

Thank you Governor Sundquist and all of the Medicaid Commission members for the opportunity to address you on an important issue.

I am Bob Judson, Director of Government relations at Digital Healthcare, Incorporated, and I am bringing you good news.

There has been lots of talk today about the un-sustainable growth rate of Medicaid costs specifically and healthcare costs in general. I am bringing some radically simple relief to both Medicaid and the entire healthcare industry. I will begin with Medicaid.

If you will look in your white envelope, the top document is the 20-year-old 42CFR 433.135 to 433.145. Even two decades ago, the mandate was set to fix the Third Party Liability issue for Medicaid. Please note the highlighted portions, especially the one on the last page, "If the agency has established the probable existence of third party liability, the agency must reject the claim ...". Unfortunately, there was no practical way to do that in 1986.

Then, ten-years-ago, the HIPAA act was written. And, finally, last year, most of the HIPAA provisions went into full effect. This allows fully automated, pre-emptive Coordination of Benefits to be the new standard of fiscal responsibility. I have enclosed a letter from one of the co-authors of HIPAA 1171 to 1176 who states that this was their intention in writing that portion of the Act. So you won't be burdened with a ton of paper to take home, I have put all of these documents on a CD in the back of your envelope.

The next document is a synopsis of an audited study of Coordination of Benefits (COB) errors we did on six states' Medicaid. In every case, we found the errors to be in excess of 20%. That is obviously an unacceptable error rate by anyone's standards. Please read through this when you have more time.

We are currently under contract to audit recent historical Medicaid claims in Kansas and Arkansas to establish the COB error rate in those states. There are another dozen states, which are in contract review to repeat the process there, as well.

Automated, pre-emptive Coordination of Benefits is now a possibility. It can:

- Eliminate False Claims

- Eliminate most "pay and chase"

- Save many Billions of taxpayer dollars

- Assure the proper CPT is utilized for the diagnosed ICD (as Mr. Milligan described as a major issue facing Medicaid)

And will save the entire healthcare industry much of the reported 30% administrative costs they now face.

All of this can be done with no loss of benefits to the Medicaid population

And it is currently available to Medicaid at no cost.

I hope you will join us in embracing this new technology to automate COB, avoid false claims, and eliminate a multi-billion dollar subsidy of the private healthcare payer sector.

Please consider automated, pre-emptive Coordination of Benefits in your recommendations to Secretary Leavitt and the Congress.

Thank you Governor Sundquist and the entire commission.