



MEDIA RELEASE

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HYGEIA'S CLAIM ARBITRATION RESULTS OUTPERFORM SILENT AND STACKED PPO SOLUTIONS

Signed Payment Agreements on Negotiated Discounts Eliminate Business Risk

MIAMI, FLORIDA – June 01, 2004 - "Combating Silent PPOs," "Tactics For Thwarting Silent PPO Activity," "Navigating Payment Pitfalls in Managed Care," "HFMA Conferences Explore Compliance Priorities and Managed Care Initiatives,"...industry media headlines such as these began appearing in early 1998. A few years prior, the term "stacked PPO" emerged to describe the practice on the part of a Claims Handler, Assistance Company, TPA or Insurance payer of using more than one PPO in the same geographic area to access all of the providers in the area, or to use the best discount that is available under multiple networks. Payers that utilize multiple PPOs are in breach of contract provisions between each of the PPOs and their respective provider contracts. At the same time, the term "silent PPO" began appearing to describe a network that allowed its contracted provider list and reimbursement discounts to be used by third parties that do not identify themselves or their patients as authorized to access the PPO network prior to provision of medical services. As a result of the increase in these practices, detecting managed care fraud and abuse became hot topics at Provider conferences.

By early 2000, a growing number of healthcare law firms, managed care auditing, and recovery management companies began specializing in reimbursement recovery, legal contract interpretation and specialized stacked and silent PPO recovery strategies for medical providers.

As seemed the case for decades, healthcare payers and healthcare providers continued to "face off" in the battle over increasing medical costs on the one hand and increasing operational costs/decreasing cash flow on the other hand.

Understanding the critical needs of both parties, Hygeia's Claim Arbitration Services continues to provide a high-performing alternative to the business risk healthcare payers face if they are participating in silent PPO or stacked PPO arrangements. These risks include discount reversal or denials, loss of access to key providers and litigation risk.

"Our savings results usually outperform these silent and stacked PPO practices, delivering industry leading discounts while operating in a compliant and legally appropriate manner," explains Joe Radigan, COO and Acting Chief Marketing Officer.

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HYGEIA CLAIM ARBITRATION SERVICES

SAVINGS PERFORMANCE ANALYSIS

(1 2 MONTH AVERAGES)

DOMESTIC PAYER CLAIMS

% of Non-Network Dollars Discounted	Arbitration Avg. Savings Rate	Savings Per \$Million
82.1%	21.7%	\$179K

INTERNATIONAL PROVIDER CLAIMS

% of Non-Network Dollars Discounted	Arbitration Avg. Savings Rate	Savings Per \$Million
83.5%	30.6%	\$258K

As the performance analysis above demonstrates, Hygeia is able to obtain savings on approximately 80% of the bill charges for out-of-network claims. Significantly, this coverage occurs *after* Hygeia's PPO network has already been utilized. At approximately 20%, Hygeia delivers superior savings to the tune of \$179 million annual on domestic claims.

What about the remaining 20% of claims dollars?

"Historically, those are the tougher claims to cover because they come from less utilized providers," said Radigan, "But our savings rate on those claims *still* beats those obtained through secondary or stacked solutions. What's more, unlike those arrangements, we achieve this in compliance with managed care guidelines and contract terms, which means less risk for our clients."

How does Hygeia consistently deliver such strong results secured by signed payment agreements with providers that eliminate business risk?

"Through the combined impact of strong provider relationships, fair reimbursement methodologies/objective analyses and professional arbitrators," explained Radigan.

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Strong Provider Relationships

The Hygeia PPO Network was built on a foundation of establishing and maintaining strong provider relationships based on responding to our provider-partners' business needs. We leverage this "relationship first" philosophy with non-network providers as our alternative to the combative and adversarial short-term negotiations which are the industry norm in fee negotiation services. This unique approach and our role as a facilitator of the provider's need to expedite a fair payment and increase cash flow is the basis for our leading results.

"And in many instances, non-network Providers choose to join the Hygeia PPO network after working with our Arbitration team," adds Radigan.

Fair Reimbursement Methodologies/Objective Analyses

We engage in professional objective discussions with a focus on fair reimbursement rather than a specific or arbitrary discount.

"We use proprietary cost models and databases, managed care reimbursement models and provider financials to determine appropriate and fair reimbursement," said Radigan. "Our fair reimbursement methodology usually leads to superior discounts."

Professional Arbitrators

At Hygeia, attention to detail has established our leadership position in the industry. We invest in world-class human resources and the best training programs. Our University-educated Arbitrators have experience in law, alternative dispute resolution, provider billing, managed care, mathematics and economics. We combine this expertise with a professional demeanor and an internal commitment to excellence that drives our performance.

Hygeia Corporation is a health service intermediary that builds relationships and manages transactions between Healthcare Payers and Healthcare Providers. Our suite of services includes our national Preferred Provider Organization, leading Claim Arbitration Service, Provider claim settlement solutions and an Air Ambulance Exchange Service.

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