



HIMSS Medical Banking™ 101 Webinar September 23, 2008

Presenters

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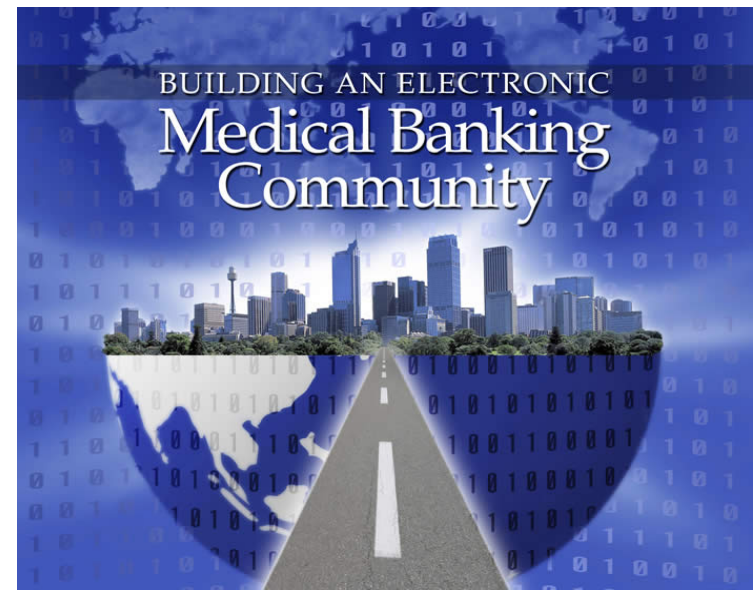
Objectives

- Describe the emerging field of medical banking
- Identify trends and examples
- Explain the value proposition
- Highlight advanced medical banking topics

Method

- Lecture, industry panel and Q&A with audience

*Theme of the 7th National
Medical Banking Institute,
March 11-13, 2009 in
Nashville, TN*



What is “Medical Banking”?

- **We use the term “Medical Banking” to denote:**
 - The latent integration of banking technology, infrastructure and credit resources with healthcare administrative operations
- **Medical Banking:**
 - Integrates banking and healthcare systems to reduce end-to-end transaction costs
 - Drives EDI-enabled workflow processes and business intelligence into the core of the healthcare delivery system
 - Opens new distribution channels for health data services
 - An opportunity to ramp even the smallest providers onto a digital platform
 - Encourages direct bank investment in health IT, evolving hybrid models
 - Since 2003, MBProject estimates >\$200 million from banks
 - Platform for spurring consumer-driven healthcare innovations

** “Medical Banking” was coined by John Casillas, founder of MBProject, to denote an emerging cross-industry field of discipline that is now becoming recognized by the academic community, commerce and government.*

Primary Areas of Focus...

- **Technology**
 - Re-engineering bank IT / resources to ramp providers onto digital healthcare networks
- **Infrastructure**
 - Leveraging online banking, branch / ATM / credit terminal delivery networks to extend reach into the stakeholders
 - Simplify implementation and adoption of new services
- **Credit**
 - Tighter integration of credit solutions for hospitals could unleash \$200 billion in non-productive A/R assets and revolutionize consumer credit management

It takes a community...MBProject's membership includes:

- Government Agencies
- Major Banks
- Technology Firms
- Consulting Firms
- Financial Services Firms
- Health Data Clearinghouses
- Employers
- Others



- **Our Mission:**
 - To convert digital savings into charitable resources
- **Our Strategy:**
 - Leverage banking systems to deliver end user value
- **Our Approach:**
 - Educate the marketplace
 - Drive the creation of common standards

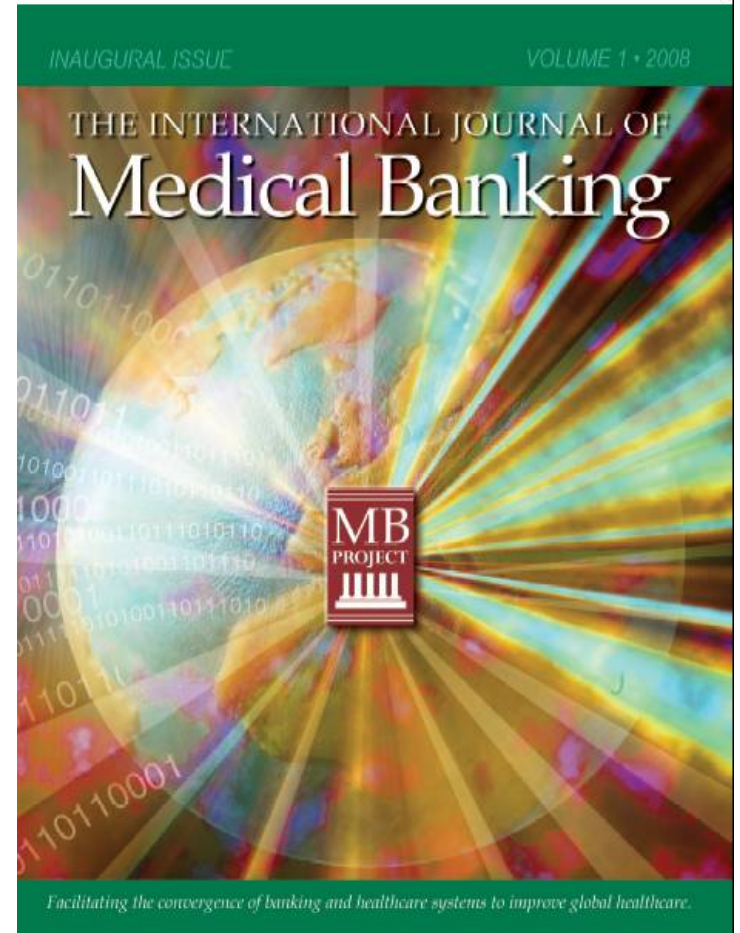
Launched at the
6th National
Medical Banking
Institute
(ask us for a copy!)



*HFM August
2008 Issue*



Made the cover!





► Phases of the Medical Banking Roll Out

✓ Phase 1 | HIPAA Policy Roundtables (2001-2003)

- Established privacy/policy groundwork
- Testified before NCVHS & AHIC

✓ Phase 2 | Great American Interoperability Tour™ (2003-2004)

- Steered national dialogue from compliance to interoperability

✓ Phase 3 | Building A Common Platform (2005 - current)

- Spearheading a new cross-industry community
- Creating a Common Standards Guide
 - The Gold Seal Standard for Privacy
 - Dispute Resolution Codes



MBProject's
HIPAA Wizard

© 2001 MBProject

Market Development: **A vision for medical banking and the players that are making it happen**

We are...heading towards a new type of financial institution [that will provide] online vaulting of genomic maps and medical records...and other intellectual property alongside traditional financial services... Holistic Wealth Management is all about...a comprehensive solution..." -- *DK Matai, ACTA, 2006*
(*Speech in Geneva, Switzerland*)

[ACTA is an alliance with 5,000 members from the House of Lords, House of Commons, EU Parliament, US Congress & Senate, G10's Senior Government officials and over 1,500 CEOs from financial institutions, scientific corporations and voluntary organisations, 750 Professors from academic centres worldwide.]

► Rise of the “Bank Infomediary” in Healthcare*

⇒ Revolutionizing **administrative efficiency**

⇒ A new program for **clinical data exchanges and repositories**

✓ Connecting 55 million+ online banking consumers with personal health records (PHRs) and driving physician adoption of electronic health record (EHR) technology

✓ Leverages banking investment in privacy and security

⇒ An emerging **health information broker** for consumers

⇒ Implementing an advanced **community care platform**

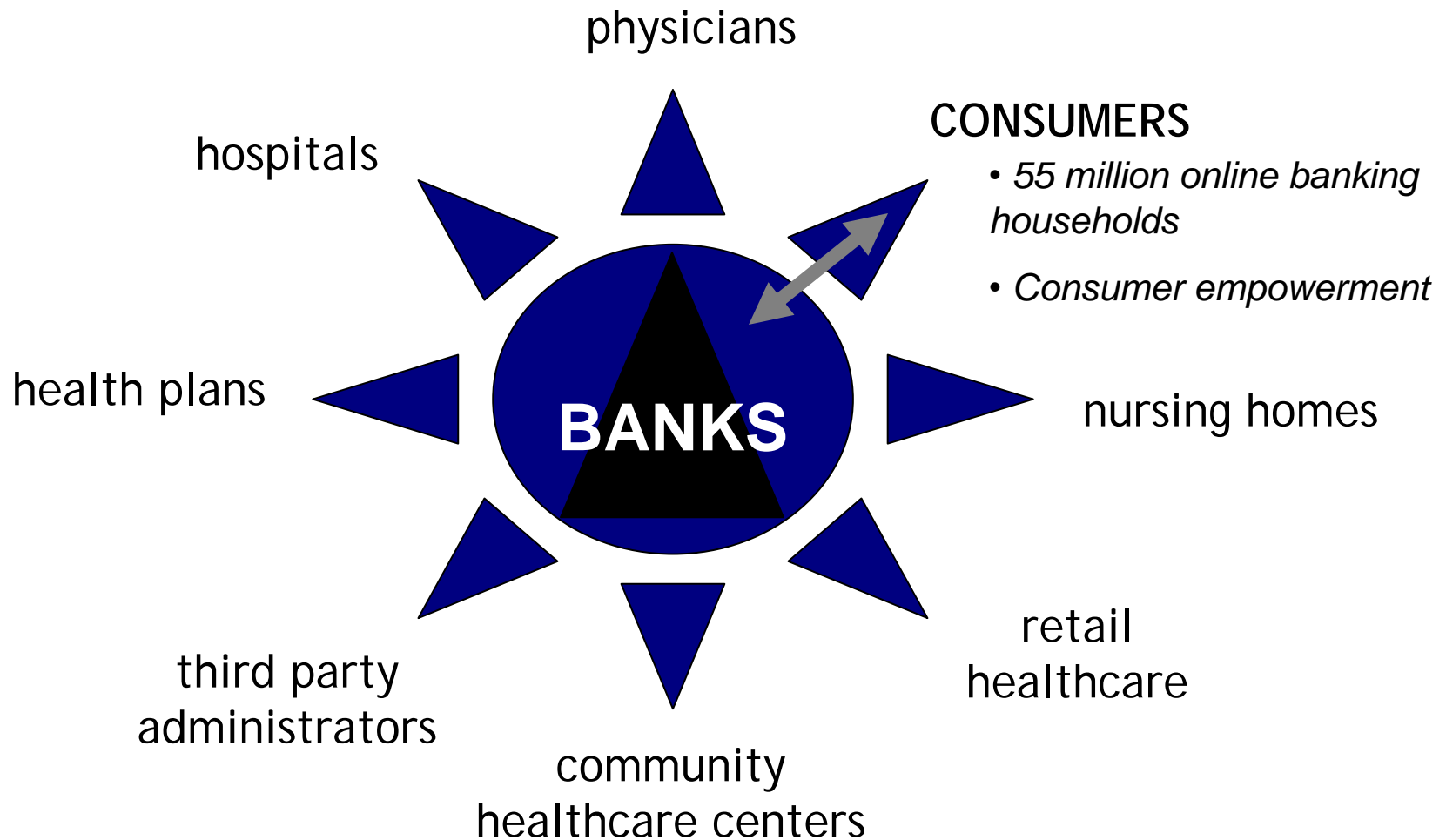
✓ Coordinating local healthcare resources with banking tools

✓ Could support the emerging “Medical Home”

✓ Targeting the “underserved / unbanked” demographic

* Source: J. Casillas, *The International Journal of Medical Banking*, 2008; J. Casillas, *Asian Hospital and Healthcare Management*, 2008; J. Casillas, *HFM*, 2008

Medical Banking: Using Banking Systems to Improve Healthcare



Date announced	Buying Company	Aquired Company	AMT in USD	Buyer: Primary Business	Strengths Purchased
Nov-07	UHG	Fiserv - Healthcare	\$775mil	Health plan	Basket of health services, not HSA platform
Oct-07	Express Scripts Inc.	ConnectYourCare, L.L.C	Not disclosed	Pharmacy benefit	CDHP account administrator
Jan-07	JPMorgan Chase	FisaCure	Not disclosed	Leading global financial services firm	Electronic remittance services for HIPAA compliant transaction
Jan-07	Pay Flex	Flexamerica	Not disclosed	TPA	HSA Administrator
Nov-06	McKesson Corporation	Per-Se Technologies Inc.	\$1.8 B	Health Care Services and IT co	Financial/administrative for hospitals, physicians and
Nov-06	WebMD	Subimo	\$60 M	Healthcare Information Services Provider	Healthcare decision support tools for employers, health
Nov-06	CVS	Caremark	\$21 B	Retail Drugstore Chain	Pharmacy benefit manager
Oct-06	Fiserv Health	Innovative Cost Solutions	Not disclosed	Processor	Healthcare claims resolution
Oct-06	Trizetto Group Inc.	Plan Data Management Inc.	Not disclosed	Healthcare Information Services Company	Revenue enhancement software and admin for
Sep-06	Trizetto Group Inc.	Quality Care Solutions Inc. (QCSI)	\$133 M	Healthcare Information Services Company	Healthcare payer tech
Sep-06	Bank of America	Health Logic Systems Corporation	Not disclosed	Bank	Software automating claims and billing processes in the
Sep-06	DST Systems	Amysys Synertech	Not disclosed	Transfer Agency	Healthcare software and BPO
Aug-06	Sage Group	Emdeon Practice Services	\$565 M	Business Solutions Software Provider	Practice Management System software solutions
Jul-06	WebMD Health Corp.	Medsite	\$41 M	Health Plan Information Provider and Platform	Physician relationship mngmnt platform
Jun-06	CIGNA	Start HRG (division of Health Market Inc.)	Not disclosed	Health Plan	Limited benefit health insurance plans, supplemental ins.
May-06	Ingenix (United)	NWH	\$54 M	Health Plan	Clearinghouse
May-06	Pay Flex	Denver Reserve	Not disclosed	TPA	TPA Administration
Apr-06	PNC	Healthcare Admin. Tech	Not disclosed	Bank	Clearinghouse

Potential Breakout Plays – Consumer-side (CDH)

Source: 2008 Booz Allen Hamilton

Total Care



Value Proposition:

- **Integration**

Offering:

- **Single interface for financial and health care needs**

Mechanics:

- **Fidelity customer service and investment platform**
- **CIGNA network, claim processing and product design**

Low Cost Care



Value Proposition:

- **Value conscious offering**

Offering:

- **Lowest cost health insurance plan with basic benefits and fast service in-store**

Mechanics:

- **Employee plan extended to others**
- **Economies of scale with pharmacy and in-store clinic network**
- **Transparent prices, electronic efficiency, and convenient hours**

Customized Care



Value proposition:

- **Highly-engaged consumers**

Offering:

- **Personalized plans/ care and integrated financing**

Mechanics:

- **Capital One databases and marketing**
- **United network and customized care / wellness**
- **Intuit medical expense manager to track personal health finance**

Premium Care



Value proposition:

- **High end offering**

Offering:

- **Premium provider network**
- **Personal health advisor**
- **Best in class decision support and issue resolution across all touch points**

Mechanics:

- **Merrill Lynch integrated interface across touch points and high touch advice**
- **Beech Street premium network**

Booz Allen Hamilton

Health Meets Wealth, July 10, 2007

“The costs of sitting out the health-wealth convergence are high...[and]... could translate to a drop of \$1 billion or more in profits for a major bank. Increasingly the edge will belong to the institution...with a broader range of private client and treasury management services.”

Gartner Predicts 2008

“Strategic Planning Assumption: **By 2010, the fastest erosion of health insurance revenue will be due to invasion from banks.**”

Key Findings:

...Consumer trust in banks as service providers, their transaction accuracy and security is significantly higher than that for health insurers...

Health insurers failing to transform to a business model that integrates health insurance with financial products will suffer the same fate — marginalization or departure from the market — as insurers that failed to move from indemnity insurance to managed care.”

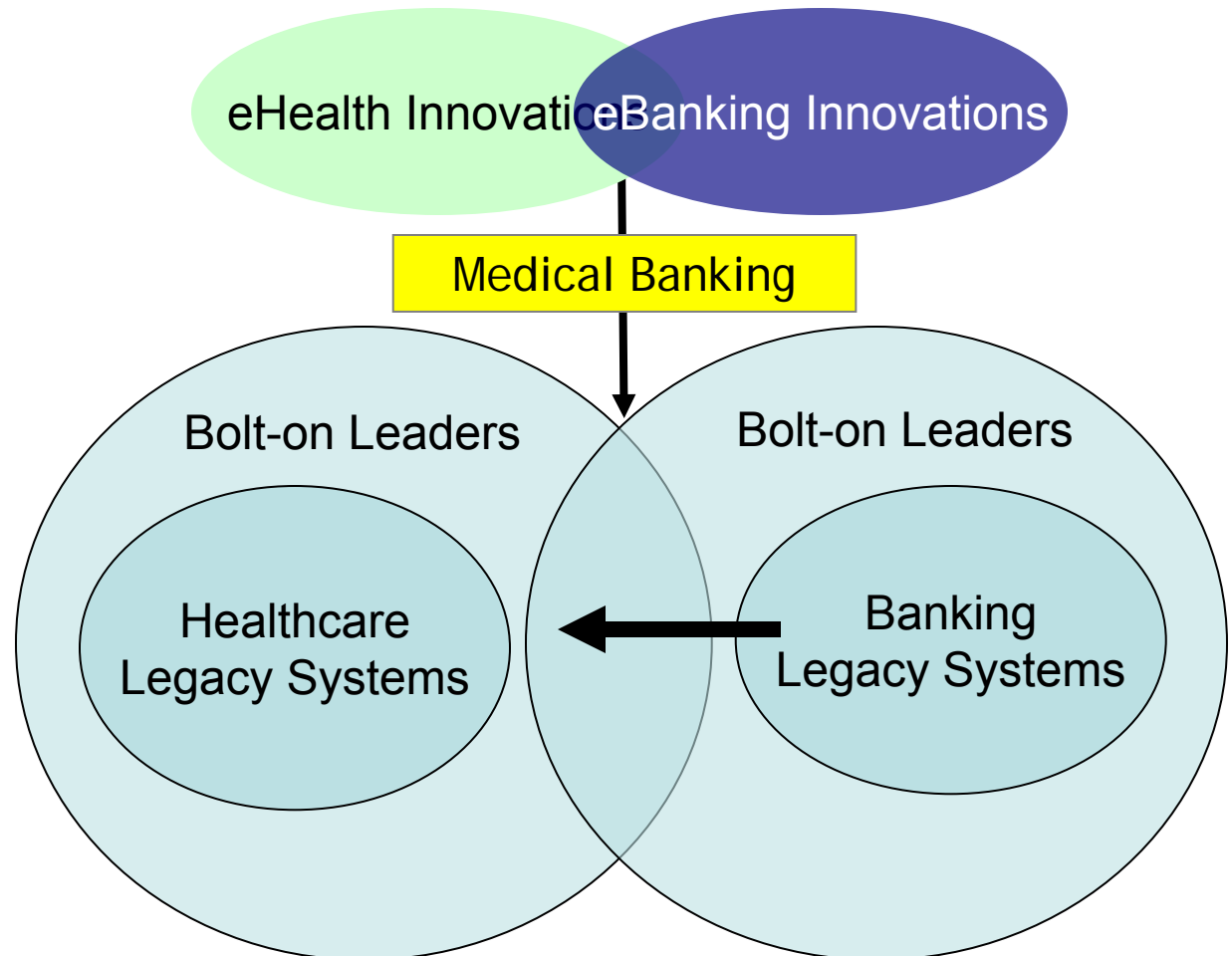
HealthLeaders, December 2006

The Banks Are Coming!

Financial institutions want to revolutionize healthcare transactions – and make a ton of money



Convergence Is Creating New Cross-Industry Markets

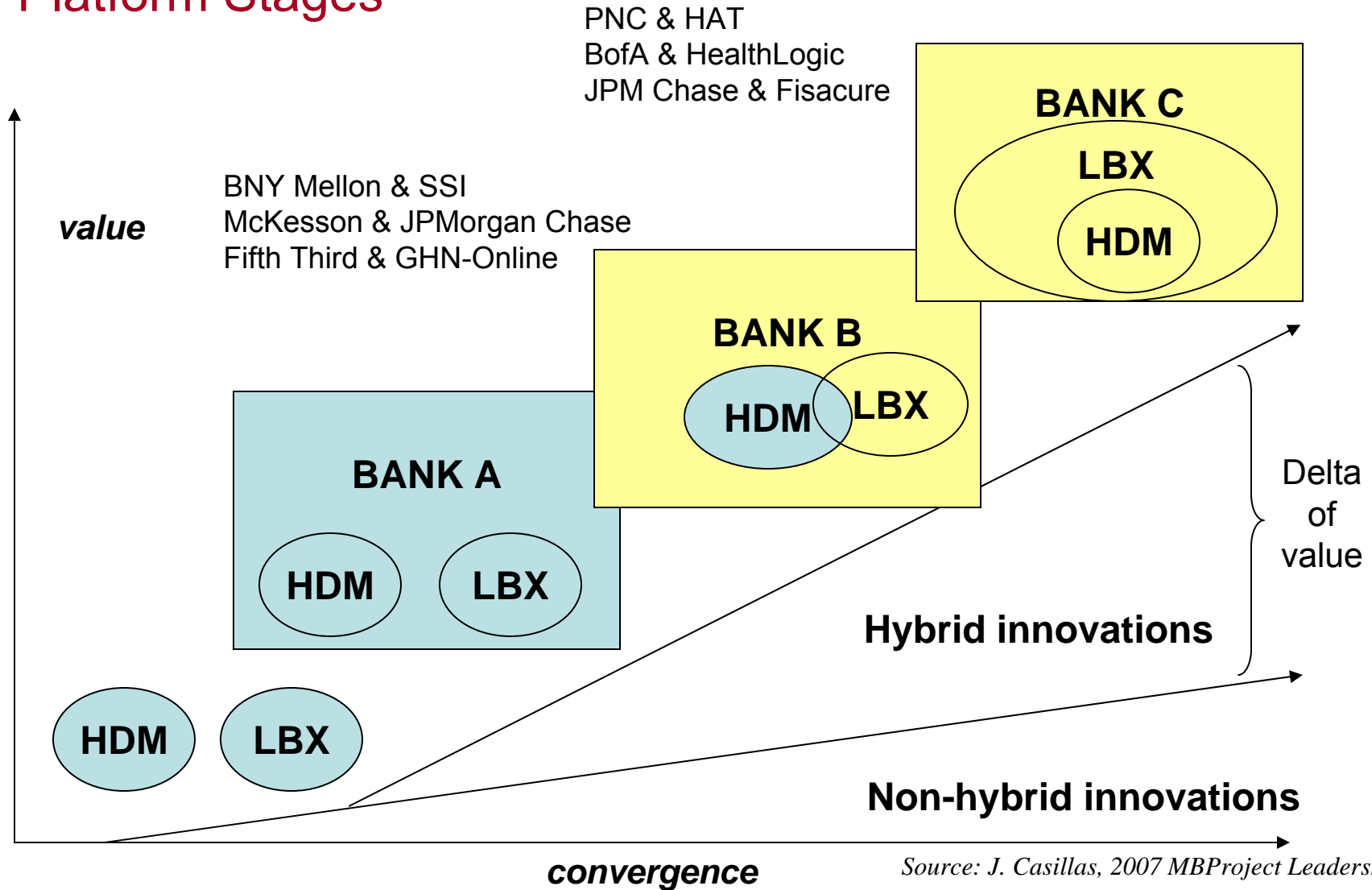


In 1996, we felt that traditional IOS development could revolutionize how banks engage healthcare.

Examples:

- SABRE
- Baxter's ASAP
- OTIS Elevators

Platform Stages



Source: J. Casillas, 2007 MBProject Leadership Forum

Potential Breakout Plays - B2B Segment

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Alliance: RCM Platform

Value Proposition:

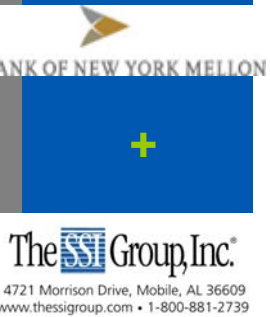
- **Reduced end-to-end transaction costs for end users**

Offering:

- **Value-added revenue enhancement solutions**

How:

- **BNY Mellon moves new services through its technical and customer service platform**
- **SSI provides claim processing and revenue cycle programs**



Acquisition: RCM Platform

Value Proposition:

- **Fully integrated value-added data processing**

Offering:

- **Single interface for financial and revenue cycle solutions**

How:

- **PNC acquired H.A.T.**
- **Building out revenue cycle services to take advantage of economies of scale**
- **Electronic efficiency and access to new capital sources**



Equity Holder: Real Time Payment Platform

Value proposition:

- **Quicker access to funds**

Offering:

- **Integrated medical banking network**

Mechanics:

- **US Bank: new products to market to customer base**
- **InstaMed: new integrated products and new channel**



Alliance: Business Intelligence Platform

Value proposition:

- **Enterprise decisioning**

Offering:

- **Integrated revenue cycle processing platform and business intelligence analytics**

How:

- **Fifth Third's market base**
- **GHN-Online's network and claims processing services**
- **RMS data management programs**

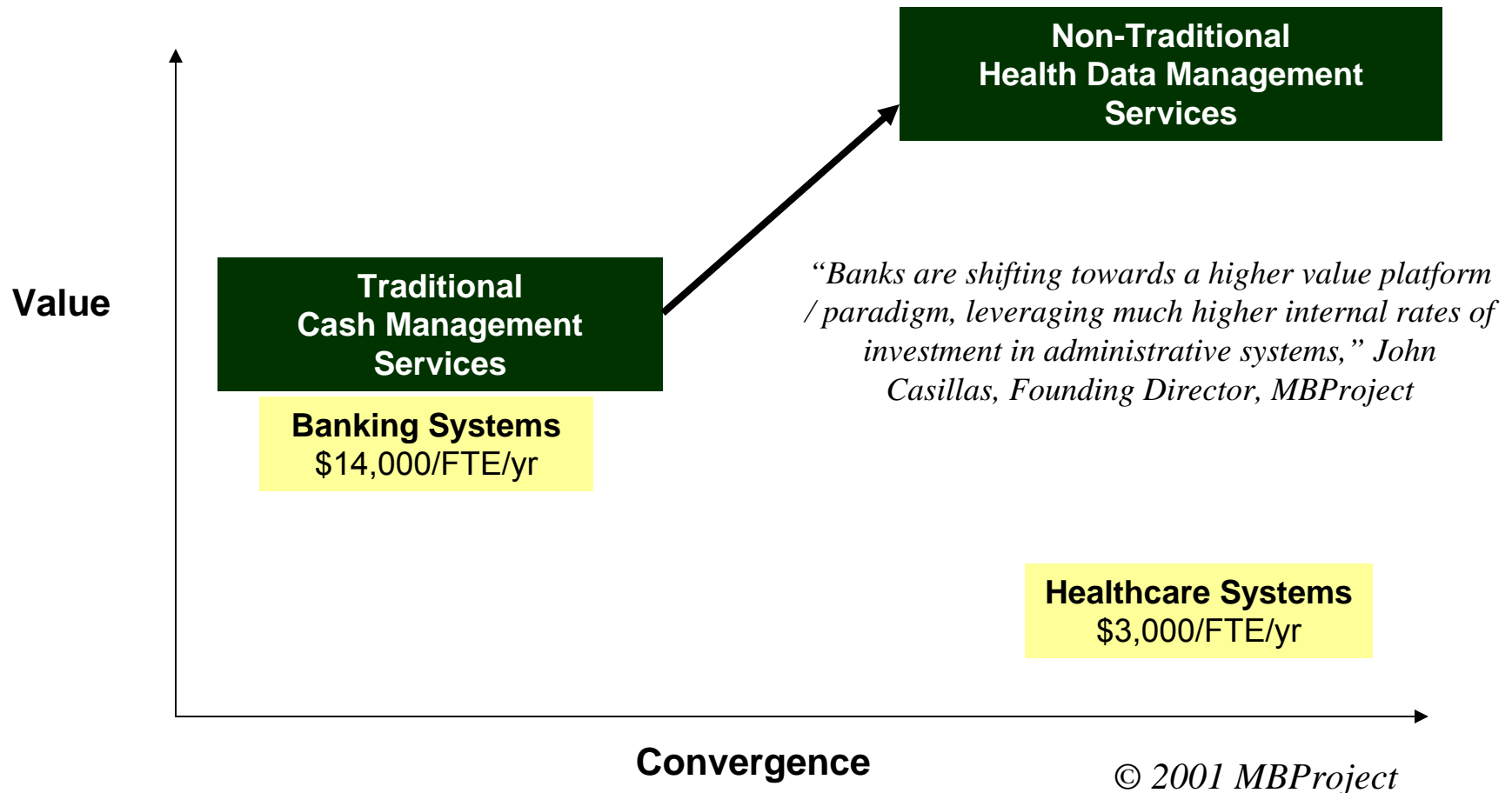


The McKinsey Quarterly, June 2007

“During the next five years, rapid innovation may restructure the value chain of health care payments and **change the sector’s balance of power.**”

“Financial institutions should help promote electronic and simplified payer-to-provider transactions. **Banks with cash-management businesses serving the health care sector should expand their ability to handle electronic health care transactions by forming partnerships and making acquisitions.** Banks with small-business franchises serving doctors should look to create the same electronic capabilities and value propositions for them.”

Re-scoping Treasury/Cash Management Services...



Policy Considerations: Laying a foundation of Privacy & Security

The HIPAA Factor...



Source: Medical Banking Project

Not easy getting around HIPAA...



© MBProject

HFMA – Role of banks in healthcare has been largely overlooked and must be brought into HIPAA compliance

NCVHS – Urged HHS to clarify the impact and recommended encryption of PHI through bank systems

AFEHCT/(HIMSS) – Urged HHS not to provide special treatment under HIPAA for banks

Source: Medical Banking Project

Summary findings...

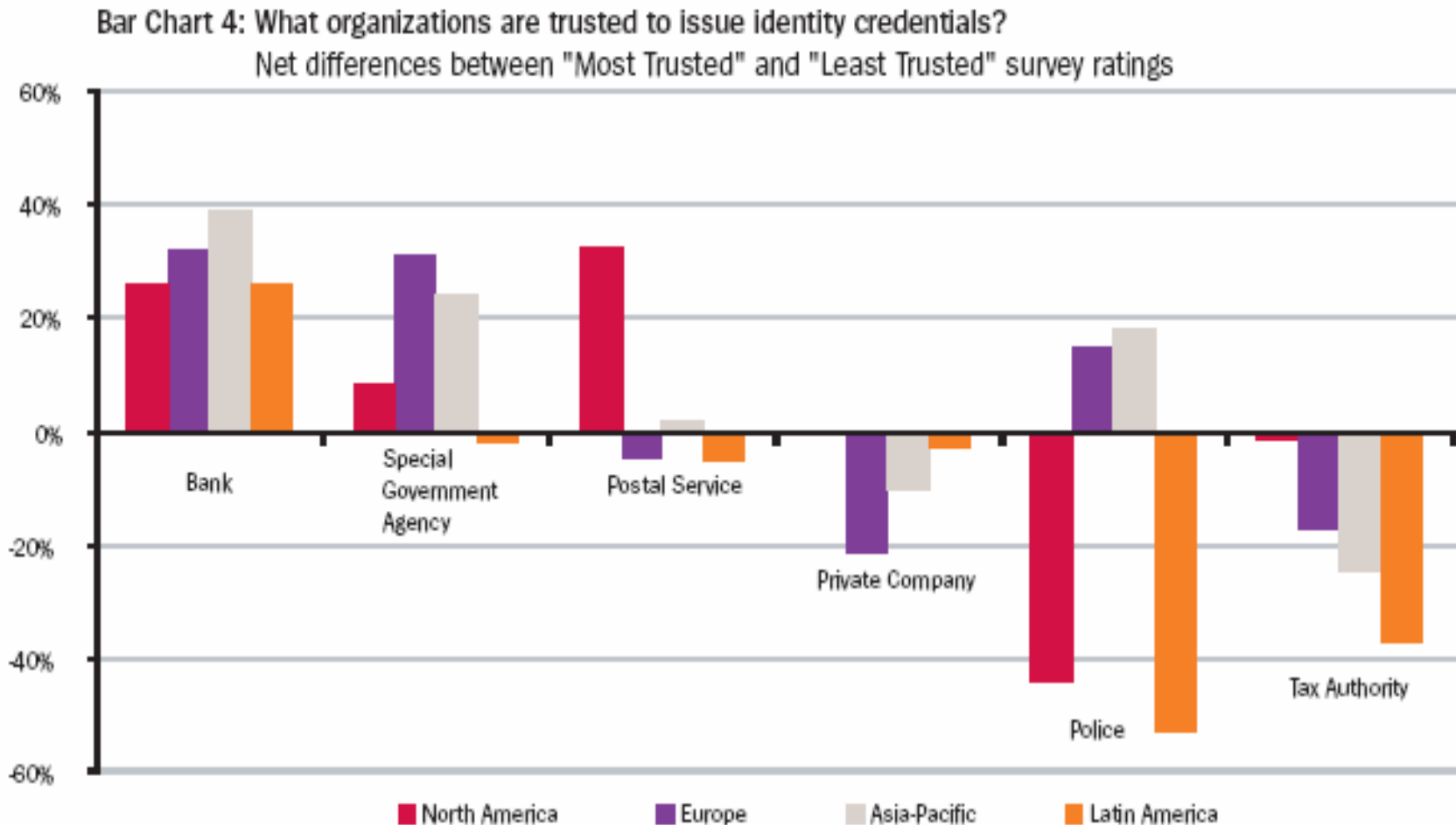


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- § HIPAA does not exempt 100% of banking/financial services
- § Banks are often Business Associates
- § Sometimes banks are covered entities under HIPAA (as a clearinghouse)

Source: Medical Banking Project

The Consumer's Viewpoint - * Trust *



Source: Unisys Global Consumer Survey, May 2006

Public Trust
Where there is no trust, business stops...

And that's not good for a "New Medical Banking Ecosystem"...so the Medical Banking Project formed a new Accreditation Review Council 15 months ago to review myriad health data privacy regulations in banking and healthcare, and existing accreditation programs, to determine the best path forward for medical banking constituencies. This led to the creation of a new Gold Seal Standard for a new industry!

— OUR MISSION —
To instill public trust in medical banking programs.

Level 1 MB PROJECT

This new accreditation program will soon be accessible online. We will have two levels:

- Level 1 – A self-assessment program (available as of May 30, 2008)
- Level 2 – An onsite review program

The program is being designed to be scalable so that both small and very large, global groups can take advantage of the new Gold Seal Standard. In addition, we intend to adjust the criteria as new federal and commercial privacy and security frameworks are developed.

To learn more visit www.mbproject.org today!

MB PROJECT

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Gold Seal Standard

Instilling public trust in medical banking programs

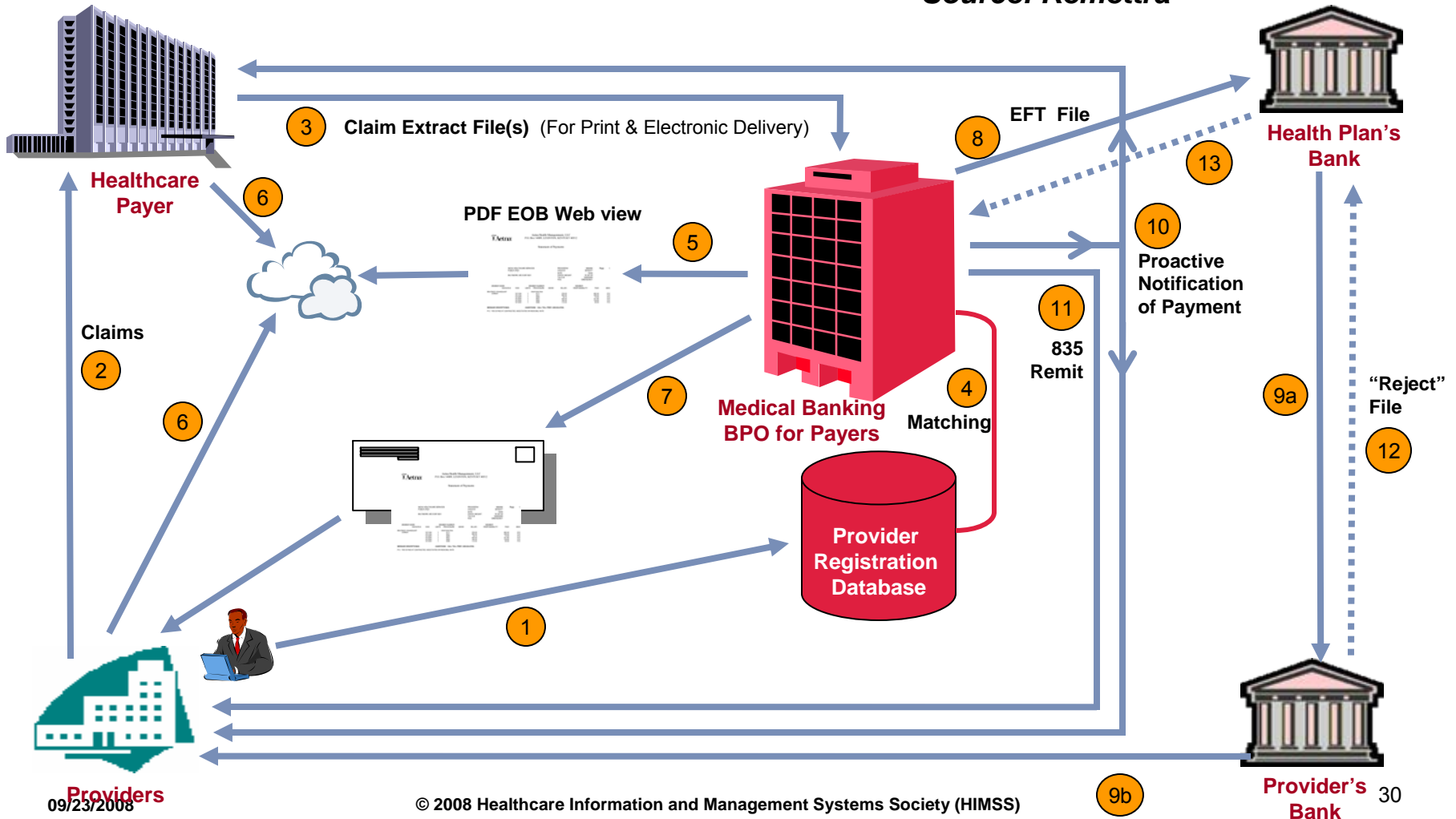


- Multi-stakeholder effort over 15 months
- Piloted at BNY Mellon with assistance from Milliman, involving 23 cross-domain experts over a period of two days
- Launch timeframe: December 2008

Initial Platform Build-Out: Optimizing The Revenue Cycle

Payment and Remittance Advice Flow

Source: Remettra



Payer “ePayment” Solutions

- Provider registration / Authentication (Identity Verification)
- Preference tracking
- Electronic Funds Transfer (EFT)
- Electronic Remittance Advice (ERA)
- Online remittance/EOB viewing
- Proactive notification of payment

Is There a Better Way?

Providers spend countless hours reconciling medical claims.

Provider



Each patient visit...

Payor



...generates a "paper payment chase"



...leading to enormous costs to process payments.

Source: Medical Banking Project

Value Proposition:

Banks could help providers to save \$35 billion+/year

Provider



Payer



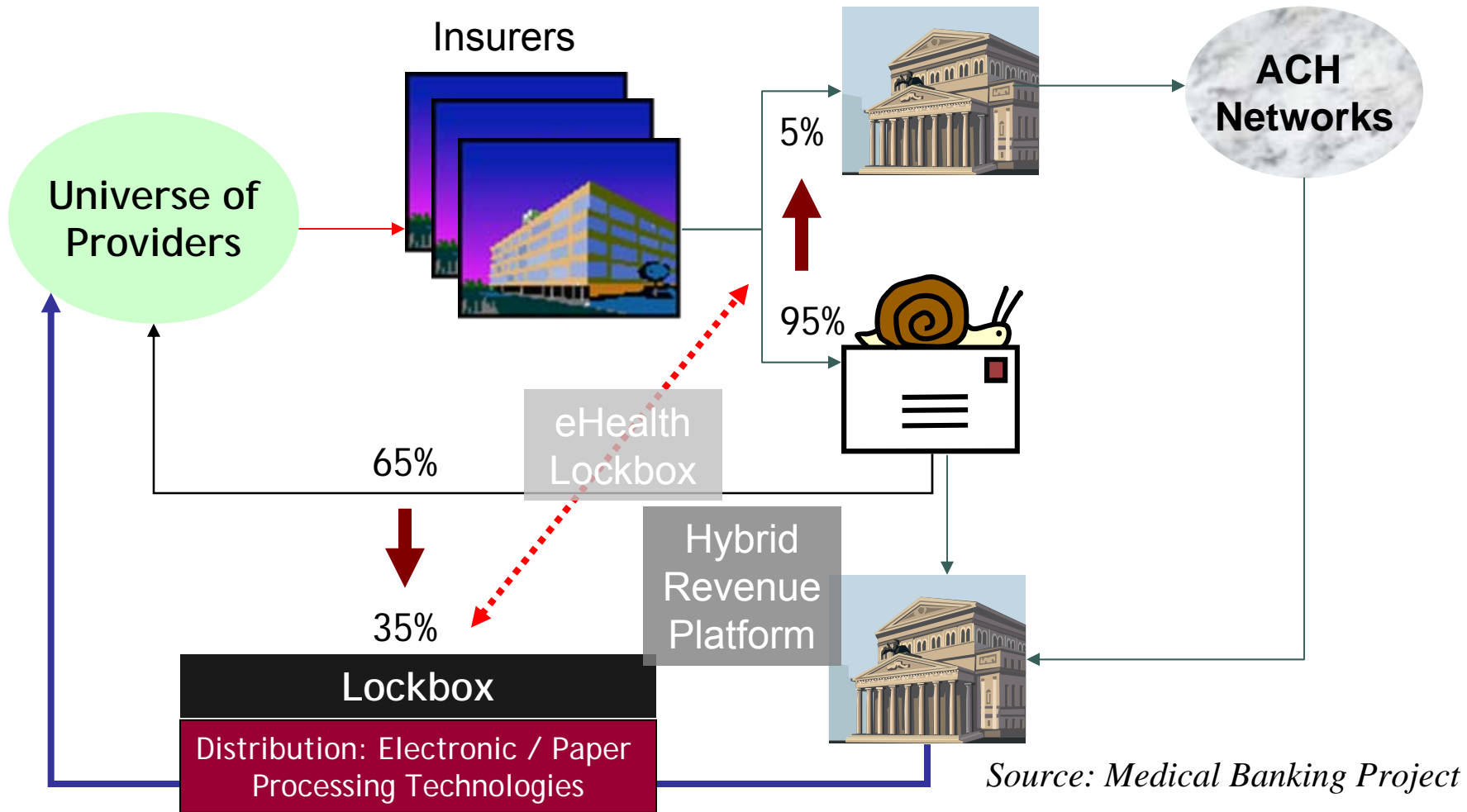
Banks



Banks reconcile payments in seconds, securing enterprise-wide savings.

Source: Medical Banking Project

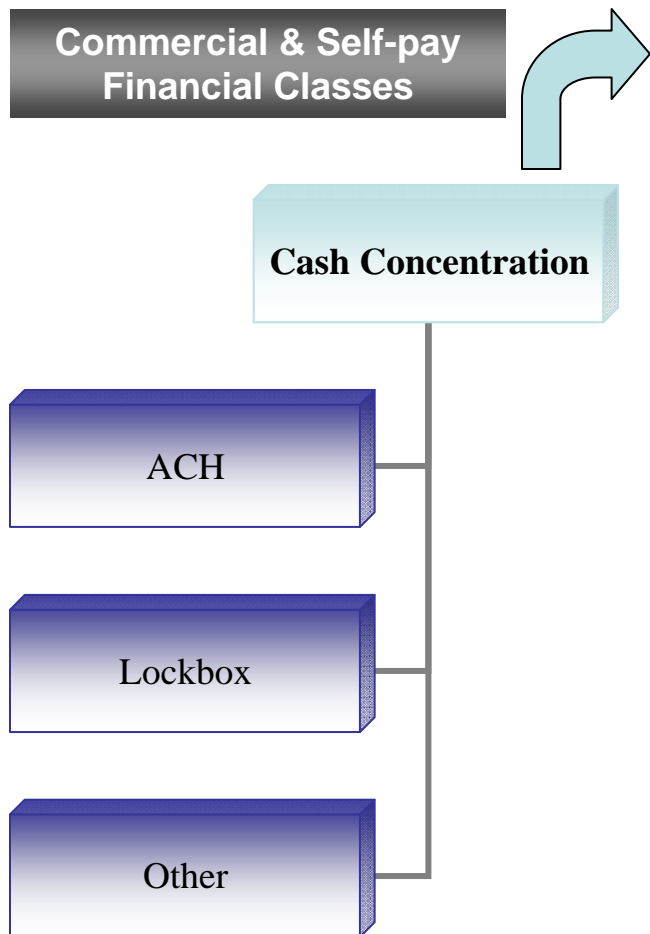
End-to-End Platform Solution



Source: Medical Banking Project

A Big Savings Opportunity

Source: *The Medical Banking Project*



Serial View of Patient Accounting Functions	Estimated Manual Cost	Digital Cost
Cash posting	\$1.25	
Contractual Allowance Processing	\$2.50	
Reject Note Posting	\$1.25	
Financial Class Updates	\$1.25	
Secondary Billing	\$5.00	
Patient Statement Processing (series)	~ \$5.00	
TOTAL COSTS	> \$15	< \$5.00
EST. SAVINGS	A minimum of \$10.00	
ANNUAL INDUSTRY SAVINGS	\$20 - \$35 billion	

Pyramid of Value (B2B View)

*Increasing value
as 835s are
operationalized...*

Enterprise-Decisioning
(Liquidity / Forecasting / Investments)

Revenue Cycle Decisioning

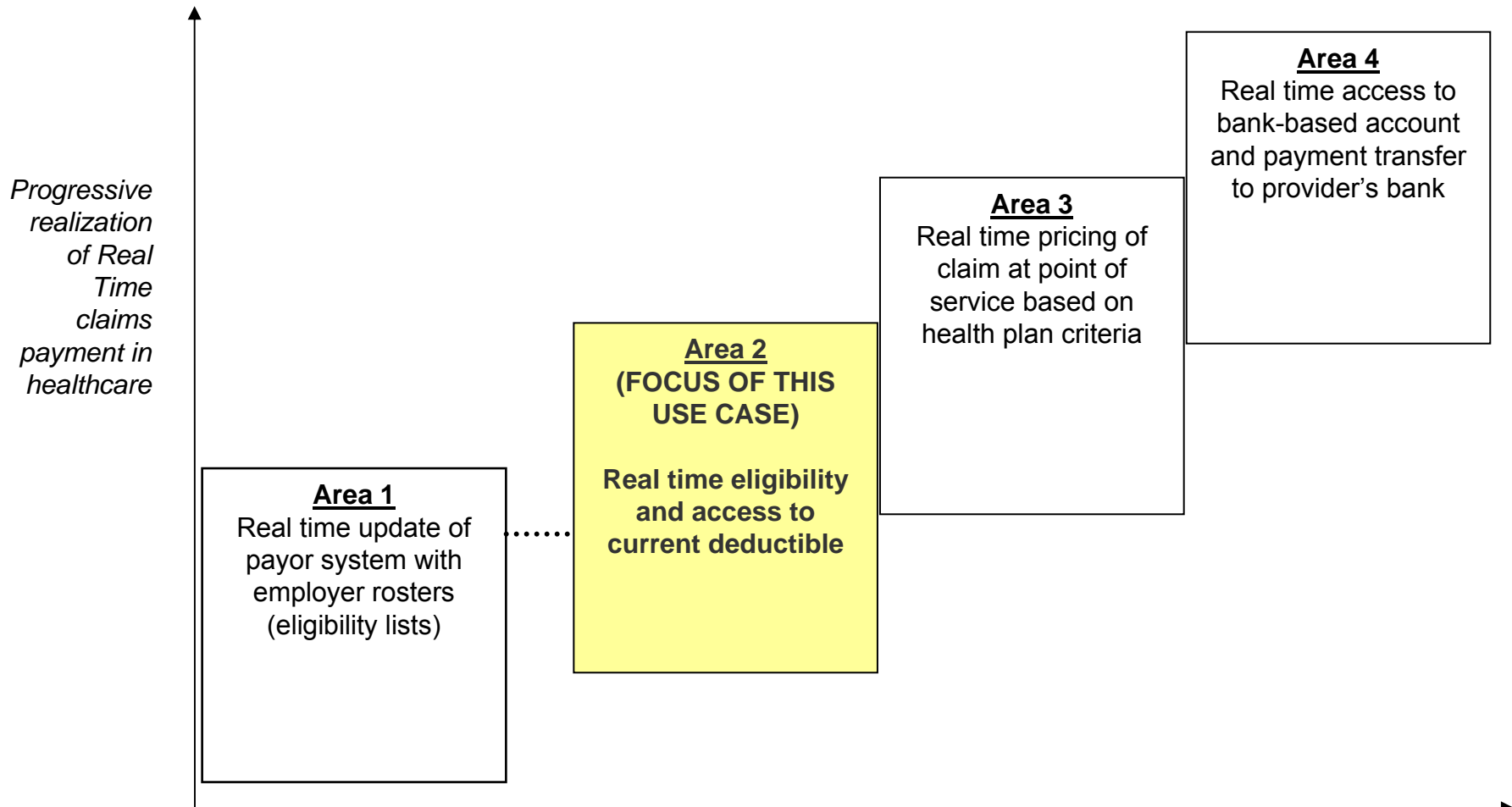
Contract Management
Denial Management

Automating Workflows

Remittance Management → Claims Management
(ERA / EOB)

© 2001 MBProject

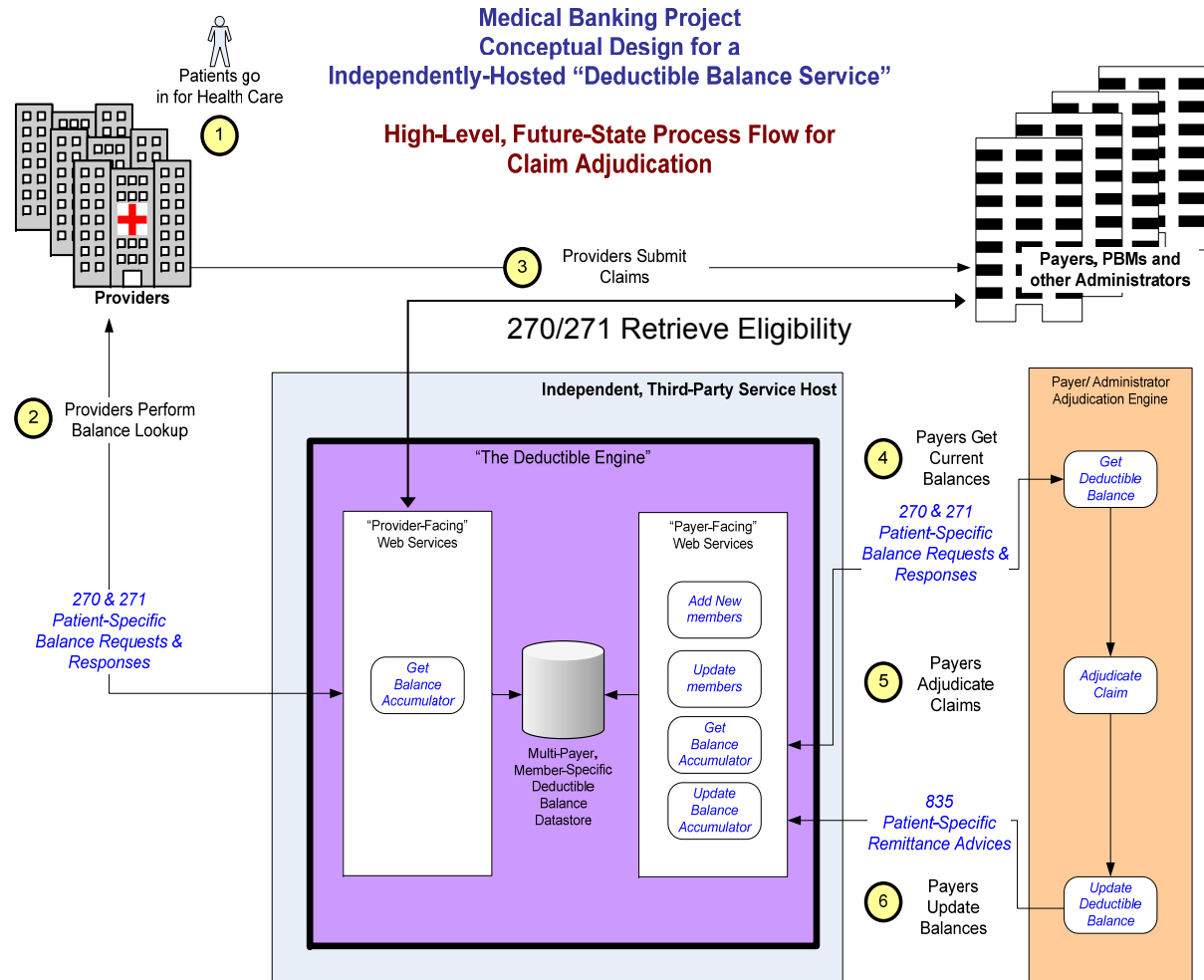
Another Administrative Focal Point: RTA



Linked functionally using an mbXML document or via mb270/271

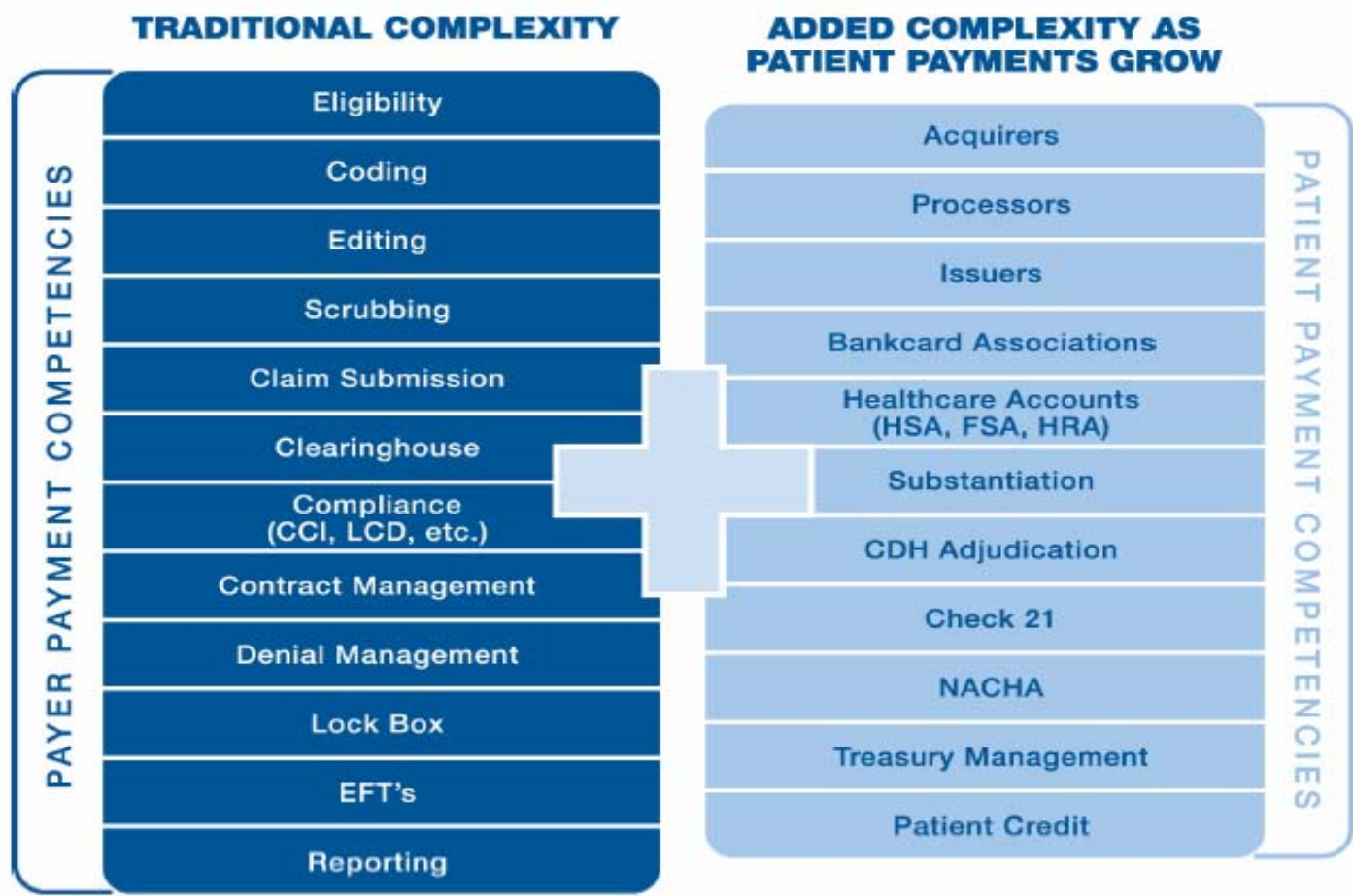
The Deductible Engine Solution

- All primary and ancillary benefit administrators would request and update a shared (but secure) deductible balance
- The shared deductible would be kept current and accurate in real-time on a common platform
- Standard HIPAA txns used
- Providers would have the most current deductible available at point of service
- Claim problems due to non-synchronized deductible would decrease



© 2007 MBProject, drafted by PricewaterhouseCoopers

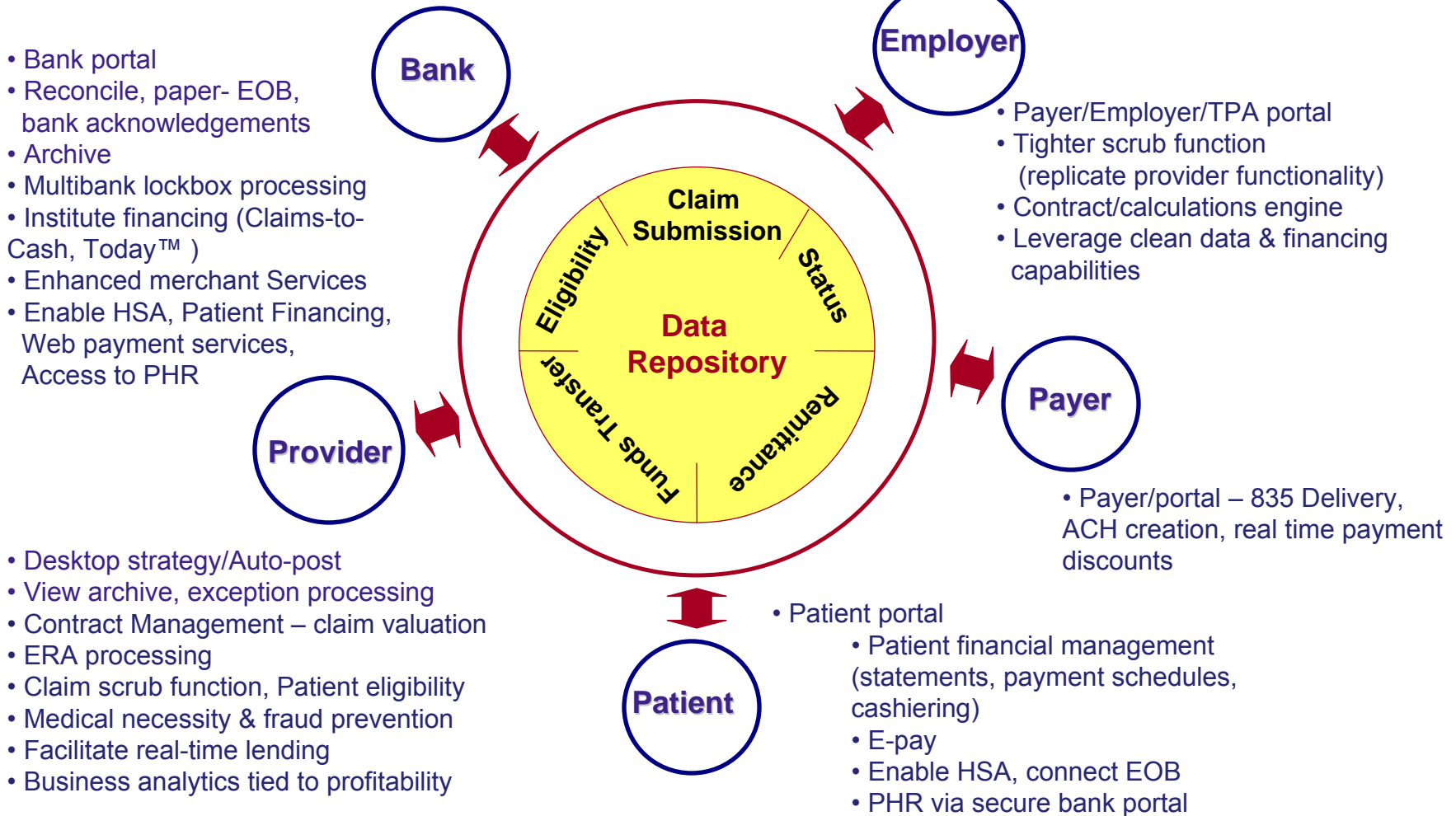
Added Complexity for the Revenue Cycle



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Healthcare Banking Platform

Source: GHN Online, Fifth Third Bank, Revenue Management Solutions



Comprehensive healthcare banking solution connecting all stakeholders

Functional Analysis – Workflow Automation & Business Intelligence

Services	Bank	Clearinghouse	Vendor
Eligibility		X	
Pre-cert/auth		X	
Claim scrubbing		X	
Claim submission		X	
Claim status		X	
EOB conversion (paper)	X		X
ERA/835	X		X
Payment reconciliation	X		X
Claim reconciliation			X
Denial Mgmt			X
Predictive analytics		X	
Reporting	X	X	X
Archive services	X		X
Credit and lending analytics		X	
Early A/R settlement		X	
Contract Mgmt			X
Custom Cash Management	X		
Custom Lending Services	X		
Custom Payer Management Services	X		

Source: GHN Online, Fifth Third Bank, Revenue Management Solutions

Advanced Topics In Medical Banking: Beyond Revenue Cycle Management

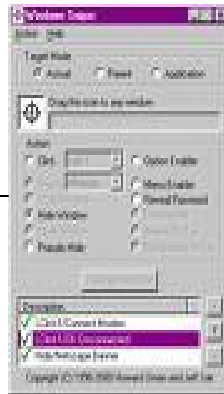
- **Just like ATM & online banking; anywhere, anytime access to your info:**
 - Requires special presentation, authorization, notification and auditing
 - Doctor can help in assessing, understanding and interacting

Trusted Consumer Brand

Mollie



Card-based access



Online Banking Portal

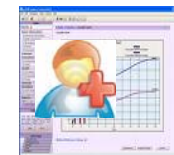


Secured traffic w/banking credentials

Self

Employer Portal

Other (Doctor, Hospital, RHIO, HRB, Social Networks, etc.)



Risk Matrix

	New Market	Existing Market
New Product	<p><i>Highest Risk</i></p> <p>HRB</p>	<p><i>Moderate Risk</i></p> <p>MBProject Model AHIP PHR Model</p>
Existing Product	<p><i>High Risk</i></p> <p>Market Knowledge</p>	<p><i>Low Risk</i></p> <p>Transparency</p>

Source: Casillas, *Bank-Driven E/PHRs*, 2005

Sample Pilot Program...

- **Purpose: Rationalize myriad denial codes in claims process**
 - Name: **“Dispute Resolution Initiative”**
 - Strategy: Implement standard among medical banking constituencies to speed adoption
 - Participation:
 - CareMedic, SSI Group, ClaimTrust, Community Healthcare Systems, BNY Mellon, PNC, Wachovia
 - Portal: Microsoft
 - Funded by: MBProject membership dues and a potential affiliate tba

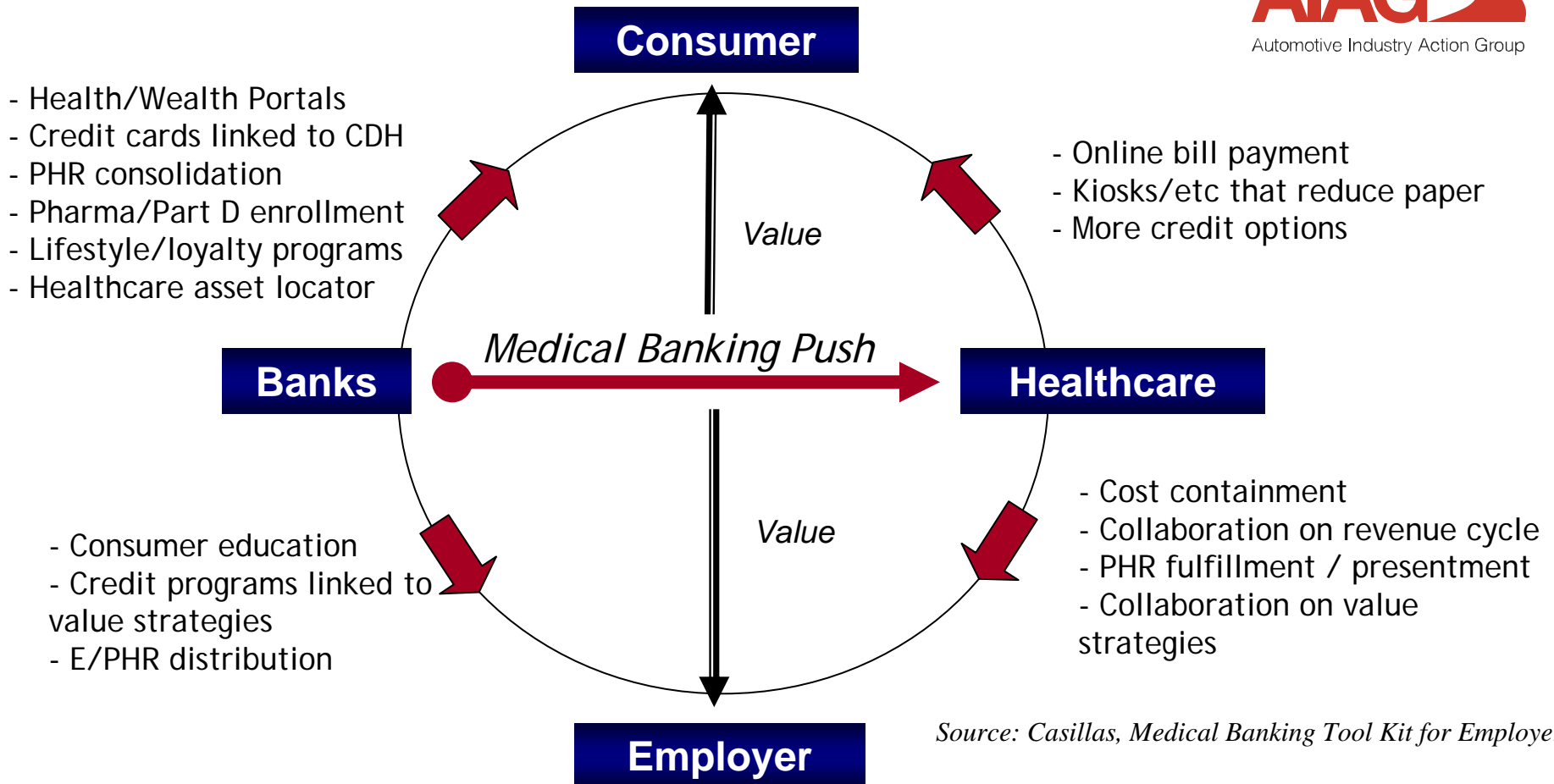
Joint Taskgroup for Value In Health



in collaboration with



Circle of Value



Questions & Answers

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**You may direct further questions
and inquiries to:** hgaebel@himss.org

More Info is available at:
www.mbproject.org

Medical Banking Institute:
<http://www.mbproject.org/7mbi2009.php>
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