Oracle Health Insurance
Value-Based Payments

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INSURANCE

The challenges facing today's health insurance industry include rising treatment costs, ever changing government regulations, uncertainty around U.S. healthcare reform, and a highly competitive marketplace.

In the US, the Affordable Care Act (ACA) is causing the government to require payers to improve outcomes, lower cost and increase access to care.

Health Payers are looking for ways to change their focus from claims payment to being more involved in patient care. This includes focusing on wellness, care management and looking for ways to share the risks involved in payment for services.

This has led to the emergence of value-based contracting models. These models represent an evolution in clinical and payment methodologies aimed at creating better quality and cost outcomes, greater provider accountability, and improving cost efficiency. Oracle Health Insurance Value-Based Payments was specifically designed to support value-based payment models.

KEY FEATURES

- Highly configurable business rules written in natural language
- Provides detailed level of traceability needed to fully explain value-based healthcare payments of all sizes
- Allows for a variety of sources of member input information to align with a healthcare payer's system landscape
- Provides reusable contract setup components to reduce overall effort to maintain a large number of similar contracts
- High degree of configurability supporting the large variety of information required for different models and calculations
- User interface tailors itself according to customer and model configuration

Freedom to Innovate

Oracle Health Insurance Value-Based Payments is uniquely ready to support both traditional value-based models and a wide variety of emerging models. It fully automates the processing for value-based models. Purpose built specifically to handle the many aspects of traditional and emerging models, Oracle Health Insurance Value-Based Payments provides an enterprise strength solution that is quickly configurable to support traditional models, evolution of traditional models towards newer models and complete new models. It also supports other types of payments such as state charges or billing of long term care. Changes to traditional models and complete new models can be brought to market fast with the benefits of an enterprise strength system.

Many value-based models are in use and under consideration within the industry. They range from traditional capitation for primary care through models such as those paying for shared savings, meeting quality targets (bonus payments), care coordination (either on a per medical event or capitated basis), maintaining a patient centered medical home or specific care categories such as vision, dental, radiology or mental health. Payment amounts are based on rate tables, percent of premiums, actual claims spend compared to a budget and take into account both member and specific servicing provider characteristics. Likewise, agreements are made with a variety of organizations such as

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- Complete calculation engine natively handling trial calculations, final calculations, and recalculations for retroactive changes to contracts

- Automated periodic payment generation (set and forget)
- Lower administrative costs
- Faster processing times
- Increased provider satisfaction
- Outpace competitors by supporting innovative value-based models

individual primary care providers, local and nation-wide provider groups and institutions, and accountable care organizations.

Oracle Health Insurance Value-Based Payments supports the many types of models and agreements as well as combinations and variations of them. This is done in a structured way by allowing the individual aspects of models to be selected and combined in a nearly unlimited number of ways. Payment models can be designed as needed to meet specific goals without being limited by a specific vision of current and emerging models and capabilities of systems to support them.

Value-Based Payment Model Basics

Current and emerging models require flexibility in terms of setting up value-based models, the sources of information for triggering payments, calculating how much is to be paid, and making payments. Execution of the models requires a high degree of automation and traceability to both audit results and explain payments. Oracle Health Insurance Value-Based Payments provides this flexibility and automation to support a rich set of models with a low cost of execution and high level of quality, enabling you to keep pace with the changing needs of the market and even outpace your competitors when it comes to offering innovative products and services.

Payment Model Flexibility

Payment models are defined with full flexibility in terms of the factors (well beyond age and gender) that determine the rates that apply, rates comprised of multiple components such as a base rate with additions for administration fees and certain medical conditions or deductions for specific benefit plans. Rates may be determined based on a look-up in a standard rate table or use of a formula or member's premium. The factors for rate look-up and formulas are fully configurable.

Definition of factors, rates, rate components, basic formulas as well as more general model characteristics such as whether calculation is to done prospectively or retrospectively, how often it is to be done (monthly, quarterly, etc.), retroactivity look-back period, how a member is matched to a model and the time frame a member must be active within a period to be counted are configurable using the rich Oracle Health Insurance Value-Based Payments user interface. A fully integrated scripting language is provided to handle advanced rate determination formulas.

Many aspects of definition are time valid allowing, for example, the rates to be pre-entered before they change. The new rates will automatically come into effect on their designated dates while retroactive re-calculations continue to use the rates effective for their period.

Once a payment model is configured, it is presented automatically as a payment arrangement in a tailored user interface that specifically reflects the payment model. Each payment model only shows the aspects that are relevant to it allow users to focus on just what is relevant for the model they are working with at a particular moment.

Source of Information Flexibility

Oracle Health Insurance Value-Based Payments integrates with third party systems to accept source data electronically through well-defined integration points. Enrollment and

related member information is the basis for many payment models. The exact information (attributes) that an organization requires can be configured. The user interface is automatically tailored to reflect your specific configuration as is the entire calculation process.

Following an initial data load, it is only necessary to send in incremental changes to enrollment and related member information. Retroactive, current, and future-dated changes are supported. In the case of retroactive changes, Oracle Health Insurance Value-Based Payments will automatically do necessary recalculations that need to be done for all payment models that are relevant to the member, taking into account each model's retroactivity look-back period.

Alternatively, complete enrollment and member information can be sent in each period. Combinations are also supported such as using the incremental approach for base enrollment information and sending in a complete list of member to provider alignments each month (for example, sending in the alignments resulting from a claim analysis process each month).

Information needed in addition to enrollment and member information can also be sent in. For example, product details or provider group structures relevant to one or more payment models could be sent in and looked up during the calculation process and used as a factor in determining whether a member is covered under a particular contract or in determining a payment amount.

All information that is sent in can be used as a basis for any number of payment models. It is only necessary to have one set of enrollment and member details for all payment models. For example, retrospective, prospective, monthly, and quarterly models can all use the same base information.

Calculation Flexibility

The determination of the amount to be paid in relation to a specific member under a specific payment model can be configured in a variety of ways including a simple look-up in a rate sheet, the look-up of several rate components in rate sheets, the use of a simple formula (such as percentage break-down of a looked up rate), a complex formula specified using a scripting language, or a member's premium. All of these approaches can be combined.

Payment models can also include calculations for accounting purposes only, such as placing a percentage of a calculated amount into a pool or holding account for eventual reconciliation or calculating a budget. These accounting amounts can be determined in the same ways as actual payment amounts and in combination with them. For example, it is possible to pay a portion of a rate and withhold a portion by allocating it to GL account for later reconciliation.

Although Oracle Health Insurance Value-Based Payments supports full automated calculation for an extensive variety of payment models, integrated support is provided for fully traceable fine grained manual override of automated calculation results and for creating payments and accounting entries based on manual or external calculations.

All amounts that are determined through automatic calculation, manual entry, or import from an external source result in financial transactions that contain all information needed for payment and accounting by a financial system.

Payment and Accounting Flexibility

Oracle Health Insurance Value-Based Payments produces financial transactions for amounts that reflect the configuration of each payment model. The configuration can also include setting financial transaction attributes so that they are completely ready to load into a financial system for payment and accounting.

Extensive support is provided to determine exactly which detailed amounts are to be paid to which payment receiver. In this way, payments could be made directly to the individual providers (for just their attributed members) even though the contract is with a provider group or an institutional provider. Alternatively, payments can be made to the group or institution as a whole with full traceability as to which amounts pertain to which individual provider. Financial transactions can include cross-charge amounts to be collected from self-insured employer groups for their members.

Configuration can be done to determine which bank accounts payments are to be made from and how the general ledger code is to be set. The level of detail sent to the financial system is completely configurable. For example, general ledger entries and invoice lines can be bulked into single entries and all payment amounts to a particular provider can be bulked into a single invoice.

Automation

Oracle Health Insurance Value-Based Payments provides a full calculation engine that completely automates the regular periodic calculation. Once a payment model is configured, calculations are done completely automatically. Each period, the calculation engine determines the members that are active, those that had retroactive changes, which models each member is covered by, and the amounts that apply for each member in relation to each model. The nature of each model can vary considerably; however, the calculation engine uses the configuration of each model to do a fully automated calculation for each model.

Upon completion of this core calculation and a review of results, the engine transforms the detailed per member per payment model results into ready to pay invoices and GL entries.
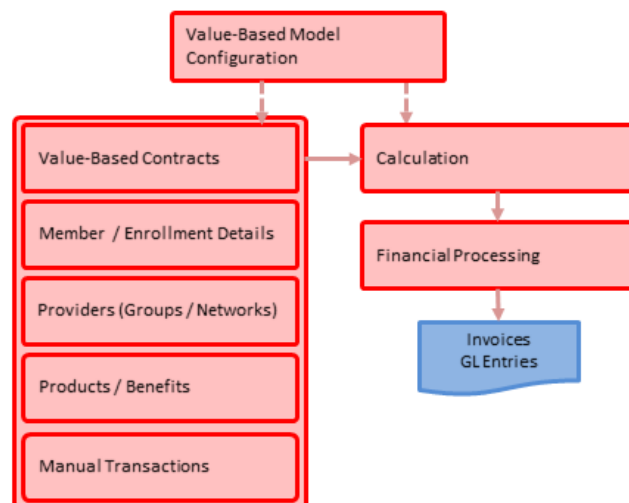
Oracle Health Insurance Components:

- Oracle Health Insurance Claims Adjudication
- Oracle Health Insurance Claims Analytics
- Oracle Health Insurance Claims Pricing

The following complementary applications are available:

- Oracle Documaker Enterprise Edition
- Oracle E-Business Suite Financials
- Oracle Human Workflow
- Oracle Insurance Revenue Management and Billing
- Oracle Health Insurance Enterprise Rating

Operational Efficiency

The high degree of automation that is provided leads in itself to the highest possible operational efficiency. This automation is supplemented with extensive support for exception handling. The user interface is tailored to present just the results that require attention. Once problems have been resolved, targeted reprocessing can be done just for the problem areas to provide quick confirmation of correction results.

For example, if results showed there was a problem with the information of the members of a specific group account, these could be corrected in the source system and a targeted recalculation could be done just for the corrected members (across all their relevant payment models). Likewise, if the configuration for a specific payment model required correction, a targeted recalculation could be done just for the specific model (and all its relevant members). Both full and targeted calculation runs can be submitted using the user interface or triggered using a job scheduling tool.

A trial run / pre-run capability is provided. This can be used globally or targeted just on members and / or models where problems are expected.

Traceability / Auditability

Oracle Health Insurance Value-Based Payments leverages the Oracle technology stack to track the detailed basis of each amount right down to the member / payment model / rate (component) level. This greatly facilitates trouble shooting and provides the basis for producing fully detailed payment collateral and a high degree of control of payments.

When financial transactions are sent to the financial system, they are stamped with the id of the message or file in which they are sent. This supports both drill back from financial systems to detailed source information in Oracle Health Insurance Value-Based Payments (such as the exact members an invoice covers) and auditing that all transactions sent have in fact been received by the financial system.

Configuration Templates and Reusable Components

Oracle Health Insurance Value-Based Payments provides templates and re-usable components to facilitate payment model configuration and roll-out. Each model is set up as an 'arrangement' which serves as a template for one or more contracts with (for example) specific individual providers, provider groups, institutional providers or ACOs. Once an arrangement is configured, contracts can be configured with the user interface which is automatically tailored just for the arrangement (payment model).

Arrangements can use re-usable components. For example, a standard rate sheet could be defined globally and used in multiple arrangements. Likewise, a complex formula can also be defined once and used in multiple arrangements or the definitions of factors that apply to rate determination can be used in multiple rate sheets.

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Oracle is committed to developing practices and products that help protect the environment