



Strategic Advisory (2/2)

Case Studies



Engagement Type

Strategic Advisory

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Situation

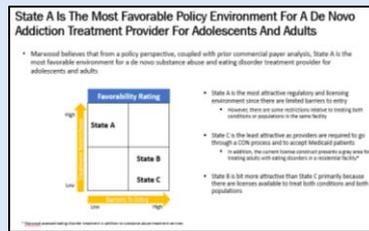
A leading treatment provider to patients suffering from co-occurring addiction and mental health disorders sought to identify de novo growth opportunities outside of its existing markets.

A provider of medical cost containment solutions and integrated care management services sought assistance in developing a strategy to diversify into new markets and expand its suite of products and services

- Conducted a market favorability assessment to rank the attractiveness of new target markets based on key variables selected by Marwood and the client
- Assessed commercial health plan views on coverage, utilization, networks and reimbursement in new target markets which were jointly identified by Marwood and the client
- Analyzed state regulatory and licensing requirements
- Provided final recommendations on which new markets to enter

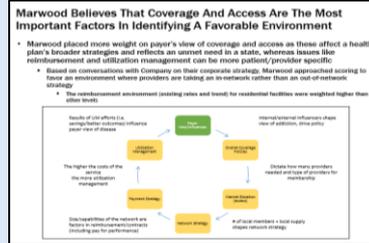
- Identified potential service lines with significant unmet need, across Medicare Fee-For-Service, Medicaid Fee-For-Service, Medicare Advantage, Medicaid Managed Care, Managed Long-Term Care and commercial payers
- Gathered perspectives from key stakeholders on the relative value proposition of the services
- Assessed national market size, total addressable market size, and market growth outlook for the service lines

Description of Marwood's Work and Analysis



Key Takeaways: State Summaries And Rankings (Maximum Score = 70, Minimum Score = -40)

State	Score	Summary
State 3	58.5	• Highest rates and reimbursement (existing and projected) in residential facilities
State 4	56.5	• Highest rates in certain areas though overall low one among provider networks as major payers
State 7	55.5	• High rates in certain areas but with other factors, such as reimbursement rates, that are less than ideal
State 2	55.5	• High rates in certain areas but with other factors, such as reimbursement rates, that are less than ideal
State 5	55.5	• Reimbursement increasing but coverage and access are the concern in the vast majority of cases
State 6	55.5	• Reimbursement increasing but coverage and access are the concern in the vast majority of cases
State 8	55.5	• A solid state to build that can support multiple payers and existing facilities, but only if managed properly
State 9	55.5	• Reimbursement and access issues
State 10	55.5	• Reimbursement and access issues
State 11	55.5	• Reimbursement and access issues
State 12	55.5	• Reimbursement and access issues
State 13	55.5	• Reimbursement and access issues
State 14	55.5	• Reimbursement and access issues
State 15	55.5	• Reimbursement and access issues
State 16	55.5	• Reimbursement and access issues
State 17	55.5	• Reimbursement and access issues
State 18	55.5	• Reimbursement and access issues
State 19	55.5	• Reimbursement and access issues
State 20	55.5	• Reimbursement and access issues
State 21	55.5	• Reimbursement and access issues
State 22	55.5	• Reimbursement and access issues
State 23	55.5	• Reimbursement and access issues
State 24	55.5	• Reimbursement and access issues
State 25	55.5	• Reimbursement and access issues
State 26	55.5	• Reimbursement and access issues
State 27	55.5	• Reimbursement and access issues
State 28	55.5	• Reimbursement and access issues
State 29	55.5	• Reimbursement and access issues
State 30	55.5	• Reimbursement and access issues
State 31	55.5	• Reimbursement and access issues
State 32	55.5	• Reimbursement and access issues
State 33	55.5	• Reimbursement and access issues
State 34	55.5	• Reimbursement and access issues
State 35	55.5	• Reimbursement and access issues
State 36	55.5	• Reimbursement and access issues
State 37	55.5	• Reimbursement and access issues
State 38	55.5	• Reimbursement and access issues
State 39	55.5	• Reimbursement and access issues
State 40	55.5	• Reimbursement and access issues



External review is only a small portion of an HMO's revenue

- Approximately 5%
- Plan CGL (not HMO)

Marwood estimates total revenue for HMOs to be \$400M based on discussions with HMO executives

- Of the 42 HMOs considered:
 - ~20% have \$10M revenue each, remaining 20% have ~\$20-30M revenue each
 - The larger HMOs (e.g. MCMC, AMI) conduct ~100,000 reviews a year at ~\$250K review
- HMOs can absorb \$14.5M HMO revenue from ~300,000 external reviews (conduct on ~250,000 review)
- The remaining \$400M in HMO revenue is from a wide variety of services outlined below

Other Services Provided by HMOs Compared - \$400M in Revenue

- Internal review process is usually a managed care function
- Obtain prospective and retrospective peer review to HMOs
- External review process is usually state regulated, where the final decision is determined by judge or arbitrator (not HMO)
- To register accreditation, all US hospitals are required to initiate peer review for physicians requesting credentialing privileges
- Peer review do not have to be conducted by a third party
- Can be shared organization, it is a peer review about the HMOs

Source: Marwood analysis, MARL, IHSIC

Other case management / population health management services to improve directly to group health plans. Solutions like remote patient monitoring, care coordination, and patient activation can reduce utilization services such as hospital or physician utilization review, nurse case management, and home disease management (and) or enable to identify potential opportunities for reimbursement for specific types of care, conditions, and/or patient populations.

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