

# PREMIUM RESTORATION

Restoring millions  
for your Medicare  
Advantage plan



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# For your health plan, paying claims accurately is important to ensuring the health of your bottom line.

Just as important is making sure your Medicare Advantage plan receives the premiums it deserves. The challenge lies in the fact that ongoing inaccuracies and difficulties with eligibility data are the reason many Medicare Advantage plans receive fewer premium dollars than they're owed.

Today, more than 22 million seniors and people with disabilities choose a Medicare Advantage plan, and enrollment is projected to increase to an all-time high of 24.4 million this year.

At the same time, Medicare Advantage premiums are expected to decline 23% from 2018 while plan choices, benefits, and enrollment continue to increase. The Medicare Advantage average monthly premium will be the lowest in the last 13 years.<sup>1</sup> Compounding the matter is the fact that inconsistent information from the Centers for Medicare and Medicaid (CMS) regarding coverage and disease states can result in underpaid premiums. The CMS communication process is inherently complex, resulting in delayed premium restoration. The burden rests entirely with Medicare Advantage plans to prove when they deserve premiums. Notably, many plans don't realize how much revenue they are losing in underpaid premiums.

As a result, your Medicare Advantage plan needs to place extra emphasis on ensuring accurate premium payments. By monitoring and ensuring accuracy in monthly membership reports (MMRs), your Medicare Advantage plan can protect itself from losing out on millions of dollars in underpaid premiums.

Enrollment in Medicare Advantage is projected to increase to an all-time high of  
**24.4 MILLION**

<sup>1</sup> CMS, "Trump Administration Drives Down Medicare Advantage and Part D Premiums for Seniors," September 24, 2019.

# FOUR ACTIONABLE STEPS

## toward premium restoration

Correctly paid Medicare Advantage premiums are a critical source of revenue for many health plans. Incorrectly paid premiums can result in millions of dollars in lost revenue, which could otherwise be used to provide the best healthcare services possible to members. Given the effect that premium restoration efforts can have on the bottom line, there are four actionable steps your plan can take to capture underpaid premiums.

1

**IDENTIFY** members with premium restoration potential



2

**IMPROVE** process efficiencies



3

**MONITOR** the financial impact



4

**MAINTAIN** ongoing premium restoration activities





# 1



## IDENTIFY members with premium restoration potential

The first step in capturing underpaid premiums is identifying those members with premium restoration potential. A strategy that focuses on complete and accurate eligibility data will help your plan better identify members with Medicare Secondary Payer (MSP) status and members with end-stage renal disease (ESRD) who require high-cost care. By identifying members with MSP or ESRD, your plan can ensure those members are accounted for in monthly membership reports (MMRs) and in payments from CMS.

This presents great opportunity for Medicare Advantage plans. Validating MSP records and correcting inaccuracies can uncover opportunities to restore millions in underpaid premium dollars. On average, 4% of Medicare Advantage members have open MSP records, and 25% of those records have premium restoration potential.<sup>2</sup>

Similarly, members with ESRD account for a disproportionate amount of medical expenses. ESRD affects just 100,000 people but adds up to as much as \$60 million in lost revenue. Monthly loss per ESRD member can exceed \$7,000 over time.<sup>3</sup>

### ESTIMATED RESTORATION POTENTIAL based on actual client experience:

			EXAMPLE: 30K MA LIVES
AVERAGE INITIAL MSP VALIDATIONS	4%	Medicare Advantage membership that has open MSP records	1,200
	25%	Open records that have premium restoration potential	300
PREMIUM RESTORATION POTENTIAL	15	Months of premiums restored per member from <u>initial</u> validation	9,000
	\$200	Average monthly premium adjustment (national average) varies by state	\$1,800,000

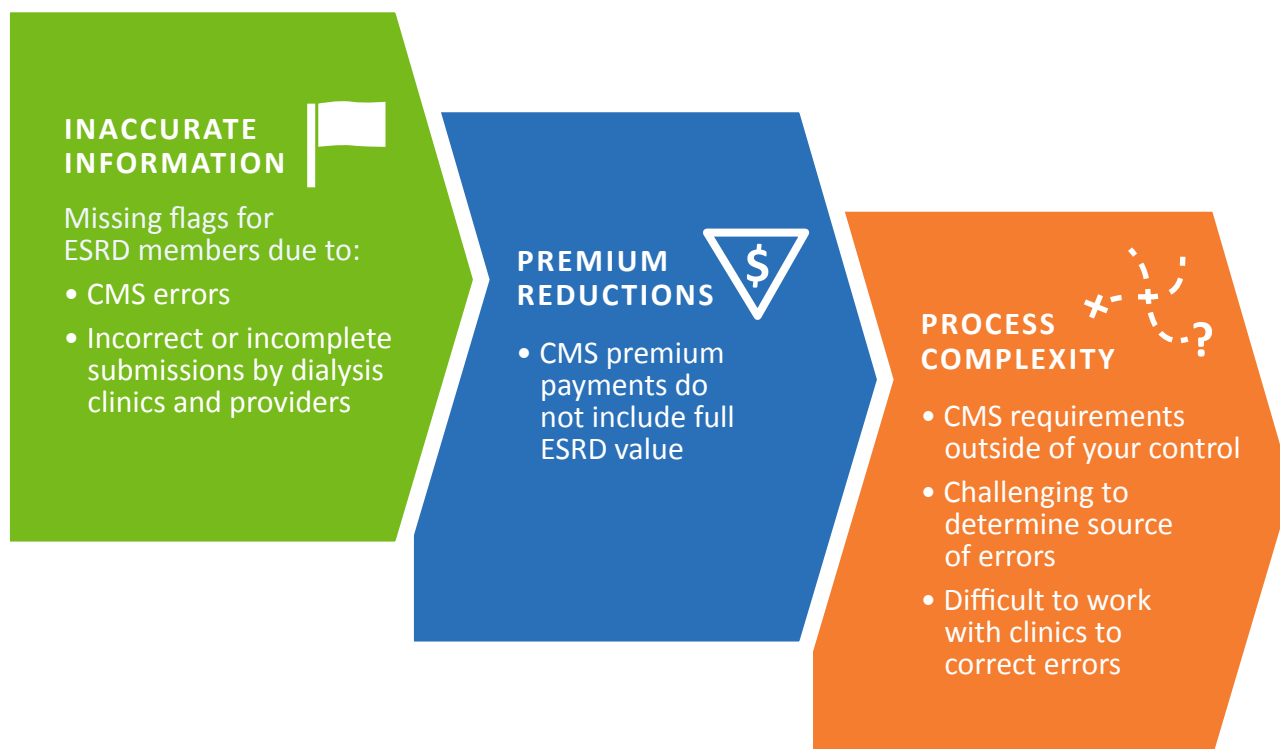
<sup>2</sup> Deloitte, "Driving Value Across the Enterprise: Health Execs Have a Laser Focus on Analytics," April 9, 2019.

<sup>3</sup> Discovery Health Partners' experience.



However, recovering underpaid premiums for members with MSP and ESRD statuses can pose great difficulty. Many plans lack the dedicated resources and experience to identify and correct inaccuracies in their data. Since CMS has no requirement that plans verify their eligibility data, errors often go undetected. Furthermore, plans that look to restore premiums need to not only identify data issues, but also coordinate with other plans—which is often a manual, painstaking process.

Efficiently identifying members with the greatest propensity for inaccuracy and premium restoration potential starts with data. By connecting eligibility data, other health information, and MMR files, your plan can begin to discover discrepancies in MSP and ESRD statuses.



# 2



## IMPROVE process efficiencies

Reducing administrative waste and improving process efficiencies play an important role in premium restoration. When analyzing open MSP and ESRD occurrences, your plan needs to identify and prioritize those that require investigation. By allocating scarce resources to the activities that will have the greatest effect on the bottom line, you can ensure that dollars are spent wisely and efficiently.

A consistent review process that includes automated data integration, reporting, and tracking allows your plan to identify records to validate for other insurance and prioritize those with the highest potential for premium impact. This review process must account for all records, not just those that are active, and cover an 84-month timespan for retrospective reviews. Your plan would be wise to conduct such reviews at least every six months to ensure opportunities for restoration are not lost.

In addition to conducting internal reviews, resolving errors with CMS must be done efficiently and with an effective allocation of resources. With the right approach, you can efficiently submit transactions to CMS to correct invalid records. Key to this effort is using tools and processes from CMS. By using ECRS Web to update eligibility data, you are likely to achieve a higher success rate for first submittals. Important factors of success in restoring premiums involve proper training and resources to track error rates and resolutions over a period of time.



# MAXIMIZING SYNERGIES

## between MSP and COB

MSP validation and coordination of benefits (COB) are two sides of the same coin. COB is the process of identifying members who have other health insurance that should be primary. This relationship is the inverse of MSP, which is the process of identifying and confirming that another payer did not pay primary. But the process to verify both is nearly identical and unlocks additional areas of opportunity.

For example, a member may have other coverage that is primary to his or her Medicare Advantage coverage prior to age 65. The primacy changes after the member's 65th birthday, or primacy may change when a member switches from an employee plan to a retiree plan. This issue requires consistent and frequent reviews of your entire MSP universe to immediately identify these changes and minimize the negative effect on premiums.

Conversely, with COB, your plan needs to review data to identify where you paid primary when another plan should have. Both reviews involve identifying other responsible payers, determining primacy, and verifying results. Synergies come from leveraging the same team, similar data, and the same process and recovery efforts.





# 3



## MONITOR the financial impact

Tracking, monitoring, and reconciling the financial impact of premium restoration is a critical step that can easily be overlooked when resources are limited. Your plan must capture the information required to track corrections and premium adjustments through to financial reimbursement. As premium restoration efforts become more complex and when resources are limited, sophisticated transparency is needed to achieve the results your plan expects.

Also important is allowing for coordination across departments in your organization. Government programs, claims, and finance must be aligned to ensure eligibility data is up to date and that premiums are coming in as expected. Transparency helps to ensure multiple departments are working together toward the same goal and that the plan is solving business challenges across the organization.

With a proactive approach to monitoring premium restoration, your plan can forecast how many dollars will be added to the premium check, uncover whether you have received every month of restored premiums, and maintain an audit trail to validate the outcome and steps taken to correct inaccuracies.



A 32,000-member northeastern community health plan restored **\$8.8 million** within 120 days and realized ongoing optimized revenue of **more than \$5 million** per year

# 4

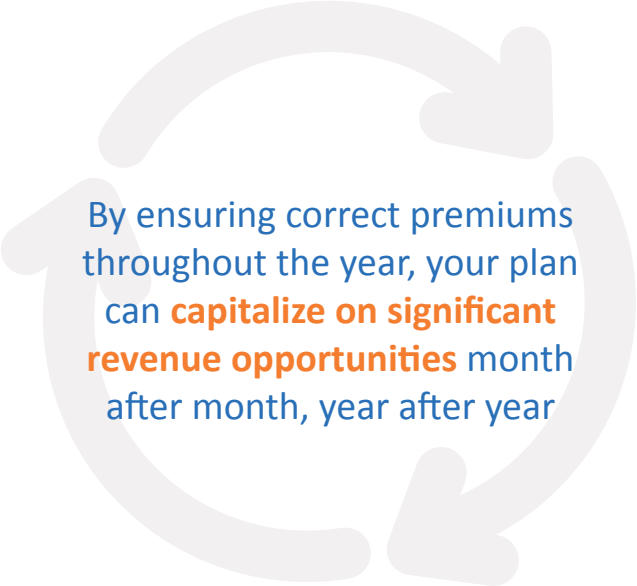


## MAINTAIN ongoing premium restoration activities

Given the effect they can have on your bottom line, premium restoration efforts must be maintained on an ongoing basis. By ensuring correct premiums throughout the year, you can capitalize on significant revenue opportunities month after month, year after year.

Technology plays a key role in this endeavor. To avoid manual, painstaking work, your plan will want to work with technologies that streamline and simplify the process of identifying members with MSP and ESRD statuses. With improved visibility, your plan can easily see membership data, focus on premium restoration opportunities and results, and improve the accuracy of forecasting.

Discovery Health Partners recommends that Medicare Advantage plans conduct a retrospective health check on a periodic basis. With a long-term premium restoration strategy, your plan can capture underpaid premiums from years past and ensure proper revenue for years to come.

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By ensuring correct premiums throughout the year, your plan can **capitalize on significant revenue opportunities** month after month, year after year



# ACHIEVING SUCCESS with premium restoration

As Medicare Advantage membership continues to grow, the plans that serve these members must place extra emphasis on ensuring accurate premium payments or risk leaving millions of dollars on the table. What is believed to be a correctly paid premium today may in fact have been incorrectly paid for months or even years without the health plan being aware of the error.

A premium restoration strategy that includes improved identification of MSP and ESRD statuses will help your plan receive accurate premium dollars. With the right people, processes, and technology in place, your plan can restore millions in underpaid premiums, simplify compliance and revenue tracking, and improve eligibility information for ongoing claims payment accuracy.

Determining premium accuracy and having the resources and ability to restore underpayments requires diligent effort and a constant review of new and changing information.

With so much at stake for your Medicare Advantage plan, it's wise to work with a **proven partner** that can complement your own premium restoration efforts

# TRUST A PROVEN PARTNER for premium restoration

Discovery Health Partners can be that partner, offering a streamlined process powered by superior technology and CMS-specific business expertise to deliver a comprehensive premium restoration solution tailored to your plan. Data analytics combined with a deep understanding of CMS eligibility rules from Discovery can help your plan unlock the hidden value in your data and collect the full value of premiums owed, while giving you full transparency into our work.

In addition, Discovery offers clarity, consistency, and improved results with proven expertise, best practices, and highly skilled staff to guide you through every step of the restoration process. Ultimately, Discovery can help you improve efficiencies so you can spend less time identifying root causes and restoring premiums and giving you more time to focus on the quality of care your members receive.

Discovery Health Partners  
works with more than  
60% of Medicare Advantage  
plans and has restored over

**\$450**  
**MILLION**  
in premiums to date



# About Discovery Health Partners

Discovery Health Partners offers payment and revenue integrity solutions that help health plans improve revenue, avoid costs, and enhance the member experience. We offer a unique combination of deep healthcare expertise and analytics-powered technology solutions to help our clients improve operational efficiency, achieve financial integrity, and generate measurable results.

## Contact us

Connect with us to learn how Discovery can help restore millions for your Medicare Advantage plan.

For more information, visit

[www.discoveryhealthpartners.com/solutions/premium-restoration](http://www.discoveryhealthpartners.com/solutions/premium-restoration).

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