40th Annual Caribbean Insurance Conference

Theme: Insurance Powered by Emerging Trends & Technology

## Topic: Health Insurance and Trends In The Caribbean

**Presenter: Douglas Halsall, CEO, AIS**

# AGENDA

➢ **Jamaica's experience in the health insurance industry**

➢ **Health insurance and technology: The Provider Access System (PAS)**

➢ **Challenges and Solutions**

➢ **Trends and Way Forward**

**Private Health Insurer:**
Is health insurance a mere loss leader to attract the bigger employee benefits business?

**Public Health Insurer:**
How much are your drug plans exposed to fraud or abuse?

**Caricom Insurance Coverage:**
What are the hurdles to Caricom insurance coverage?

# Jamaica & Bahamas Experience

Jamaica

- All 3 major private sector carriers are profitable

- NHF has won multiple awards for efficiency and customer service

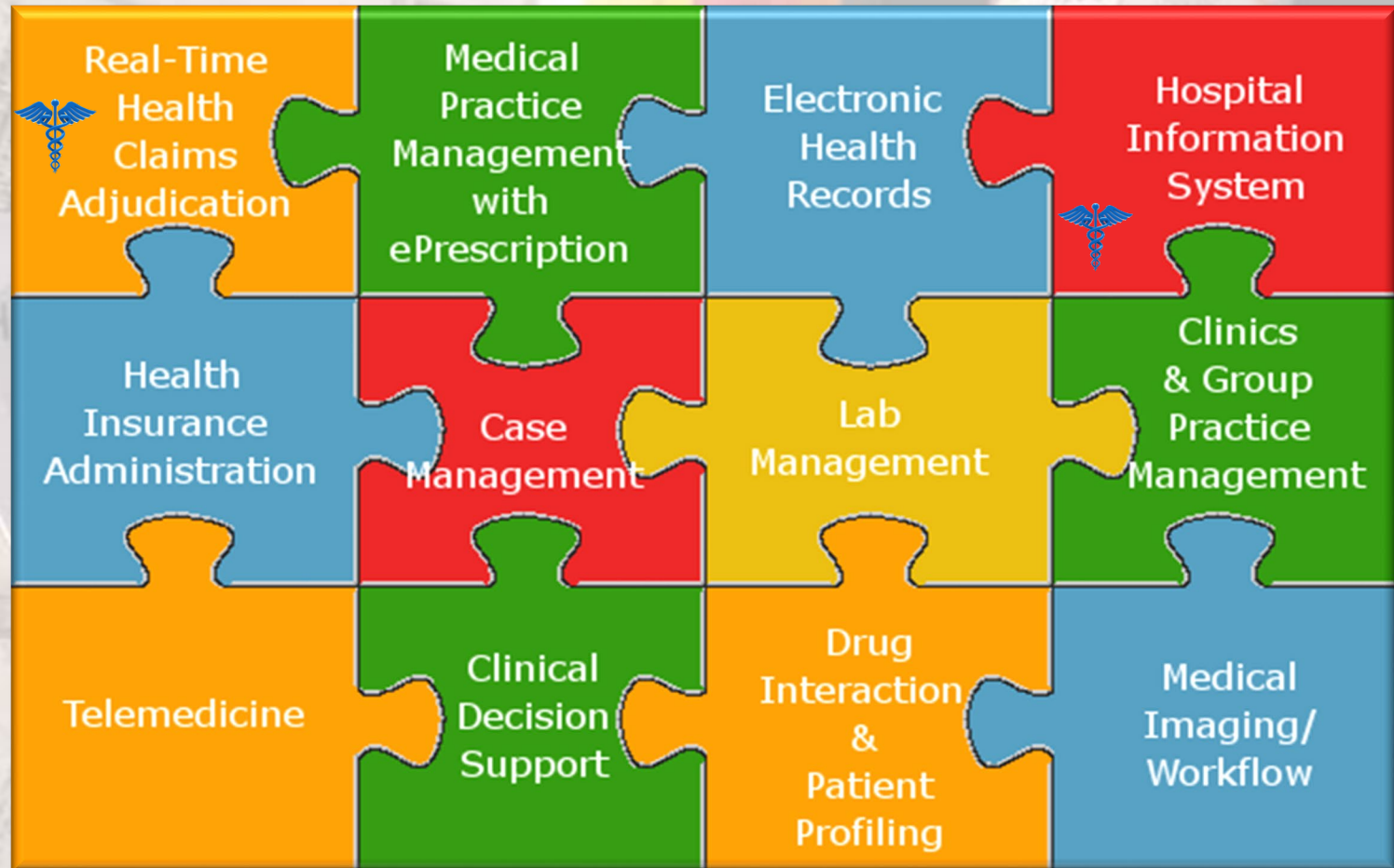Bahamas

- NIB won the ComputerWorld Laureate award in 2011

# PAS

## Provider Access System

# PAS Healthcare Solutions

# WHAT IS PAS?

- **An extremely flexible Online, <span style="color:orange">Real-time</span>, Health Benefit Management and Provider Claims Settlement System**

- **PAS employs web technology where best, however in initiating claims, like your credit card, PAS requires the swiping of the card**

- **PAS is designed to manage public and private sector health plans, with the options for PPO, C.O.B. between public and private sector plans and between multiple private sector carriers.**
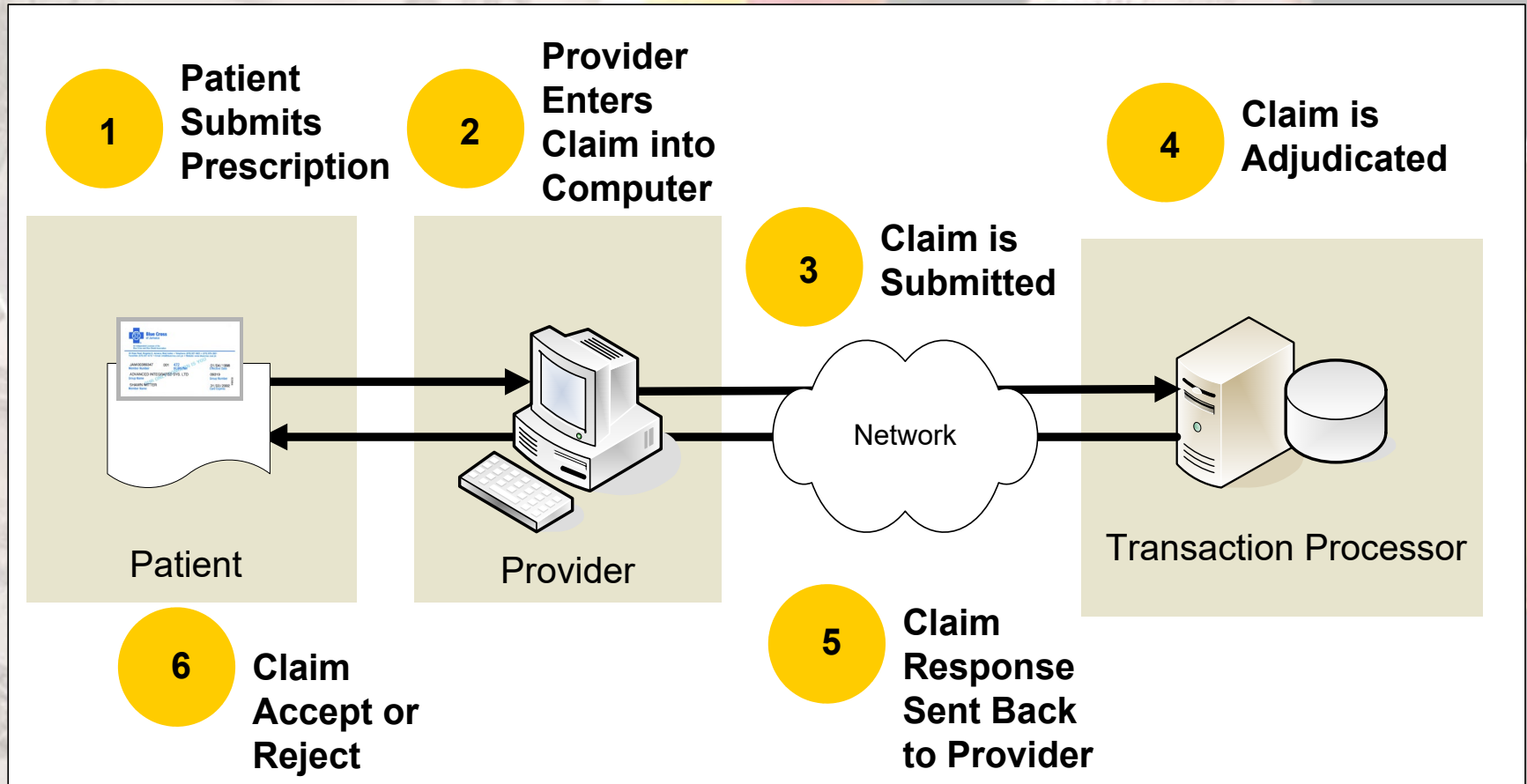
# How Does it Work?

# Claims Process



**1** Patient Submits Prescription

**2** Provider Enters Claim into Computer

**3** Claim is Submitted

**4** Claim is Adjudicated

Patient

Provider

Network

Transaction Processor

**5** Claim Response Sent Back to Provider

**6** Claim Accept or Reject

# Claims Processing

| CATEGORY | TOTAL |
|---|---|
| Medical | 3456 |
| Pharmacy | 546 |
| Dental | 196 |
| Optical | 167 |
| Lab | 63 |
| Hospital | 40 |
| GRAND TOTAL | 4468 |

**Number of Card Holders: 1,260,000**

**Claims Processed Daily: 130,000**
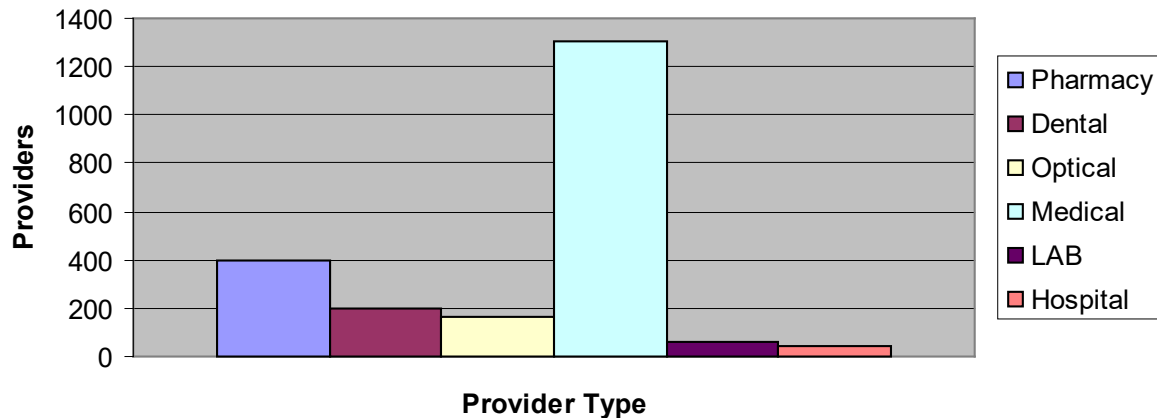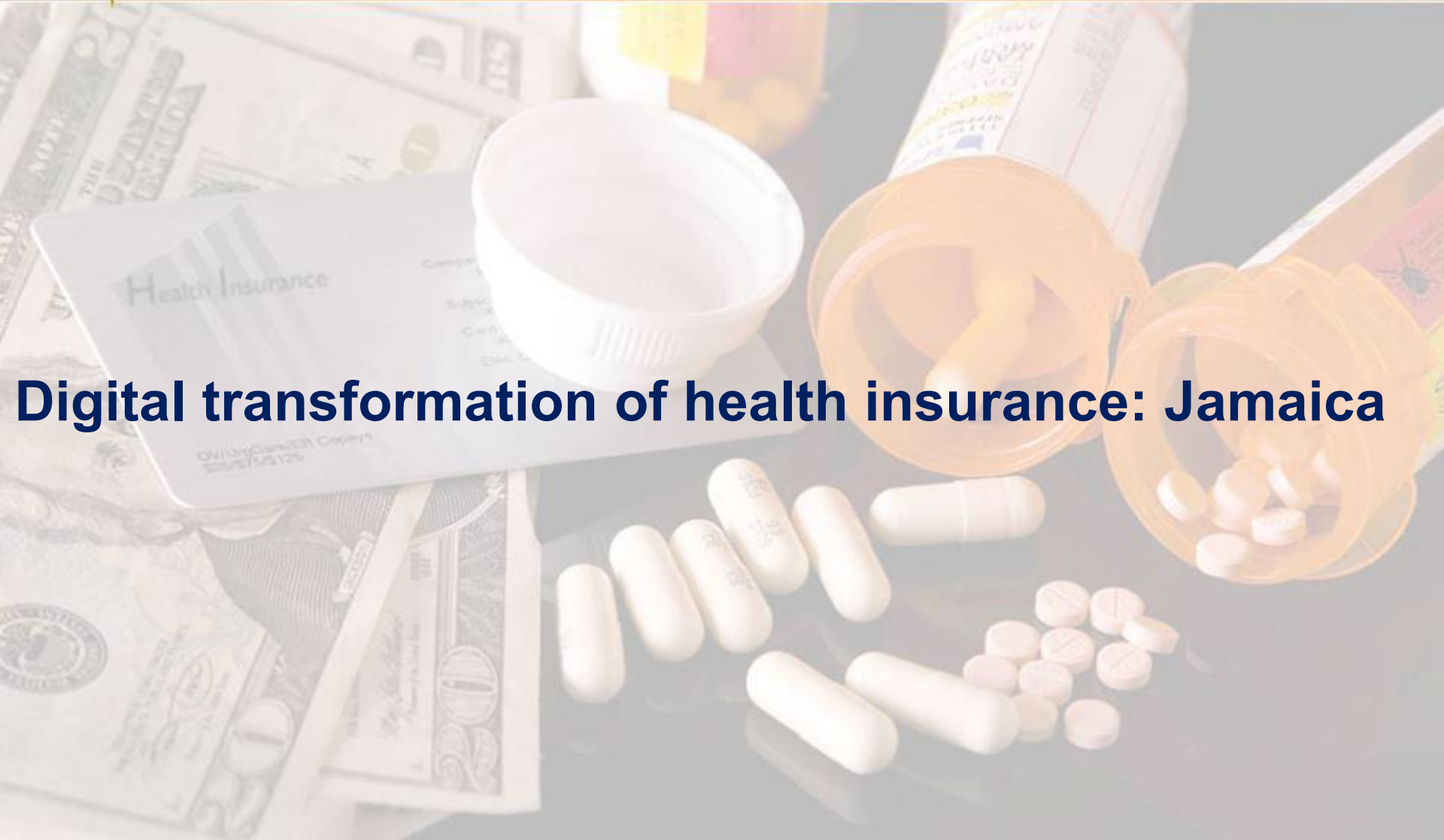
**Digital transformation of health insurance: Jamaica**

# CHALLENGES

**1** **MEDICAL CLAIMS**

Although online real-time adjudication of Pharmacy claims was fairly standard in the USA, this was prohibited for Medical claims. Hence - no "off the shelf" answers.

"Health Insurance Portability and Accountability Act of 1996 (HIPAA), prohibits this and must be submitted electronic batch in conformity with ANSI 837 batch format. Violation attracts US$25,000 per claim. Now they have yet to start enforcing these laws but the 'teeth' are there to do so in the future".

**-** Mark Harris, US Consultant, Health Insurance Industry.

# CHALLENGES

**2    FINDING A PARTNER**

- With a credible <span style="color:red">Online, Real-time</span> Pharmacy claims adjudication application that was willing to invest with AIS to Integrate Medical, Dental, Optical, Diagnostic, Hospital, etc.

- Most systems were Legacy and In Cobol making integration difficult & expensive.

# CHALLENGES

**3    DEFINING A COMMON ELECTRONIC CLAIMS TRANSMISSION STANDARD O/T NCPDP**

- **To Embrace all Provider types**
  - o Dental with tooth and quadrant numbers
  - o Medical with Procedure (CPT) and Diagnosis (ICD), etc.

# CHALLENGES

**4    NO STANDARD NUMBERING REGIME**

- Similar to NDC from FDA in USA, for OTC and Prescription Drugs

- Only 18% of Caribbean Drugs sourced from the USA

- All Pharmacies (over 650) use their own SKU numbering system.
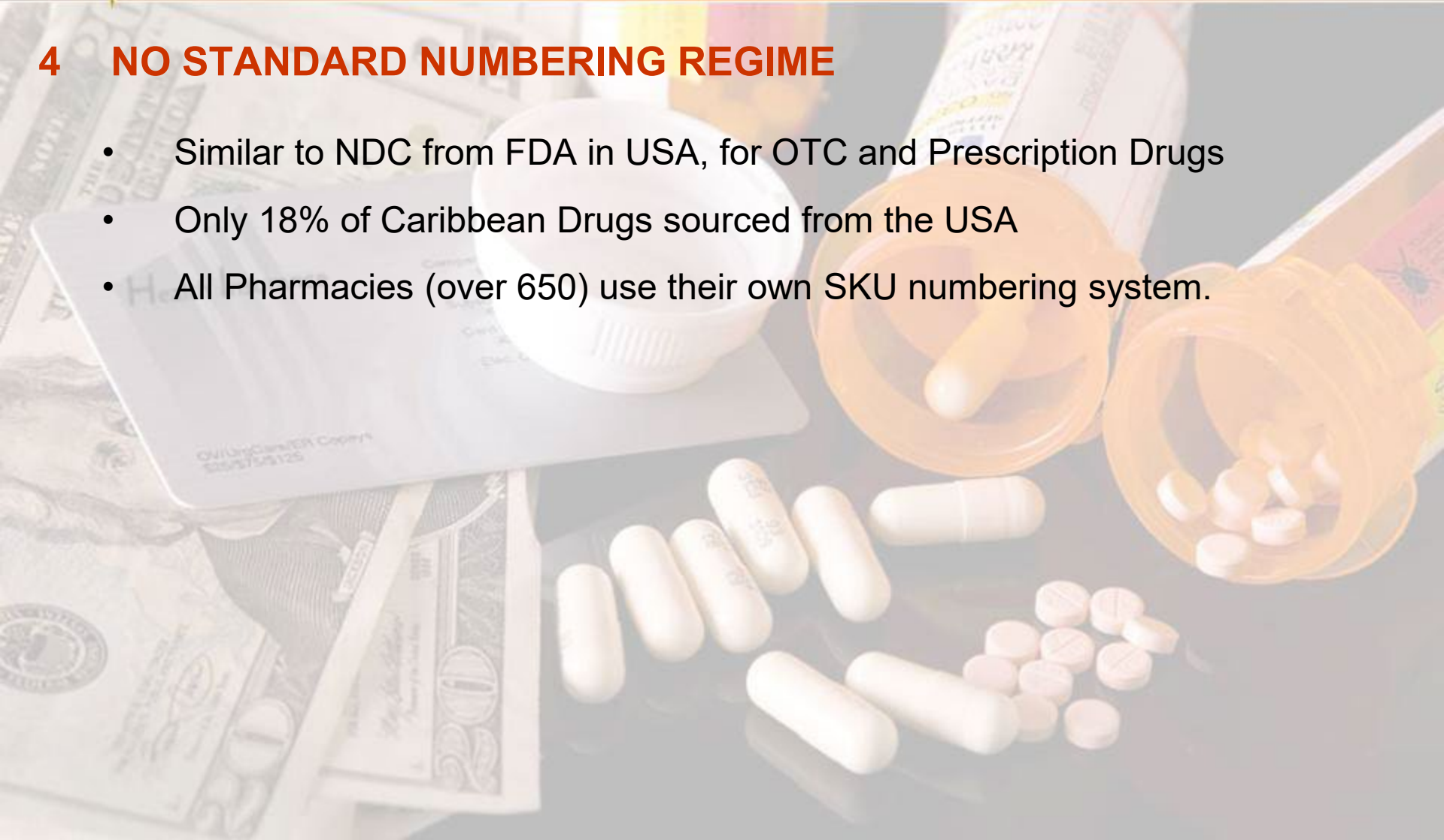
# CHALLENGES

**5    NO "OFF-THE-SHELF" SOLUTION TO DRUG INTERACTION & DRUG MONOGRAPH**

- **These are all based on USA NDC numbering Regime.**

# CHALLENGES

**6    Developing a comprehensive listing of OTC and Prescription Drugs**

- **To facilitate claims processing**

# CHALLENGES

**7    Coding of Drugs to establish formulary (make up)**

- To be able to identify like drugs, brands, generics, etc.

# CHALLENGES

8   **Developing and maintaining a database of eligible Prescribers and their Specializations**

- To validate who is qualified to submit particular claims

# CHALLENGES

**9    Getting Third Party Pharmacy Application Developers and Vendors onboard**

- To integrate and keep drug and Prescriber databases current

- To adopt our electronic claims transmission format for submitting electronic claims, with our assigned unique "NDC" numbers - despite local SKU numbers.

# CHALLENGES

**10** **Developing an intuitive and user-friendly application for non Pharmacy Providers - EPOS**
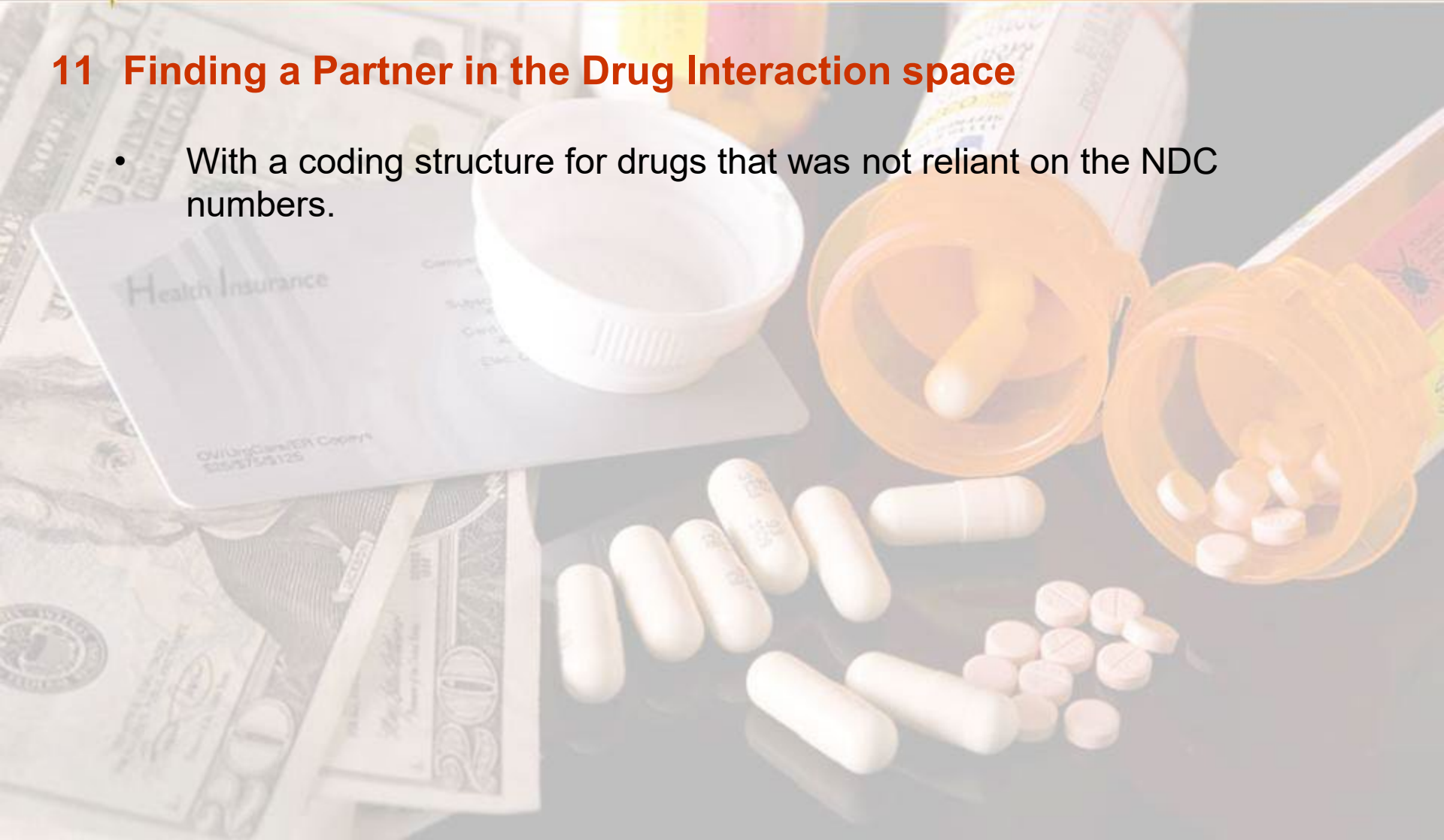
- To submit electronic claims.

# CHALLENGES

**11  Finding a Partner in the Drug Interaction space**

- With a coding structure for drugs that was not reliant on the NDC numbers.

# CHALLENGES

**12  Establishing a Secure, Fault Tolerant Data Center**

- Capable of sub 5 Seconds response for all claim adjudication

- 24/7/365 Operations with Disaster Recovery

# KEY SOLUTION STRATEGIES: PAS CLAIMS

1. Selected a Partner - PHI (now McKesson, Fortune 15)

   - Non Proprietary Application

   - Modern Design Concepts Facilitated Easier Integration
   - Parameter Driven Benefits and Plans development
   - Highly recommended by AETNA  (over 500K Claims per day).

2. Defined Standard Electronic Claims and Swipe Card Formats
   - NCPDP (Modified for Non-Pharmacy claims)

3.Defined, validated, developed and tested (exhaustively) non Pharmacy claims requirements

4.Developed a regime for assigning equivalent of "NDC" numbers to non USA sourced drugs and adopted the MediSpan coding methodology for the Coding of drug characteristics.

NB. This has now become the Caribbean Drug Code (CDC)

5.  Employed team of Pharmacists and trained them to Compile and Code Drug Database and Formulary for all OTC & Prescription Items.

6.  Worked with third party Application Vendors to integrate CDC into their applications for claims submission.

# KEY SOLUTION STRATEGIES: PAS CLAIMS

7. Developed "Customizable" and Intuitive user Interface Application (EPOS), for use by non Pharmacy Providers to submit claims.

8. Define EOB (explanation of benefits) for POS applications so that it harmonizes with Carriers, to make Provider reconciliation seamless.

9. Developed Provider Settlement via EFT or Cheques.

# Tackling Fraud

- Card Must be swiped to initiate a claim

- Version number encoded in Magnetic Stripe
  Facilitates invalidation of lost cards

- Prescription validation via email by Prescribing doctor.

- Prescription Audit

- Transaction Log - Data Mining

- Drug Interaction as indicator of possible Fraud.

# Coordination of Benefits

- Through the use of a unique ID, PAS can link policies from the same, or different Portfolios.

- By swiping any one card, PAS will access all related policies and adjudicate all claims against related policies, using a predetermined hierarchy.

- Automated COB between Public and Private Benefits.

# PPO – Preferred Provider Network

- The Facility to Identify Individual Drugs and their Characteristics, permits Carriers to negotiate prices with specific Pharmacies or Groups, for selected Subscribers' Benefits

- This negotiated price schedules can then be set up in PAS and used as the basis for Adjudication

- The lower of Submitted or Contracted Price is Normally used, but can be Overridden.

# Quantity Over Time Edits

- The facility to Identify individual Drugs and their characteristics, permits Carriers to control Benefits, in particular Pharmacy Benefits, by controlling the quantity of a particular Drug dispensed over a given period

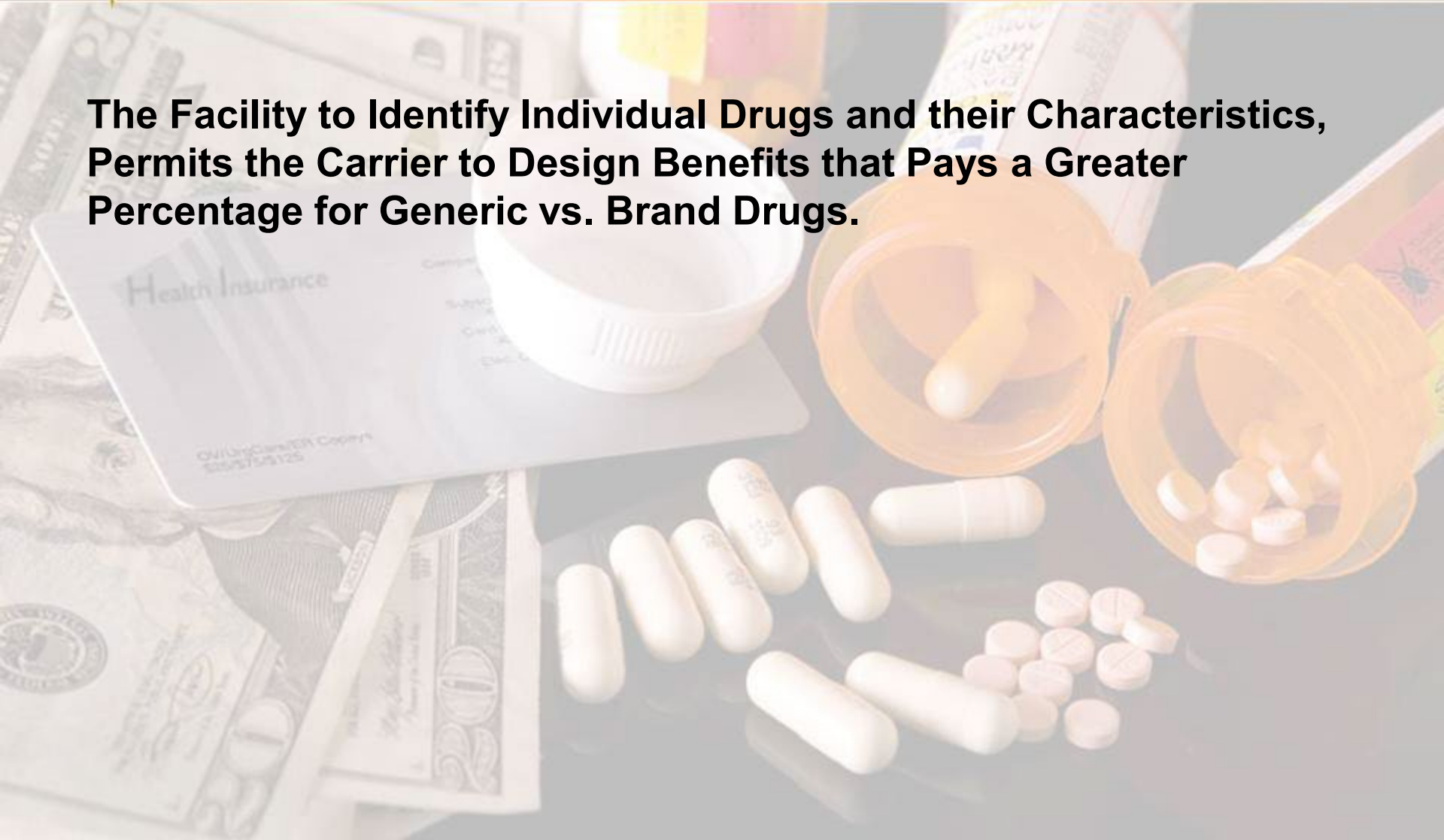- Drugs are identified using their "NDC" or "GPI" codes.
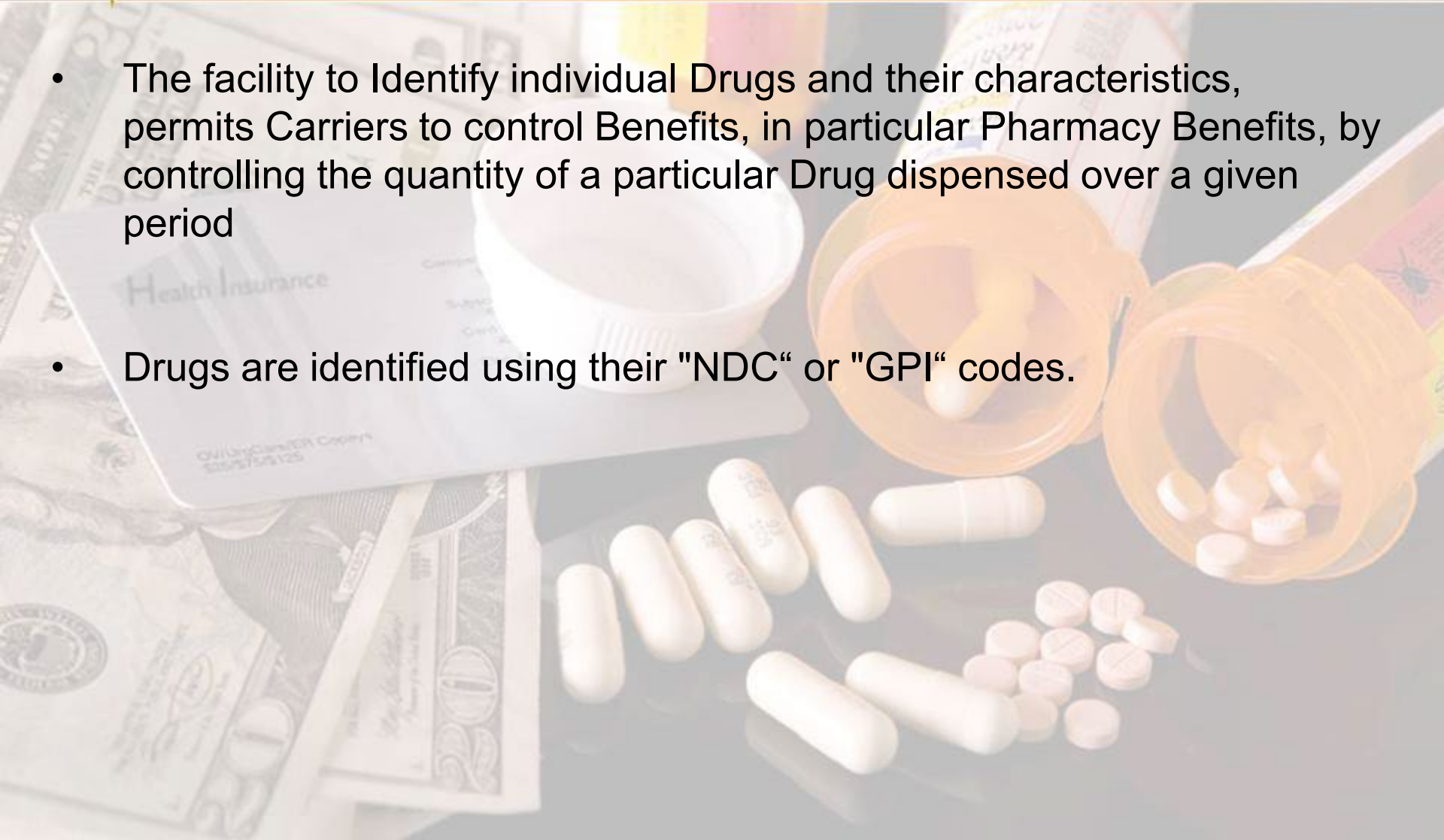
# Incentivizing The Use Of Generics

**The Facility to Identify Individual Drugs and their Characteristics, Permits the Carrier to Design Benefits that Pays a Greater Percentage for Generic vs. Brand Drugs.**
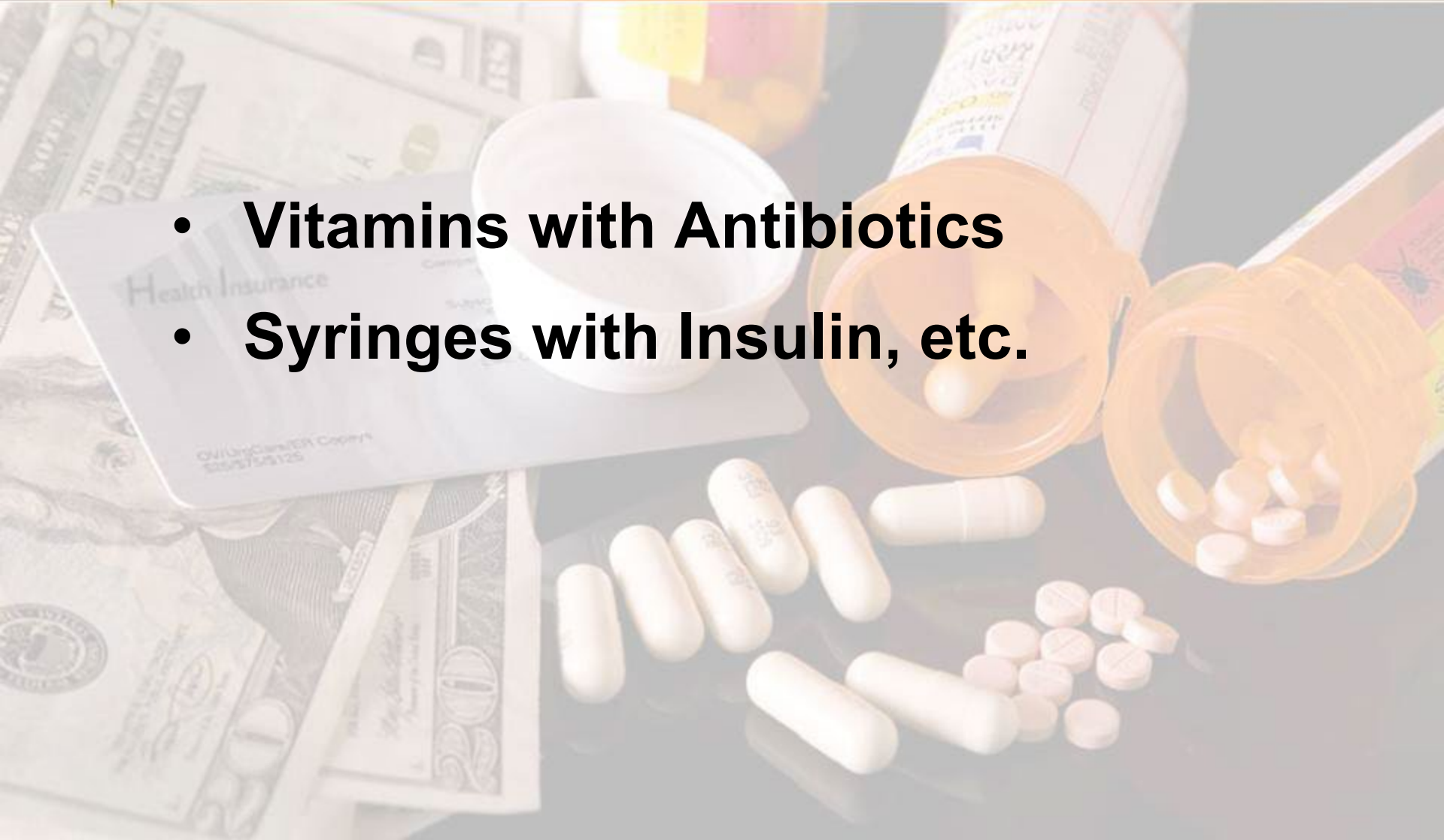
# Paying for Drug "A" Conditional on the Presence of Drug "B"

- **Vitamins with Antibiotics**
- **Syringes with Insulin, etc.**

# Trends

Innovative Health Insurance Products

ePrescription

Telemedicine/TeleHealth

Health Data Interoperability

Artificial Intelligence (AI)

Caricom Insurance Coverage

# Way Forward

- The entire healthcare industry has begun to increasingly embrace technology

- The health insurance industry in Jamaica led the way with PAS

- PAS is the least costly and most efficient means of processing health insurance claims

- It is our plan to bring this efficiency to health insurance across the Caribbean

- We will be releasing PAS throughout the Caribbean thereby widening its reach

# Contact us for more info

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# How COB Works