

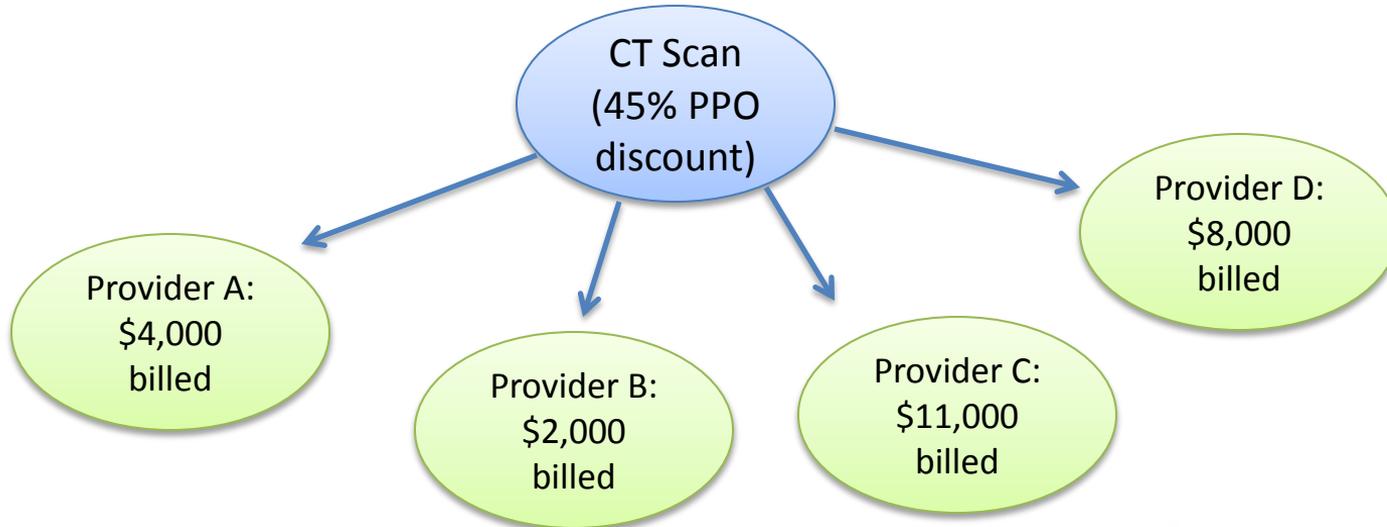
ELAP'S CAPABILITIES

The Next Right Thing for Health Plans

Tuesday, November 10, 2015

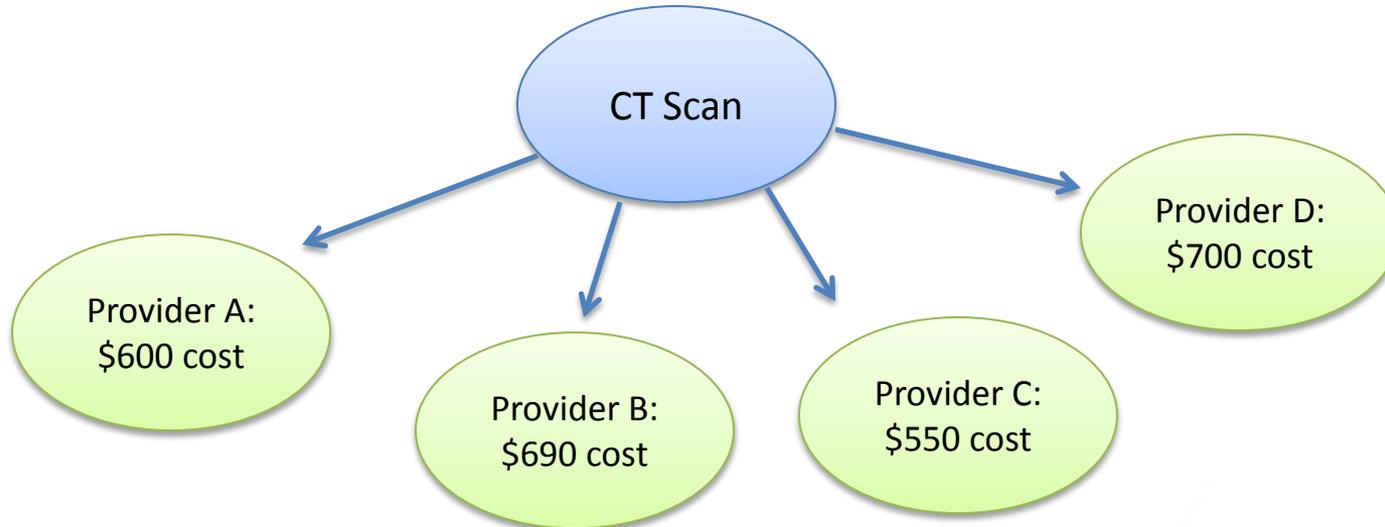
Problem: Variability of Cost

- Employers are at the mercy of PPO contract with no visibility as to cost
- Episode of care vary wildly by site of service



Solution: Allowable Claim Limits

- Identifies Provider's actual cost in delivering a service and allows fair margin above
- Removes wide fluctuation based on site of care
- Allows for predictability, budgeting and tremendous cost savings



Example: What is PPO discount getting you?

	MS-DRG	Avg. Billed Charges	Avg. Medicare Payment
Provider A	689-690 - Kidney infection and/or UTI	\$16,412	\$6,619
Provider B	689-690 - Kidney infection and/or UTI	\$21,334	\$5,397
Provider C	689-690 - Kidney infection and/or UTI	\$47,682	\$5,416

- Billed charges vary wildly and have no relation to the cost of delivering the service
– **What is PPO discount really getting you?**
- ELAP starts the conversation with Medicare and cost-to-charge – more consistent and reasonable metrics

Additional Pricing Examples

Example #1	MS-DRG	Avg. Billed Charges	Avg. Medicare
Provider A	Chest Pain NOS	\$2,227	\$611
Provider B	Chest Pain NOS	\$5,965	\$1,020
Provider C	Chest Pain NOS	\$12,953	\$1,348

Example #2	MS-DRG	Avg. Billed Charges	Avg. Medicare
Provider A	Syncope and collapse	\$3,912	\$894
Provider B	Syncope and collapse	\$7,801	\$1,276
Provider C	Syncope and collapse	\$17,475	\$1,512

Example #3	MS-DRG	Avg. Billed Charges	Avg. Medicare
Provider A	Heart Failure	\$18,850	\$8,561
Provider B	Heart Failure	\$31,850	\$7,512

Additional Pricing Examples - Inpatient

Example #4	MS-DRG	Avg. Billed Charges	Avg. Medicare
Provider A	Intracranial hemorrhage	\$23,332	\$9,482
Provider B	Intracranial hemorrhage	\$28,144	\$6,545
Provider C	Intracranial hemorrhage	\$57,372	\$7,217

Example #5	MS-DRG	Avg. Billed Charges	Avg. Medicare
Provider A	Ath ext ntv at w claudct	\$6,854	\$1,848
Provider B	Ath ext ntv at w claudct	\$18,503	\$6,132
Provider C	Ath ext ntv at w claudct	\$43,675	\$9,053

Example #6	MS-DRG	Avg. Billed Charges	Avg. Medicare
Provider A	Major Joint	\$35,320	\$16,571
Provider B	Major Joint	\$39,951	\$13,695

Company Overview

Founded in 2003, **ELAP Services** is a pioneer in health plan cost management that delivers a comprehensive solution for self funded employers that combines:

- expert cost reduction
- employee advocacy services
- legal defense for both the plan and members
- analytics to measure and maximize impact

Mission - To recognize a medical provider's actual cost in delivering services and to allow a fair margin above that cost



PLAN DESIGN

ELAP assists in developing plan language that contains clearly stated and rational limits of reimbursement based on the providers actual cost of delivering a service, not the inflated billed charges.

DIRECT CONTRACT

ELAP structures direct contracts between employer groups and healthcare providers to maximize employees' use of the health system in exchange for economic and wellness incentives

CLAIMS AUDIT

ELAP audits provider claims, line by line, and recognizes the medical provider's actual cost to deliver the service and allows a fair margin above that cost

DESIGNATED DECISION MAKER

ELAP serves as co-fiduciary ensuring that all terms and conditions of plans are enforced in a consistent manner

MEMBER ADVOCACY AND DEFENSE

ELAP will defend the plan and the member to assure plan assets are protected against unfair billing and collection practices

ANALYTICS

Comprehensive analytics on claims data to measure performance, detect trends and identify opportunities



June 2015 Study: Many hospitals mark-up more than 1,000%

“There is no justification for these outrageous rates, but no one tells hospitals they can’t charge them...What other industry can you think of that marks up the price of their product by 1,000% and remains in business?”

- Gerard F. Anderson, Johns Hopkins Bloomberg School of Public Health

Key Points

- The top-50 overcharging hospitals in the country charge 10x Medicare rates
- National average is 3.4x Medicare
- Because it is difficult for patients to compare prices, market forces fail to constrain hospital charges
- Out-of-network claims often required to pay full amount without any discount, leading to personal bankruptcy and credit impairments



Simply Stated...

We give our clients the opportunity to treat their medical costs in the same manner that they would any other business cost



Consistent Performance: ELAP Services, LLC Audit Program Delivers

Medical Cost Transparency and Control

62% Savings from Billed Charges

Average Savings of \$150,000 per 100 employee lives in year 1

Significantly Lower Claim and Stop Loss Costs (PEPM)

Claim Cost Savings \$125

Stop Loss Premium Savings \$62

Preserving Commitment to Savings

Limited to 0.6% of Savings

Demonstrated Value

94% Renewal Rate



What our clients are saying about our results...

“ELAP beat our expectations. They exceeded what we thought could happen and got us out of a lot quicker than anticipated. *Our bond rating improved from BBB- to A- after just one year with ELAP*”

Mayor Wayne Seybold, City of Marion, Indiana

“We saved over \$500,000 in just the first 6 months. I’m not sure what would have happened without ELAP”

Barbara Newman, CFO, Bill Miller BBQ

“We reduced our healthcare spend by \$2 million and re-invested some of it back into the plan. We now have a much better plan at a much lower cost”

Half Associates

“The most important thing with ELAP is peace of mind for my clients. It gives them solace that costs aren’t out of control. They are flabbergasted, floored by the savings.”

Todd Dorton, President, Ethos Benefits



In The News: Thought Leaders in the Industry

“In many ways, ELAP is on the frontlines of the war against escalating medical costs. Kelly says part of his company's mission is to de-mystify medical bills, working to figure out a fair price for a given medical service.”

– **Newsworks (WHYY/NPR affiliate)**

“If an employer can get to the table with local providers and begin to have dialogue, good things happen” – **Steve Kelly on Newsmax TV**

Featured in pieces by:

The New York Times



The Philadelphia Inquirer



Newsweek

Money



“The biggest problem is that there is no link between the cost on the bill that you receive and the actual cost to deliver the service”

– **Steve Kelly on Fox & Friends**

