



## *Professional Services*

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ProfSoft's team of experts has extensive experience helping its clients develop and apply information-driven tools to their clinical and financial challenges. The senior members of our team have been helping employers, health plans, and provider networks for 15-20 years. We bring that expertise to our software clients enabling them to capitalize on the lessons we've learned. Many of our engagements are "mentor" projects. Mentor projects are configured so that we work closely with our client's staff helping them to advance their knowledge and use of our software.

The following describes projects that we have completed for clients:

***Pay for Performance & Other Provider Payment Systems:*** We assist with the refinement of the payment system for participating providers. Payment systems that include financial and quality incentives are configured to support our client's goals and culture. We design systems that reward providers for delivering value by controlling costs and improving quality. Successful incentive programs are transparent and ensure that physicians are only held accountable for services they control. We test proposed payment systems to project the bottom-line financial consequences in order to ensure that the proposed payment rates can be supported by revenue streams.

***Physician Profiling & Network Tiering:*** A one-size fits all approach to physician profiling and network tiering often leads to erroneous results that could produce a higher cost network. Based on our extensive analysis with these projects, we've learned that each specialty and each community must be looked at separately. We take a comprehensive approach that considers data strengths & limitations, business and clinical objectives, the structure of your delivery system, internal analysis, and provider feedback. We help our clients optimize the configuration of our software in order to ensure that cost and quality scores are statistically reliable, clinically credible, and acceptable to the market. We also guide our clients through the analytical phase during which physician performance is evaluated from a number of perspectives. This helps ensure that the best metrics are used to judge physician practice patterns. We also assist with communication. The fruits of this process must be effectively communicated to physicians and other stakeholders in order to achieve the project's objectives. We help our clients design reports that are clear, concise, visually appealing, and, most importantly, communicate the client's core message effectively.

***Disease Focus:*** Many of our clients are taking a disease focus perspective on managing the health care for a covered population. We help our clients understand the key conditions that are driving costs and medical trends and analyze incidence and prevalence rates to understand whether more people are getting sick or whether the diseases are becoming more expensive to treat. We then look at how the key conditions are being treated relative to evidence-based standards of care using SAGE. This analysis tells us whether the targeted conditions are being treated effectively. We look for care gaps where recommended care is not provided at the appropriate time and for services that have been shown to be ineffective relative to the condition. This analysis is used for a variety of purposes, including disease management vendor accountability and ROI projects, care management and provider education initiatives, and employer reporting. (cont.)

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**Clinical consulting:** Physician education is a key component of successful physician profiling and network tiering projects. Our medical director assists with physician education and the evaluation of evidence-based medicine measures to ensure that they are appropriate for your community.

**Employer Group Analysis:** After objectives are identified, ProfSoft assists with the development of key reports that are used to evaluate issues related to the impact of proposed benefit design changes. Attention is given to identifying benefit design changes and other programs that promote prevention, quality care, and adherence to treatment regimes for certain chronic conditions. ProfSoft assists with communication and follow-up with key accounts, as needed.

**Predictive Modeling:** ProfSoft has completed a variety of projects that used a number of predictive modeling products that correlated a group's costs to changes in the aggregated scores coming out of the predictive model. We recently completed an innovative project that used predictive modeling to enhance the client's high cost case management capabilities. We integrated the patient-level scores from the predictive model into a patient profile. Case managers are able to stratify the population based on costs and the retrospective and prospective scores from the predictive model enabling them to engage with case management patients earlier (e.g., those who may not have yet hit the high cost threshold). Once the target subpopulation has been identified, the case manager has access to patient-level profiles that summarize the patient's encounters with the health care system and compares actual costs to predicted costs, putting the patient's entire medical history at their fingertips, alongside an indicator of their future needs.

**Actuarial Performance Analysis:** ProfSoft monitors emerging cost and utilization patterns to monitor financial performance and to provide indicators of potential problem areas. Early intervention is vital to maintaining financial stability. We develop actuarial and financial models to estimate the impact of revenue, medical and administrative costs, both with and without provider incentive payments and other operational changes under consideration. Such operational changes may include changes in provider payment rates, network expansion or contraction, benefit modifications, selection bias, disease management, etc. In order to develop a more refined model, we go beyond traditional actuarial tools that are limited to utilization rates, unit costs, PMPMs, high cost cases, demographics, adverse selection, etc. We have incorporated epidemiological concepts into a risk model that enables us to understand the fundamental drivers of health care costs: diseases and accidents. The ProfSoft Epidemiological Risk Model (PERM) allows us to see how changes in a population's disease burden are affecting medical cost trends and to identify disease specific initiatives that focus on the population's greatest needs.

**Forecasting and Budgeting:** We analyze historical utilization experience to predict future utilization rates and costs. Using this information, we develop detailed financial projections for broad categories of care. These projections are used for internal budgeting and for negotiations with vendors. After implementation, the projected utilization rates and unit costs serve as targets against which actual results may be measured.

**IBNR:** Financially oriented reports need to include adjustments for claims that have been incurred but not yet paid. We value liabilities for medical costs and analyze reserve requirements for claims incurred but not reported (IBNR). This includes analyses of benefit ratios and trends. These measures provide a macroscopic view of network performance and are monitored routinely. When performance measures such as benefit ratios exceed target levels, we do a more detailed analysis to develop a plan of corrective action. (This analysis produces adjustment factors (e.g, completion factors) that may be incorporated into PMPM reports produced by the ProfSoft ACTION Suite.)

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