



ValidationInstitute

2023 Validation Report

Review for: finHealth

Validation Achieved: Savings

Valid through: September 2024



Company Profile



Category:	Healthcare Auditing
Website:	www.finhealth.com
Public or Private:	Private for profit
Year Established:	2019
CEO:	Jim Arnold
Company contact:	(843) 790-8855

Description:

finHealth helps self-insured employers find and recover payment errors that occur when processing medical claims in a self-funded health benefit plan. Their preferred business model is to be compensated based on errors identified, acknowledged, and refunded back to the plan sponsor.





Claim Assertion for Validation

finHealth helps self-insured employers find and recover payment errors that occur when processing medical claims in a self-funded health benefit plan. Their preferred business model is to be compensated based on errors identified, acknowledged, and refunded back to the plan sponsor.





Method / Calculation / Examples

Intervention link to outcome

- **State the outcome being measured**

The outcome measured is payments by self-insured health plans after an audit for errors and fraud. This net payment is then compared to the gross (pre-audit) amount.

- **Detail the intervention.**

The intervention is a computer program that analyzes medical claims billing to detect errors and fraud.

- **Does the applicant discuss published literature or other credible source demonstrating correlation between intervention and outcome? If yes, describe the correlation and the source cited by applicant. If no, does the literature exist to demonstrate a correlation between intervention and outcome?**

As error and fraud detection are long-standing industry practices, literature is not necessary to demonstrate the connection between the intervention (audit) and the outcome (lower payments than otherwise).



Method / Calculation / Examples

finHealth identifies errors in medical claims paid by health insurance carriers. In virtually all cases, the “error” would, if not corrected and refunded, generate higher expenses for the plan sponsor, the employee / member or both.

Examples include:

- Duplicate Payments
- Medical Coding Errors
- Contract Errors
- Eligibility
- Non-Covered Services
- Age / Gender Conflicts
- Missed or Incorrect Discounts
- Excessive Above-Market Charges (Outliers)

This following shows a typical finding. The “Amount Allowed” for the hospital (meaning after the network discount is applied to charges) was \$139,741 – to remove varicose veins on the left leg in an outpatient hospital. Fair facility cost in this market, according to Healthcare Bluebook, was \$3,833. The doctor was paid \$1,030, the fair-market price. Per the payer, they inadvertently forgot to apply a discount to the hospital bill, resulting in the recovery of \$131,000.

finHealth received an agreed contingent fee of 25% once the money was refunded to our client’s self-insured health plan.

Method / Calculation / Examples

Excessive Billings \$139,741 to Remove Varicose Veins

Claim # [REDACTED] Consolidated Claim View
 Encounter [REDACTED] Admission Type: N/A - N/A Total Billed: \$0.00 HWT: 0.0% **Total Allowed: \$139,741.10**

Member # [REDACTED] Age 59
 Spouse THE COLONY, TX
 Bill Type: F - Facility (Facility) Diagnosis: I83.89Z - Varicose veins of left lower extremity with other complications
 I87.2 - Venous insufficiency (chronic) (peripheral)
 R58 - Hemorrhage, not elsewhere classified

DRG: N/A - Not Available

Place of Service	Encounter	Length of Stay	Hospital	Discharge	Latest Dates	Days To
	Begin Date	End Date	Admission	Discharge	Submitted	Payment
22 - Outpatient Hospital	9/28/2018	9/28/2018	0		10/8/2018	2/12/2019 127

Provider # [REDACTED] 2019 Rand Study N/A
 NPI# [REDACTED] Encounter Treatment \$/Day: \$139,741
 CMS ID(CCN#): [REDACTED] Medicare Rating: [REDACTED]
 Pricing Method: N/A Pay Type: N/A - N/A

ClaimNbr (Line #)	Service Incurred Date	Medical Code	Days Or Units	Allowed Amount	Employee Copay	Deductible	Coinsurance	COB Amount	Company Paid
7651828290930-01 (1)	9/28/2018	R250 - Pharmacy-general classification	1	\$25.30	\$0.00	\$0.00	\$0.00	\$0.00	\$25.30
7651828290930-01 (2)	9/28/2018	R270 - Medical/surgical supplies-general	1	\$69.48	\$0.00	\$0.00	\$0.00	\$0.00	\$69.48
7651828290930-01 (3)	9/28/2018	R272 - Medical/surgical supplies-sterile supply	1	\$35.32	\$0.00	\$0.00	\$0.00	\$0.00	\$35.32
7651828290930-01 (4)	9/28/2018	R360 - Operating room services-general Modifier 1: LT - Left side	1	\$11,228.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11,228.00
7651828290930-01 (5)	9/28/2018	R360 - Operating room services-general Modifier 1: LT - Left side	1	\$62,040.00	\$0.00	\$0.00	\$0.00	\$0.00	\$62,040.00
7651828290930-01 (6)	9/28/2018	R360 - Operating room services-general Modifier 1: LT - Left side	1	\$61,681.00	\$0.00	\$0.00	\$0.00	\$0.00	\$61,681.00
7651828290930-01 (7)	9/28/2018	R710 - Recovery room-general classification	1	\$4,662.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,662.00
Payment Date: 10/26/2018				\$139,741.10	\$0.00	\$0.00	\$0.00	\$0.00	\$139,741.10

Fair commercial FACILITY price to remove Varicose Veins in Plano, TX is \$3,833.

Medicare would have reimbursed \$2,549, meaning this claim was paid at 5,482% of Medicare.

For perspective, the doctor was paid a fair price of \$1,030.

Data Source

- Describe the data source**

The prospective client provided a file of its claims' payments. The current client's dollar savings came from finHealth's program, which retains the original billed amount and the final (post-audit) payment amount.



Method / Calculation / Examples

- **Did the applicant have adequate data from a credible, reliable source?**

Yes.

- **Is the data source appropriate for the outcome being measured?**

Yes.

Methodology

- **Describe the evaluation methodology, i.e. trend from pre- to post-, comparing similar groups, etc.**

The analyst compared the original payment amount to the final (post-audit) payment amount. For the prospective client, the final payment amount was estimated. For the current client, the final payment amount came from finHealth's program.

- **Did the applicant collect and manage data in accord with standard evaluation methodology? Comment on any issues with compiling the measure, such as missing or incomplete data or lack of data on non-participants.**

None noted.

- **Is the data source appropriate for the outcome being measured?**

Yes.



Findings & Validation

A prospective client spent \$103.3 million annually for medical services; if they had paid a consistent price to providers of similar services, their annual spending would be \$70.8 million. The consistent pricing model is more than 30% lower than the client's current costs.

In a five-month period, finHealth's program detected errors worth 2% of their current client's spending for that period. The National Health Care Anti-Fraud Association estimates that three percent of all healthcare spending is for fraud [1].

finHealth is one of the few vendors to receive the highest of the four levels of Validation – Validation for Savings Achieved – because its revenue model is based purely on contingent fees paid from refund checks actually received by the self-insured employer / plan sponsor.

Occasionally, carrier contracts will forbid employers from paying contingent fees for bill audits, specifically to discourage them from looking for errors. In those situations, finHealth offers a subscription model based on members with a performance guarantee that ensures no budget dollars are required by clients.

Limitations

Normally, there are some asterisks here, called ‘limitations’ in academic language. But because the finHealth revenue model is usually contingent and based on actual overpayments returned, there are no significant limitations.

Quite the opposite: most carriers offer this service themselves. In those cases, the carriers also collect a percentage of the refund. This creates a moral hazard whereby the more inaccurate / inflated their own bills are, the more they can collect by “finding” the errors in their own bills. This type of offering would not be able to achieve Validation.



Validation and Credibility Guarantee

finHealth Valuelytics achieved validation for **Savings**. Validation Institute is willing to provide up to a \$25,000 guarantee as part of their Credibility Guarantee Program. To learn more, visit

<https://validationinstitute.com/credibility-guarantee/>

Savings

Can reduce health care spending per case/participant or for the plan/purchaser overall.

Outcomes

Product/solution has measurably improved an outcome (risk, hba1c, events, employee retention, etc.) of importance.

Metrics

Credible sources and valid assumptions create a reasonable estimate of a program's impact.

Contractual Integrity

Vendor is willing to put a part of their fees "at risk" as a guarantee.





Validation Expiration: September 2024

CERTIFICATE OF VALIDATION

Applicant: **finHealth**
717 Green Valley Road Suite 200
Greensboro, NC 27408

Product: finHealth Valuelytics

Claim: finHealth identifies errors in medical claims paid by health insurance carriers to generate savings for plan sponsor, member or both.

Validation Achieved: **Validated for Savings**

Validation Award Date: October 2020

Al Lewis
Founder and CEO Emeritus
Validation Institute

Vidar Jorgensen
Chief Executive Officer
Validation Institute



About Validation Institute

Validation Institute is a professional community that advocates for organizations and approaches that deliver better health value - stronger health outcomes at lower cost. We connect, train, and certify health care purchasers, and we validate and connect providers delivering superior results. Founded in 2014, the mission of the organization has consistently been to help provide transparency to buyers of health care.

Validation Review Process

Validation Institute has a team of epidemiologists and statisticians who review each program. The team focuses on three components:

- Evidence from published literature that a similar intervention had similar results.
- The reliability and credibility of the data sources.
- The rigor of the approach to calculating results.

To achieve validation, the program has to satisfy each of these components. VI's team then summarizes the review into a report which is publicly available. Details of VI's review are available with the program's permission.