence different from traditional modeling software?

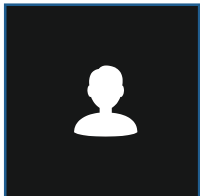
Many hospitals have some modeling capabilities internally. This could include intricate excel spreadsheets, software with modeling components or internally developed programs. While these systems may help, they fall short of accurately, predictively and continuously modeling what-if scenarios for contract negotiations, impact of new payment methodologies on expected reimbursement, and how much individual service lines could gain or lose if they were adjusted. The shortfall is rooted in the ability of these systems to intelligently combine the re-adjudication of claims with the ability to model what-if scenarios.

What are some specific examples and why should my hospital use this?



Raising or Lowering Services Lines Charges to Maximize Net Revenue

In this example, the hospital could provide a list of 1000 service codes that have different prices for inpatient versus outpatient services than currently billed. Our Contract Modeling AI will take both the current billed and what the current expected are as the base for comparison. Those same claims are then modified to reflect the specific changes to the service code charges and re-adjudicated against the same current contract to determine where an increase or decrease in the contractual Expected Reimbursement may result. High-level or line-level reports can be created to identify which specific service codes being increased will provide financial impact on the Expected Reimbursement from the payer.



New Payer Contract Negotiations

In this example, the payer has completely different contract reimbursement terms in comparison to the existing contract in place. Parathon's robust contract library of calculations can automate the proposed contract and new calculation methods can be quickly added. Parathon's Contract Modeling AI allows contract terms to be modeled with various what-if scenarios and comparison reports of the current expected can be produced. Parathon AI can easily handle carve-outs defined by any mechanism on the claim, procedures with threshold limits, ASC or DRG table-based reimbursement, lesser of at the claim or line level and any Stop-loss maximum/minimum/outlier threshold.



Governmental Pricing (Medicare and Medicaid)

Parathon loads the traditional Medicare and Medicaid reimbursement. The Contract Modeling AI can model the percentage of that traditional government pricing.



Direct Access to 3M Software

Parathon has 3M incorporated in our AI architecture. As a result, we can easily do the following functions for clients: DRG Regrouping (MS, APR, etc.). OCE Edits for Medicare. Tricare Reimbursement. EAPG Reimbursement

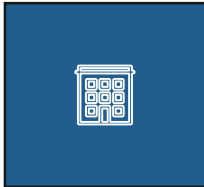


Modeling Report Library

- Compare Expected Reimbursement for all payers for a specific service (ER vs. Surgery) or specific Rev Group or a single CPT/HCPCS.
- Show the liquidity of the pricing between the current Expected Reimbursement to what the Proposed contract terms.
- Identify specific claims and/or claim lines that have hit any Outliers/Lesser Of/Stop-loss Thresholds. The report also includes the Expected before the Outlier/Stop-loss was triggered.
- Identify Expected Reimbursement changes at the Revenue Code level.
- Line-level modeling reports that identify EAPG or APC groupings and edits.

Is there a case study?

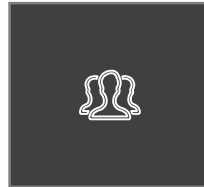
Below is a case study over a 3-year period in which a hospital leveraged the three pillars of Parathon's Contract Management AI.



19 Hospitals



24 Outlier
Facilities



25k Employees



\$3.1B Annual
Net Patient
Revenue

ROI Breakdown	Amount
Total Recoveries	\$205,300,000
Net Patient Revenue	4.84% increase



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