

Healthcare Authorization Systems

Pre-Payment Claim Authentication, Medication Adherence, and Wellness Support Service

Executive Summary

U.S. healthcare fraud and medication non-adherence costs waste \$75 to \$250 billion and \$100 to \$289 billion a year, respectively. The total wasted is \$175 to \$539 billion a year...or \$557 to \$1,717 a year for each of the 313,900,000 people in the U.S.

The CDC reports medication non-adherence causes 30% to 50% of treatment failures, 125,000 deaths, and costs \$2,000 per patient in physician visits annually. Statin non-adherence increased risk of mortality is 12%-25%. Cardio-protective non-adherence increased risk of hospitalizations is 10%-40% and mortality is 50%-80%. Prescriptions never filled = 20% to 30%. In about 50% of cases, medication is not continued as prescribed. Rates of medication adherence drop after first six months. **Improved medication self-management results in a cost-to-savings ratio of 1:10.**

Healthcare Authorization Systems (HAS) solves a problem that has existed for decades. HAS is a real-time claim authentication, medication adherence, and wellness support service that will **1) authenticate payers' healthcare claims before they are paid, 2) help patients take medications as directed, 3) help people create healthier habits, and 4) engage all patients and providers nationwide at no cost to patients and providers.** Healthcare payers will be HAS' customers and HAS will serve all healthcare payers.

HAS will 1) enable healthcare payers to inexpensively authenticate each claim before it is paid, 2) reduce medication non-adherence-related costs, 3) protect the money that pays for patients' care and providers' livelihoods, and 4) be part of the normal workflow.

HAS uses proven technologies to bridge the authentication gaps in today's claim processing systems. HAS is convenient, simple to implement, and easy to use. HAS takes advantage of the shift to individual use of mobile/smart phones. To get maximum value from HAS, patients need to use mobile phones that can send and receive text messages. Established programs make mobile/text-message phones available free of charge to qualified individuals. HAS' free service for providers and patients makes adoption virtually automatic.

HAS pre-payment claim authentication creates, records, and delivers to HAS' healthcare payer customers **proof of healthcare encounter facts** (data) for medical orders, prescriptions, and services that will appear on a healthcare claim. These data **1) are currently unavailable, 2) will become a part of each claim, and 3) enable HAS customers to inexpensively authenticate each claim before it is paid.** Each HAS document and its data create chain-of-evidence proof of what occurred, when, where, for how long, and who participated. HAS will **1) eliminate all imposters from health care's payment system, 2) identify improper claims before they are paid, and 3) document healthcare utilization by provider, patient, and location.**

HAS medication adherence will send patients text reminders to take each dose of medication on time. HAS will record all prescriptions written and document the receipt of each prescription. HAS will notify the prescriber when a patient has not picked up a prescription. The clock is started on reminder messages that match the drug, dosage frequency, and number of doses by the patient's reply to a message sent after the prescription is picked up. If another person picks up a patient's prescription, the patient receives a message notifying him who picked it up, when, and where.

HAS wellness support will **1) periodically ask patients a series of questions about their health, 2) with permission, send patients' answers to their physician's staff for review and scheduling; 3) help practitioners and patients identify potential health problems early; and 4) help with tobacco cessation, alcohol moderation, and physical activity by recording and tracking answers to opt-in daily text messages about these activities.**

Competition: HAS' pre-payment claim authentication service is faster, easier, more effective, and less expensive than all other claim authentication services. CMS' 18-minute video explaining their fraud-prevention strategy is available at: <http://www.youtube.com/watch?v=5q5RvPwER08>. Competitors include: **1) Medicare Recovery Audit Contractors—RACs (four zones); 2) Medicaid RACs; 3) predictive modeling healthcare fraud detection services; 4) Zone Program Integrity Contractors—ZPICs (seven zones); 5) Healthcare Fraud Prevention and Enforcement Action Team (HEAT); 6) Medicaid fraud prevention bureaus; 7) Audits & Investigation departments; and 8) Special Investigation Units (SIUs).**

Customers: Medicare, Medicaid agencies, health plans, etc. Medicare, Medicaid, and private health plans pay most of the \$2.7 trillion a year spent on health care in the U.S. Service fees will be part of and less than 1% of the customer's medical loss ratio (MLR).

Value: HAS will **1) save 5 to 15 times its service fees for its Medicare, Medicaid, and private health plan customers, 2) prevent payment of improper claims more effectively than all current methods, 3) avoid medication non-adherence costs, 4) help patients improve their health and quality of life, 5) protect the money that pays for U.S. health care, and 6) eventually serve people nationwide.**

Defensibility: HAS' patentability has been verified. HAS filed a provisional patent June 20, 2013. HAS' free service, equipment, and installation for patients and providers and its ability to engage and connect every patient, provider, and payer in the United States will make it very difficult for other parties to compete with HAS.

Founder: Jim Wigney, 34 years in IT, business process, and printing with Competitive PR4 (founder), a security prescription printing business; Standard Register, a healthcare industry forms printer; Electronic Data Systems (EDS), the IT firm founded by Ross Perot; DST Output; Color West Lithography; and Pro Lithographics.

HAS will partner with prospective vendors, prospective health plan customers, and investors to **1) build an HAS prototype and test it thoroughly with current claim processing systems, 2) record a formal demonstration of HAS on video, 3) use that video to sell HAS to healthcare payers nationwide, and 4) conduct a full-service test of HAS with a substantial number of providers and patients.**

To obtain the HAS Confidential Briefing Document, contact Jim Wigney at (916) 760-4477 or jim.wigney@hasnet.us.

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