



Webinar: The Business Case for Outsourcing First-Level Physician Review

For Health Plans, Medical Management Organizations & TPAs

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Webinar Overview

- Impact of Health Reform on Payers
- Healthcare Business Process Outsourcing (BPO)
- Analyzing the “Make-or-Buy” Decision
- Why Outsource to an IRO
- The Trade-Offs in Outsourcing
- Outsourcing Partner Key Selection Criteria
- Case Study
- About AllMed
- Questions & Answers



Impact of Federal Healthcare Reform on Payer Organizations

- 32 million new members to gain healthcare coverage during the next 10 years
 - Utilization review will increase
- Health reform mandates for medical loss ratios
 - 80% to 85% of premiums must be spent on actual medical care
- Increased competition – healthcare exchanges
- Pressure to reduce administrative expenses
- Need to convert fixed overheads to variable costs
- Need to re-examine business processes and determine how to focus resources on strategic functions and core competencies



Payer Outsourcing Widely Practiced & Increasing

BPO Examples:

- Call center operations
- Information technology
- Claims processing
- Fraud detection
- Disease management programs
- Medical review of internal appeals



General Outsourcing Considerations

Performing A “Make-or-Buy” Analysis

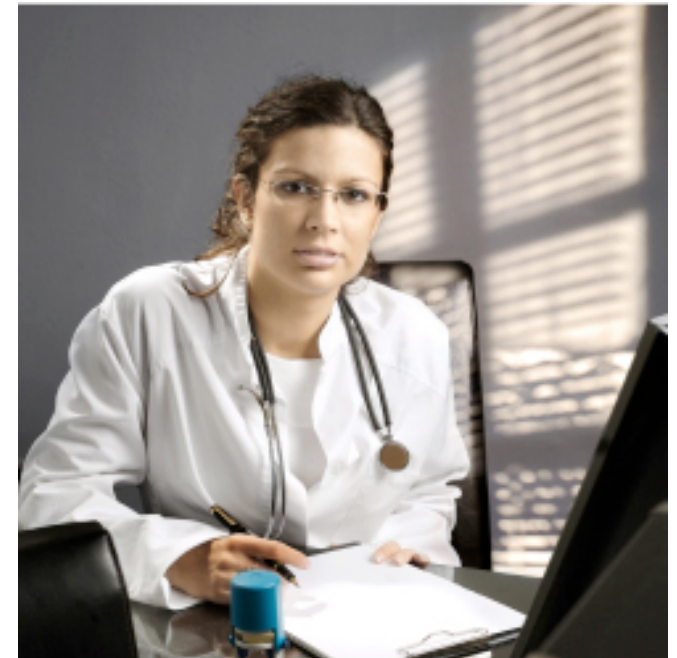
- Cost
- Quality
- Availability & reliability of production capacity
- Price stability
- Strategic vs. non-strategic function
- Core vs. non-core competency
- Opportunity cost



First-Level Physician Review Outsourcing Considerations

- Case Review Unit Costs
- Volume fluctuations
- Turnaround times
- Technology capabilities
- Criteria-based determinations
- Opportunity cost of Medical Director resources

Must use US licensed, board-certified and domiciled physicians



Managing In-House Medical Staff Costs

Location	Medical Director Median Total Annual Compensation
Phoenix, AZ	\$295,572
Columbus, OH	\$296,131
Chicago, IL	\$321, 236
New York, NY	\$348,800

Source: salary.com HR reported data, September, 2010

Outsourcing Improves Medical Directors' Strategic Focus

Medical Director Higher Value-Added Tasks:

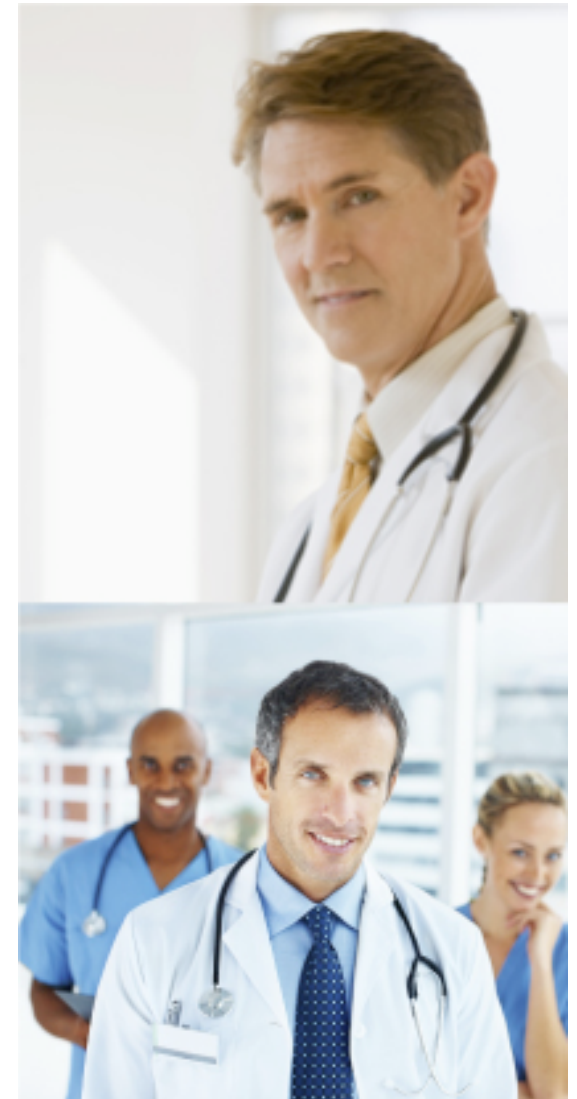
- Medical policy development
- Chairing P & T Committees
- Quality management program oversight
- Performance improvement initiatives
- UR & Case Management supervision
- Complex claims adjudication
- Appeals processes



First-Level Physician Review Outsourcing to an IRO

IROs Are Ideally Suited to the Task:

- Focused only on medical review services
- Streamlined processes & costs
 - Physician recruiting and credentialing
 - Optimized workflows
 - Ancillary services
- Overheads spread across large volumes of cases
- Standards-based determinations
- Regulatory compliance infrastructure



IROs Manage Volume Fluctuations

- Sudden influx of high case volumes
- Seasonal peaks and lulls
- Physician vacations

An outsourcing partner has the resources to allocate clinical staff based on workload



Leading IROs Can Meet Faster Turnaround Times

- Meet short mandated deadlines
 - Same day or 24 hours
- Keep up to date on various state and federal turnaround time requirements



Leading IROs Offer Online Collaboration Technology

- Web-based medical review portals
- Communications systems

*Allows for remote collaboration between
UR & CM nursing teams and doctors*



An IRO Ensures Standards-Based Decision Making

- A defensible way to manage the denial process, applying latest evidence and criteria
- Unbiased advocates for managing healthcare costs
- Committed to making sure that every patient gains the coverage they deserve for complex or critical cases



URAC Accreditation Standards for IROs

- Conflicts of interest
- Physician reviewer credentialing
- Privacy and security
- Turnaround times for reviews and appeals processes
- Requires regular re-accreditation
- Fully compatible with NCQA UM standards – facilitates easy delegation



Examining the Trade-Offs of Outsourcing First-Level Physician Review

Disadvantages

- In-house Medical Director expertise may be lost in smaller organizations
- Outsourcing the business process requires set-up time and training
- Communications via phone instead of face-to-face

Advantages

- Allows Medical Directors to focus on strategic and value-added tasks
- Reduces Medical Director payroll costs
- Shifts costs from fixed to variable
- Adjusts costs to review volumes
- Process is streamlined & optimized
- First-level reviews important but not strategic

Outsourcing First-level Review to an IRO: What to Look For

- A staff of in-house physicians, board-certified & licensed
- Web portal & technology capabilities
 - Streamlined and optimized workflow for first-level review
 - Send and receive case requests online
 - Provide reporting functions
 - Electronic interface for high volume scenarios
- A telephone hotline for real-time communications between client nurses and physician reviewers
- Quality management system
- Commitment to continuous improvement and cost reduction
- Ability to meet same-day or 24-hour turnaround times
- Proven volume capacity & scalability

HealthSmart: An AllMed Case Study

- Texas-based medical management & TPA group
- On-site Medical Director serving many functions
- Reviewed options for relieving first-level review workload of on-site Medical Director
 - Determined that hiring another Medical Director was not the right solution, outsourcing more cost effective
- ***“AllMed was the best fit.”***
 - Web portal interface critical in HealthSmart’s decision

“We have a budget that we’re supposed to stay within for our medical reviews, and outsourcing helps HealthSmart to maintain our budget, without compromising on quality or compliance.” – VP Clinical Operations

About AllMed

- IRO serving leading health plans, medical management & TPA organizations, nationwide
- Offer MedCert^(sm), First-level physician review outsourcing solution
- MedCert deployed in PeerPoint[®], Online Medical Review Portal
- Staffed by team of in-house Medical Directors
- MedConsult Hotline – attending physician calls & free phone support
- Flat case rate pricing with volume discounts provides competitive cost vs. in-house
- MedReview^(sm) for 1st & 2nd level internal appeals



Questions & Answers

- Please type your questions in the Go to Meeting box on your screen

Webinar Follow-Up

- Participants will receive copies of these slides and outsourcing White Paper via email
- Download our MedCert brochure: [Click Here](#)
- Download our PeerPoint brochure: [Click Here](#)
- Call us at (800) 400-9916 to work through your business case

Thank You



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