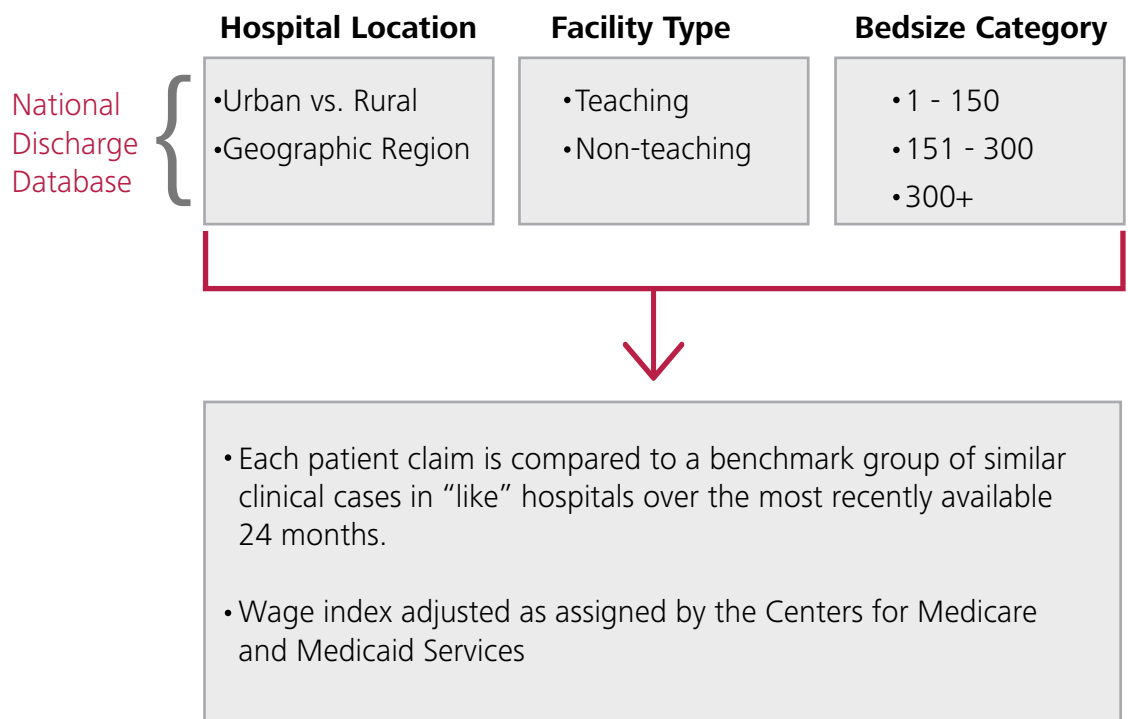


COST-PLUS METHODOLOGY

PayerFusion’s health plan administration provides true cost containment for payers by basing our medical claims pricing on the actual cost of appropriate care, not a percentage reduction off of an inflated retail price.

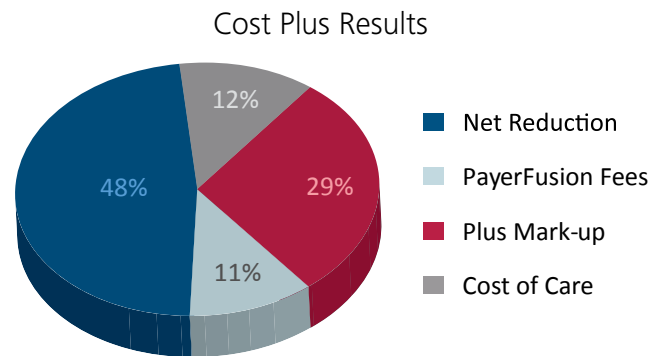
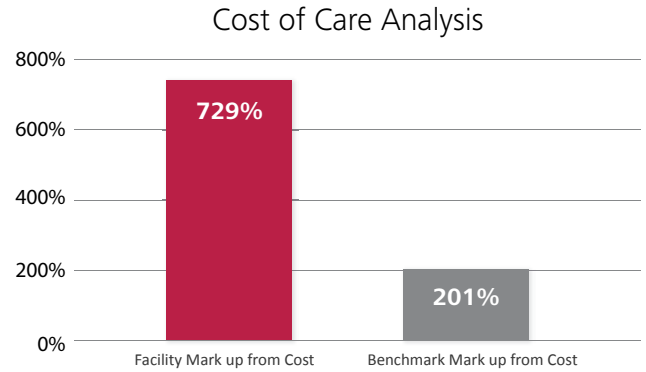
Utilizing our cost-plus methodology we produce superior savings for our clients by leveraging real cost and quality data mined with our own unique algorithm. Our negotiations with providers are based on a clear understanding of their costs- by type and size of facility, type of treatment and by actual share of unfunded or underfunded care that requires them to cost shift. This knowledge empowers us- and our clients, with a unique advantage in negotiating fair reimbursement for quality care.



CLAIM EXAMPLES

DRG: 149 - Disequilibrium

Measures	Actual Results
Actual Charges	\$15,834
Cost of Care	\$1,910
% Mark-up from Cost	729%
Payment to Provider	\$6,500
% Mark-up from cost	240%
Gross Reduction	\$9,334
% Gross Reduction	59%
PF Access Fee	\$1,680
Net Cost of Claim	\$8,180
Net Reduction	\$7,654
% Net Reduction of Charges	54%



DRG: 343 - Appendectomy w/o Complications

Measures	Actual Results
Actual Charges	\$27,006
Cost of Care	\$4,688
% Mark-up from Cost	476%
Payment to Provider	\$14,000
% Mark-up from cost	199%
Gross Reduction	\$13,006
% Gross Reduction	48%
PF Access Fee	\$2,081
Net Cost of Claim	\$16,081
Net Reduction	\$10,925
% Net Reduction of Charges	40%

