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## FOR USE ANYTIME

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### Technology and Services

As the original accountable care organization (ACO) and a comprehensive healthcare management solution, SynerMed believes that secure exchange of medical information and the seamless connection of primary care physicians, specialists and patients are key components to the future of health care. By integrating physicians through technology, evidence-based medicine, streamlined workflow and management processes, SynerMed remains at the forefront of innovation and empowers its clients to save time, money and even lives.

SynerMed is committed to anticipating, meeting and exceeding the needs of our partners through the continuous, flexible and responsive evolution of our technology and services. Below is a comprehensive list.

Technology
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SynerMed's technology platform EZ-CAP™ features systems and software designed to minimize delays and maximize performance.

#### Virtual Examiner™

Virtual Examiner (VE) is a complete cost containment and financial recovery system. The VE claims scrubber reviews Health Care Financing Administration (HCFA) 1500 claims and identifies claims that are improperly coded or clinically inconsistent. With VE, SynerMed applies over 250,000 edits to each claim. Features of the service include:

- Daily claims and authorization production monitoring
- Monetary savings by identifying retro-deletes from eligibility, a better way to reconcile eligibility to capitation (3 -15 percent per check run savings)
- Software identifies denials and pending claims based on coding infractions:
  - Unbundling
  - Upcoding
  - Standards of medical practice
  - With and without services
  - Mutually exclusive services
  - Most extensive procedure
  - Laboratory panels
  - Separate procedures
  - Sequential procedures
- Third-Party Liability (TPL) and stop-loss identification and recovery
- System catches duplications by provider and by member

(Most systems only catch one or the other)

### EZ-Claims™

A proprietary workflow program, EZ-Claims is an electronic claims interface that gives SynerMed's contracted providers a more efficient method for claims and encounter submission, as well as the ability to receive payment faster. To boost productivity, the system organizes claims from oldest to newest, arranges priority and ensures timely payment. SynerMed has the ability to process HCFA 1500 or UB-92 claims electronically or manually. The system processes more than 45,000 claims a month from over 8,000 different providers.

### EZ-Auth™

The EZ-Auth system features authorization workflow to provide timely applications that foster better communications between SynerMed, its customers and their members. This technology allows SynerMed customers to enjoy virtually instant authorization turnaround times. The basis of this technology is a multi-port fax server that allows SynerMed to receive and send authorizations without having to print the authorization to paper. The authorization request is received via fax and converted to email. Once the authorization is converted, the system automatically routes the authorization to the proper SynerMed employee for processing. Upon processing the authorization, all records are stored in an image repository so they may be retrieved via a secured Internet connection or internally. After the authorization is processed, all decisions are then automatically faxed back to the requesting and rendering provider. The system will continue to send the fax until it reaches the doctor's office, so authorization backlog is a thing of the past.

The Virtual Auth Tech™ interface is used by coordinators to ensure authorizations are coded correctly on the front-end.

### SynerMedConnect™ Electronic Medical Management (EMM) System

SynerMedConnect™ is the company's online Electronic Medical Management (EMM) system, which is poised to address the future of health care transactions. Unlike electronic medical records (EMRs), an EMM is a robust system that can cut costs and save time by reducing administration and allowing health administrators and individual physicians to access, store and process information instantaneously. SynerMedConnect offers a diverse menu of functions including authorizations, claims submissions and eligibility verification services. The system also has a unique Web-based business application that allows SynerMed's medical staff to communicate directly with patient's physicians, increasing the efficiency of patient care. In addition, SynerMedConnect caters to the large number of medical practices that haven't been able to purchase expensive EMR systems. For these customers, a fax machine can be used to attach data to particular files within the SynerMedConnect network.

### eConnect

At the cutting edge of health care delivery, SynerMed's e-consult service, eConnect, enables primary care physicians to consult electronically with specialists throughout Los Angeles. Using secure, Web-based technology, e-consults increase both collaboration regarding a patient's care and the speed with which a patient's care is delivered, often reducing the specialty referral and appointment process to a few days. The result is efficient, coordinated care and increased access for patients who would otherwise be left out of the system, due to their geographic locations. In addition, e-consult programs have proven to eliminate unnecessary office visits and reduce clinic wait times by triaging urgent and non-urgent issues before a patient even visits the specialist's office.

## Services

### Claims Administration

SynerMed provides fully compliant and timely claims processing services to its customers. With one claims examiner for every 8,000 members, SynerMed matches efficiency with a high level of customer service. SynerMed uses EZ-CAP in conjunction with VE to log, adjudicate and pay claims. Using VE, SynerMed has been able to save customers 10 to 15 percent in related claims expenses. VE scrubs every transaction in EZ-CAP and ensures that claims are properly coded. On a daily basis, SynerMed claims examiners review their production the day before to ensure the highest level of accuracy. In addition, SynerMed has the ability to receive and adjudicate claims electronically – in many cases without additional software or costs. Additional features of the claims administration service include:

- Complete claims processing and adjudication: 20 calendar day turnaround time – exceeding all regulatory requirements
- Special handling of Medicare claims: 3-5 business day turnaround on double date stamped claims
- Prompt forwarding of health plan and/or hospital liability claims
- Health plan compliance = 100 percent
- Dedicated customer service with a multi-lingual staff (English, Spanish, Mandarin, Vietnamese, Tagalog)
- Artificial intelligence software/claims adjudicator (VE)
- Electronic claims submission – currently 50 percent of all claims are handled electronically
- Customized claims workflow software (EZ-Claims) allows SynerMed to:
  - Automate adjudication
  - Apply VE edits
  - Generate AB 1455 compliance letters
  - Automate claims forwarding
  - Create denial automation
  - Integrate claim images
  - Create departmental integration

### Claims Billing Recoveries Using Virtual Examiner

Using VE on a daily basis, SynerMed's claims staff captures and makes recoveries on behalf of its customers for the following claims infractions:

- Unbundling - Unbundling is the practice whereby the physician "splits out" the component parts of a procedure and bills them separately rather than using a code describing the total procedure. This can include separating the component parts of a surgery but also supplies which are traditionally included as part of the surgery charge.
- Upcoding - Upcoding usually applies to levels of service and refers to a practice whereby the physician charges a higher level of service than was actually rendered (E&M codes especially).
- Standards of Medical Practice - Commercial and Medicare payors consider all of the services necessary to accomplish a given procedure to be included in the description of that procedure as defined by the American Medical Association (AMA) Current Procedural Terminology (CPT)

manual. Ancillary services necessary to accomplish the procedure are considered included, although independent CPT codes may exist for these ancillary services. Billing for these independent CPT codes is considered unbundling, which is prohibited.

- With and Without Services - Certain CPT descriptors designate procedures performed "with" or "without" other services. The nature of the CPT descriptors in this category makes it impossible for the provider to bill each code. In most cases, SynerMed software will identify and report in the denial explanation of benefits (EOB) a recommended CPT code, which is the most appropriate subject to review by the examiners.
- Mutually Exclusive Services - Mutually exclusive procedures represent services that, based on either the CPT definition or standard medical practice, would not or could not reasonably be performed at the same session by the same provider on the same member. CPT procedure codes representing these services cannot be submitted together.
- Most Extensive Procedures - When CPT descriptors designate several procedures of increasing complexity, only the CPT code describing the most extensive procedure actually performed should be submitted.
- Laboratory Panels - Multiple pathology CPT codes cannot be submitted separately when a more appropriate comprehensive CPT panel code describes the grouping of billed procedures.
- Separate Procedures - While certain CPT codes defined by the AMA are identified as "separate procedures," HCFA has determined these codes may occasionally be provided as part of a more comprehensive procedure and at those times these codes with a designation of "separate procedure" should be submitted with their related and more comprehensive codes.
- Sequential Procedures - In those encounters where the provider finds it necessary to attempt several procedures in direct succession to accomplish the same end, the provider must submit only the procedure that was successfully accomplished. This policy generally applies to limited procedures, which are unsuccessful, mandating a more comprehensive procedure. [Note, HCFA has established the -GB modifier to help payors identify when distinct procedures have been performed by the same provider on the same date of service.]

### SynerMed Insurance Services

SynerMed Insurance Services, a division of SynerMed, Inc., is a comprehensive health benefits agency that offers a variety of insurance services to the healthcare community. SynerMed Insurance Services specializes in products that enhance the profitability and strategic positioning of SynerMed's clients. By leveraging existing relationships with all major Medicaid, commercial and Medicare health plans, SynerMed Insurance Services allows physicians to offer insurance services to their patients, including access to a variety of Medicare Advantage plus Prescription Drug (MAPD), Special Needs Plans (SNP), group and individual insurance plans.

With SynerMed Insurance Services, each patient receives plan guidance based on their location, preferences and specific health care needs from a personal health care assistant. SynerMed Insurance Services also offers patients a Membership Passport™, which provides efficient access to a large network of providers, easy access to plan benefits, assistance coordinating transportation to medical appointments and appointment reminders. Other patient benefits include: access to multi-lingual

providers and customer service staff; access to benefits that may provide cost savings; and annual health assessment reminders.

In addition to increasing patient satisfaction and retention, SynerMed Insurance Services offers SynerMed customers an opportunity to grow and protect their practice by coordinating outreach and marketing/retention efforts that allow physicians to increase community awareness; offering contracted providers protection from unpredictable events through medical malpractice insurance at special rates; ensuring full and strict adherence to HIPAA and CMS rules and regulations; ensuring full and strict adherence to Federal and State guidelines; and ensuring disenrollment follow-up.

### Utilization Management

SynerMed's utilization management review process ensures a patient's hospital stay, surgery, tests or other treatment is necessary. The service features:

- Referral authorizations in 48 hours or less
- 100 percent compliance with all health plans
- Administrative policy and procedures
- Referral authorization, pre-certification, concurrent review, case management, and discharge planning
- Patient repatriation from non-contracted facilities
- Specific Medi-Cal and Medicare expertise (e.g. CCS referrals and the coordination of Hospitalists)
- Auth-Fax server ensures effective and timely communication between MSO and provider
- Electronic web portal for quick access to critical issues.
- Newly introduced Medical Director Review Portal, which enables physicians to log in securely via the Internet to review authorizations and make clinical decisions. They can also review active cases and hospitalizations. All information is tied into EZ-Auth for seamless communication between SynerMed staff and the Medical Directors.
- Virtual Auth Tech used by coordinators to ensure authorizations are coded correctly on the front-end
- Internet Access for authorizations

### Quality Management

SynerMed maintains Quality Management (QM) programs that continually evaluate, monitor and improve the quality of care provided to its client members. SynerMed works with affiliated physicians, health plans and ancillary providers to improve the quality of care. Among the services provided are monthly and quarterly reporting submissions to the health plan providers. Through SynerMed's IT system, this reporting is generated and distributed automatically. In addition, the SynerMed team establishes a quality committee with each client to focus on credentialing, physician recruitment, performance activity and evaluation, facility and medical record auditing, and the reporting of HEDIS measures. The SynerMed commitment to QM includes:

- 100 percent compliance with all health plans
- Clinical practice guidelines
- Standard QM policies and procedures
- HEDIS reporting and analysis

- Dedicated health education specialist to coordinate hospital and health plan activities as well as a provider newsletter
- Establishment and maintenance of quality committee

### Credentialing

SynerMed credentials every physician provider under contract – excluding hospital-based physicians, who are re-credentialed every two years. SynerMed works with an NCQA-accredited credentialing verification organization, to help meet the highest credentialing standards for its customers. Credentialing is done in-house with Intellisoft™ software. Features of this service include:

- Report and analysis of outstanding credentialing
- Provider credentialing/re-credentialing
- Practitioner quality tracking
- Continuing medical education (CME) monitoring
- Interface with the Office of Inspector General (OIG), and National Practitioner Data Bank (NPDB)
- Automatic letter generation
- Automatic reminders
- Work flow management
- Verification letter generator
- Appointment and re-appointment verifications
- Dedicated staff to accommodate the customer's need to grow
- Scanning of credentials
- Adherence to all National Committee for Quality Assurance (NCQA) requirements
- Full health plan delegation for all health plans

### Financial Management

SynerMed ensures success for its customers through management reporting, as well as finance and accounting activities. SynerMed carefully tracks every dollar of capitation and every claim paid against that capitation by health plan, product and provider. In addition, SynerMed provides a complete financial packet for its customers on a monthly basis. Included in each packet are a balance sheet, income statement, cash flow statement, administrative expense detail, Incurred But Not Reported (IBNR) calculation, lag studies and health plan profitability analysis. This information can be used by SynerMed's customers to help them make contracting and strategic decisions related to their businesses. Additional features of this service include:

- SynerMed-produced full financial statements monthly
- Accounts receivable and payable management
  - Capitation/eligibility reconciliation
  - Per Member Per Month (PMPM) analysis of claims by ICD-9 code, CPT, or provider
- IBNR calculation and management per the National IPA Coalition (NIPAC) and IRS standard
- Profitability analysis
- Cash management
- Stop-loss tracking
- Year-end tax planning

- Excellent relationships with auditing firms
- Contracting (health plan, provider and recruiting)
- Ad-hoc custom reporting to focus in on key issues affecting each of our unique clients.

### Health Plan Contracting

One of the keys to success under managed care is good contracting and negotiating skills. SynerMed provides the following health plan contracting services to its customers:

- PCP and specialist contracting to promote growth and cost-effectiveness
- Review contract documents
- Health plan contracting and re-negotiation to obtain the necessary contracts to expand the IPA/MG and to negotiate highest possible rates
- Resolve questionable terms or stipulations
- Determine service matrix - divisions of financial responsibility (DOFR)
- Ensure delegation of UM/QM
- Hospital shared-risk contracting (hospital partnering) - calculate and negotiate risk sharing settlements
- Address retroactivity and adverse selection issues
- Ancillary contracting

### Provider Contracting and Recruiting

Provider contracting and recruiting services are also provided by SynerMed. The company helps its customers maintain regulatory compliance by ensuring that all required ancillary and specialty services are contracted. In out-of-area and out-of-network cases, the SynerMed team also provides one-time only contracts to ensure appropriate access to members. SynerMed's role in contracting activities includes:

- Rate methodology
- Type and volume of provider
- Negotiation
- Identify and address carve-outs
- Physician recruitment

### Risk Sharing Contracting, Analysis and Management

SynerMed is uniquely qualified to help its customers with risk-sharing contracting and analysis because of its experience as an MSO for hospitals. SynerMed is intimately familiar with the ins and outs of hospital risk and ensures that its customers are getting a fair deal when it comes to settling the risk pool.

### Additional Insurance Services

Stop Loss - SynerMed works with the all the major stop-loss brokerage houses and sometimes directly to the underwriter to secure the appropriate stop-loss coverage for its customers. SynerMed gets involved to improve coverage, expedite the claims recovery process, and reduce paperwork. We also carry an umbrella policy, which pools our clients' coverage for more economical pricing.

Third-Party Liability (TPL) - When a member is injured or becomes ill via a third party, the payer organization has an opportunity to seek reimbursement from either another insurer or compensation from damage awards. Most TPL recoveries are from automobile insurance carriers. Patients injured in auto accidents are characterized by youth, severe injuries with a high occurrence of head and neck involvement, and litigation.

ICD-9 codes are reviewed against the IPA's data set for diagnoses that have a high probability for third party recovery. Members who reach Level 1 have a higher level of probability for accident or injury that may result in a third party recovery. The member number, along with identifying information, are included in the report of the total paid, types of services and the diagnoses codes. Level 2 identified cases have a lower level of probability for TPL and will require review by the auditor or recovery staff prior to the generation of a TPL letter.

Coordination of Benefits (COB) - The goal of SynerMed's Coordination of Benefits program is to prevent the member, health plan, or a provider from receiving payments in excess of 100 percent of the necessary costs for needed medical care or services. In addition to TPL identification and management, Stop-Loss recoveries and subrogation, the following are examples of the most common rules that are used:

- The Birthday Rule
- Subscriber Rule
- Medicare as a secondary payor

### HIPAA Contingency Plan

Health care providers who submit transactions electronically will be responsible for complying with a new set of federal standards for conducting electronic health care transactions. These transaction requirements came about as a result of the 1996 Health Portability and Accountability Act (HIPAA) passed by Congress. This law included the now well-known privacy protections for health care information, as well as other "Administrative Simplification" provisions that went into effect in October 2003.

The HIPAA standards require health care providers to collect more information than they have in the past in order to process a health care transaction electronically. The standards also require that electronic data be submitted in a specific format and encrypted (none other than the intended receiver can view the data).

SynerMed helps its customers migrate to the new HIPAA standards without creating unnecessary administrative burdens or causing significant disruptions in health care payments and services.

SynerMed will continue to actively and aggressively test and otherwise collaborate with providers wishing to transition to HIPAA standard transactions. Because of the wide variation in payer and provider readiness, this process must be carefully managed over a period of months. As part of the transition, SynerMed will continue to process claims and other transactions without the additional information requested by payors under the HIPAA standards.

### HIPAA Compliance

SynerMed and its affiliates have been diligently following the evolution of the administrative simplification provisions of the Health Insurance Portability and Accountability Act (HIPAA) since its inception in 1996. SynerMed's goal is to ensure the company's systems, supporting business processes, policies, and procedures can successfully meet the implementation standards and deadlines mandated by the United States Department of Health and Human Services (DHHS). To achieve this goal, SynerMed features the following:

- Formation of a HIPAA committee
- Establishment of a HIPAA program manager
- Development and implementation of an impact assessment on business processes and systems
- Development and implementation of HIPAA education and awareness programs
- Identification of specific remediation projects necessary to mitigate actual or potential exposures
- Assessment of the impact HIPAA requirements may have on SynerMed's products and services
- Evaluation of business processes and best practices to realize the benefits of Administrative Simplification

### Management Reporting

SynerMed offers its customers extensive and tailored management reports. The goal is to provide customers the tools necessary to make the right decisions. As such, SynerMed provides the following basic reports:

- Customized reporting to meet the individual needs of each of our clients.
- Standard reporting package to meet Health Plan Coalition Standards
- Standard reporting package – Internet accessible for selective users, including:
  - organization performance
  - disease management
  - financial summary
  - primary care profiling
  - specialist profiling
  - institutional utilization
  - comparative reports to other groups and more than 3,000,000 capitated members

### Encounter Data

SynerMed submits encounter data (UB-92 and HCFA 1500s) on behalf of its customers to their payors. On a monthly basis the data is extracted, then encrypted and submitted to the payors or their intermediary via ProxyMed or Diversified Data Design Corporation. (DDD).

### Eligibility Processing

SynerMed receives and processes eligibility data from health plans and employers in either paper or electronic format. Ninety-five percent of all eligibility files are processed as electronic transactions. In addition, SynerMed audits the eligibility information against capitation using a retro-term report. This retro-term is completed on a monthly basis.

### Pharmacy Management

The cost of pharmaceuticals is a major contributor to the dramatic escalation in the cost of health care in the United States. Infused and injected drugs are considered to be Part B responsibility, and as such pose a significant downside risk to select SynerMed customers. In response, SynerMed has developed programs to control costs including: pricing channels, ordering consultation, dosing management, replacement programs, and much more. SynerMed, through its relationship with PharMedQuest, works to maximize customers' pharmaceutical savings. The net effect is that SynerMed can help customers save money and improve the health and safety of patients in a cost-effective manner.

#### Back-Office BPO Services

SynerMed provides an abbreviated or a la carte version of its full-service option for those organizations that want to maintain local control of specific functionality but need an organization to provide IT infrastructure and other essential services.

#### Claims Clearinghouse

The Claims Clearinghouse allows customers to save time and money by automating claims processing through existing software, eliminating the need for paper forms, envelopes, stamps, ink cartridges and printer maintenance, and providing more organized and efficient records management. Customers simply fill out the electronic forms and upload the associated text file to the Office Ally Web site. An acknowledgement receipt is sent immediately via e-mail, and claims are processed much faster than traditional paper-based forms. Additionally, rejection rates decrease dramatically with the Clearinghouse method, and payment is received more quickly.

#### Union/Taft Hartley Plan Administration

SynerMed provides trust administration for union employer groups with self-funded benefits plans. Rather than contracting with external PPO-based providers who can drive up the costs of such plans, SynerMed administers health benefits through its own proprietary provider networks. This results in significant savings for union employers.

#### Marketing Assistance

SynerMed allows partners to promote their practice(s) by assisting with various marketing and promotional efforts. This includes branding, advertising and the development/delivery of targeted patient communication materials.

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