



SAVINGS THROUGH COLLABORATION:

How a State Agency and HMS Teamed Up to Reduce Healthcare Costs



OVERVIEW Strong collaboration brings savings. This is the lesson of the 20-year relationship between a state and the healthcare cost-containment company HMS.

The state first engaged HMS to find third-party liability (TPL) with its Medicaid population. As the relationship progressed, more opportunities for collaboration arose. Today, HMS works with this state on TPL, subrogation for casualty and estates, and the expansion of the Health Insurance Premium Payment (HIP) program.

Cumulative savings for the state for these programs topped \$1.6 billion over the past five years. The savings come from the collaborative nature of the relationship.

“Our contacts always seek input for new ways to save money and improve services,” said Ron Singh, HMS senior vice president. “They have always brought us along in that process. And because we customize our solutions to fit their needs, we’ve been able to address some significant issues.”

This case study explores the relationship between HMS and this state in casualty and estates, HIP, and TPL, highlighting best practices for other vendors and state agencies.



SUBROGATION State agencies pay for all types of subrogation, from casualty to workers’ compensation to estates. The difficulty of ensuring accurate payments stems from the variety of data sources needed to make subrogation determinations: other insurers, providers, county offices, attorneys, and state workers’ compensation agencies.

This state faced additional hurdles in its casualty and estates determination via reduced staffing and the state’s limited technology.

In 2010, HMS took over the full caseload of casualty work for the state and assumed operations for estates as well. At that time, both organizations first addressed staffing, adding case workers in HMS’s local office, as well as technical support from HMS’s office in Irving, Texas.

That technical support included HMS’s web-based case-management system, Maestro. The platform orchestrates recovery through secure Internet access, real-time updates, and a paperless process. Maestro met the state’s unique needs. In addition, both organizations developed an improved process for handling the state’s mass tort cases.

“Maestro was particularly effective in addressing their technology issues,” said Singh. “Much of the success with this state comes from ease of use of the subrogation system.”

Since 2010, casualty recoveries have averaged nearly \$18 million. In estates, the collaboration with HMS has increased the average annual recoveries for this state by an additional \$3 million per year, bringing the average recoveries to nearly \$13 million annually. Collectively, both casualty and estates recoveries equal about \$31 million a year.



HEALTH INSURANCE PREMIUM PAYMENT Determining health insurance premium payment eligibility, calculating the cost-effectiveness of the program, reviewing proof of health insurance payment, and transmitting payment are difficult for any Health Insurance

Premium Payment (HIPP) program. In this state, the HIPP program tended to be viewed solely as a compliance issue, instead of a savings opportunity as well.

When this state engaged HMS on HIPP in 2011, both organizations immediately made use of HMS's Premium Identification and Evaluation for Reimbursement (PIER) system. PIER tracks potential applicants all the way through to payments made to qualifying families and individuals. It provides an integrated system for letter generation, case tracking, payment history, images of proof of payment, and reporting of all program statistics. It also transmits eligibility and payment information directly to a state's system, so a member's standing is always known.

The automated PIER system sped up HIPP determinations in this state by applying formulas to specific cases at the time of consideration, increasing the effectiveness of the process. "The new solution allowed them to staff according to case load growth, thus not preventing the program from significant expansion," said Singh.

In the case of HIPP, the result of moving to a growth-based model from a manually managed compliance model has been significant. The collaboration between this state and HMS has allowed us to grow the program from a handful of cases to hundreds of cases enrolling in excess of 1,000 members, thus achieving significant and measurable changes.

Today, the state's HIPP program generates an annualized cost savings of \$8.2 million.



MEDICAID THIRD-PARTY LIABILITY Historically, HMS used an automated process for updating this state's Medicaid Management Information System (MMIS) data with other insurance information for cost avoidance. But on July 1, 2013, a new MMIS system went live—with minimal time for HMS to develop new technology to accommodate. Consequently, both entities recognized that the delay in developing a new automated process would cost the state millions of dollars.

As a result, HMS had to code the posting application *after* the go-live date. To meet this challenge, HMS dedicated an additional 10 employees at its Irving, Texas, office to help the state-based staff post policies manually until the development of the posting application. The state quickly generated additional MMIS logons to allow the fix to succeed.

The project was a success. Today, insurance updates take days instead of weeks. In addition, this state's Department of Health and Human Services Division of Medical Assistance reported that HMS generated \$157.9 million in Medicaid TPL recoveries over an 18-month period. According to the report, the recovery amounts "substantially exceeded" payments to HMS, with a return on investment of 962%.



CONCLUSION The experience of this state and HMS with subrogation, HIPP, and Medicaid TPL proves collaboration is a best practice. In every case, both organizations worked closely with each other to create or enhance systems to improve the effectiveness of the state's healthcare cost containment. Other best practices include the importance of using automation where possible to address staffing challenges and in the case of TPL, to rely on old-fashioned manual entry when necessary, to get the job done.

HMS powers healthcare with integrity by helping payers contain costs. Using innovative and time-tested technology and analytics, we prevent improper claims and recover overpayments. HMS delivers actionable results that improve performance and save payers billions of dollars every year.