Identifying Medical Misrepresentation Using ReCheck

WAHLU 2019 Spring Meeting

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Agenda

Medical Misrepresentation in the Industry

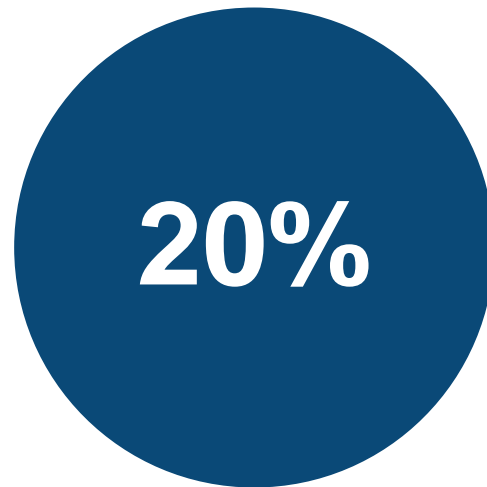What is ReCheck?

Sample ReCheck Findings

ReCheck and Medical Data

How are carriers using ReCheck?

Medical misrepresentation is a fact of life.

- Underwriters do a great job identifying misrepresentation…

    …But there's not always enough information available.

20% Life insurance claims rescinded during the contestable period.

"Investigating Life Insurance Fraud and Abuse: Uncovering Challenges Facing Insurers"
Julianne Callaway, Derek Kueker, Ryan Barker, Mark Dion, Leigh Allen, and Nick Kocisak – RGA
August 21, 2017

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Misrepresentation can be identified prior to claim.

| MIB Plan F	Chance

▪ Follow-up service
 	
▪ Alert for significant new activity during contestable period
 	
▪ Only get alerted if insured applies for another policy
	▪ Insurance company happens to learn new information
	
	   ▪ Insured applies for another policy
	
	   ▪ Reinstatements
	
	   ▪ Volunteered information

Companies are adding ReCheck to be more proactive.

Reactive   **Proactive**

MIB Plan F
Chance

+

ReCheck

=

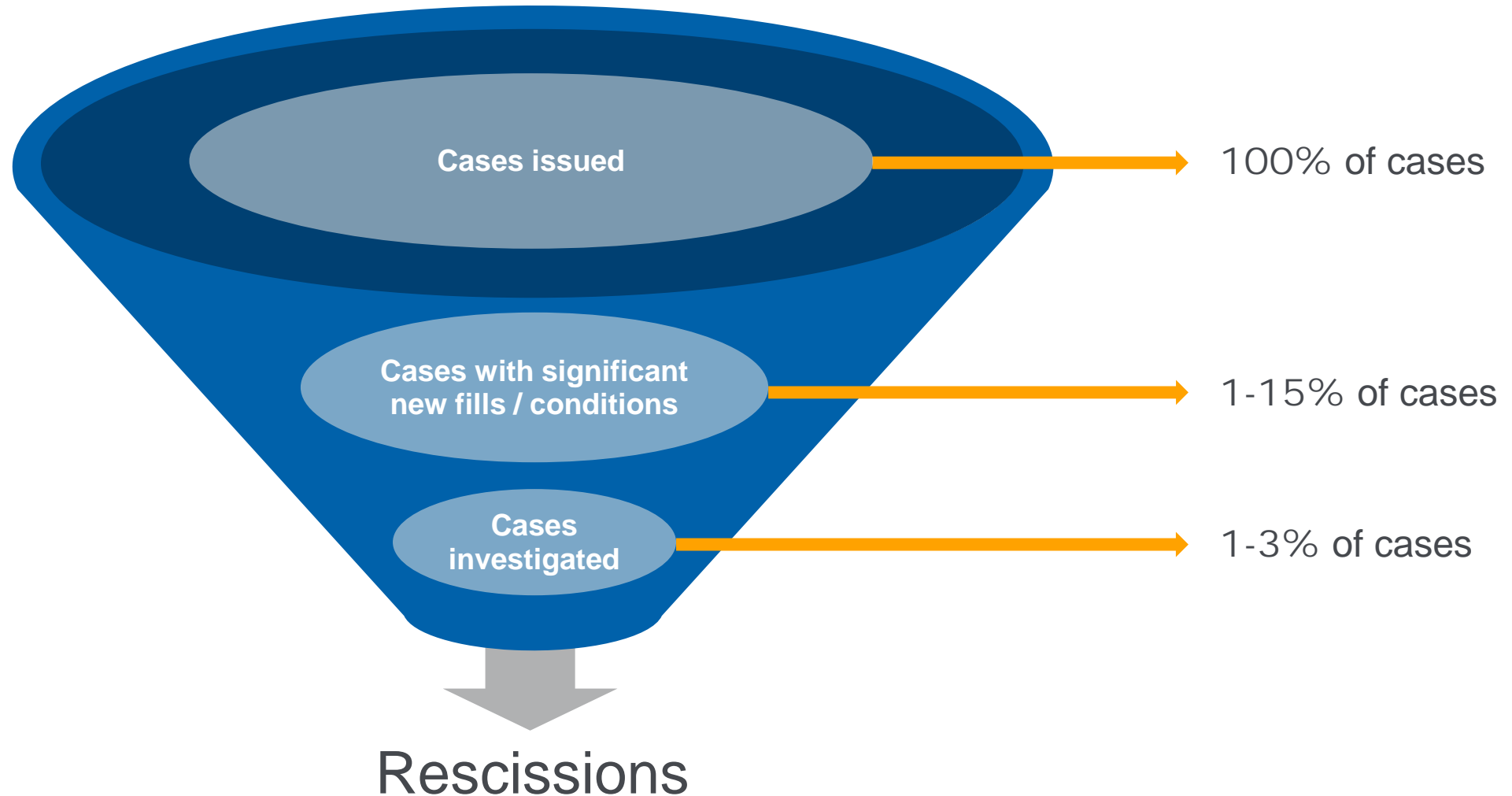| Comprehensive Program |
| :---: |
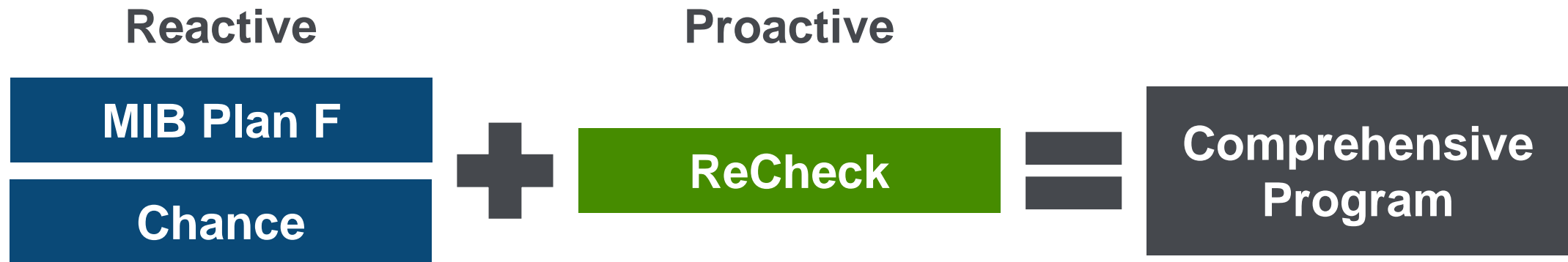
What is ReCheck?

Identifies significant new conditions since application using Rx

Flags potential misrepresentation early

Avoids costly investigation and legal issues at claim time

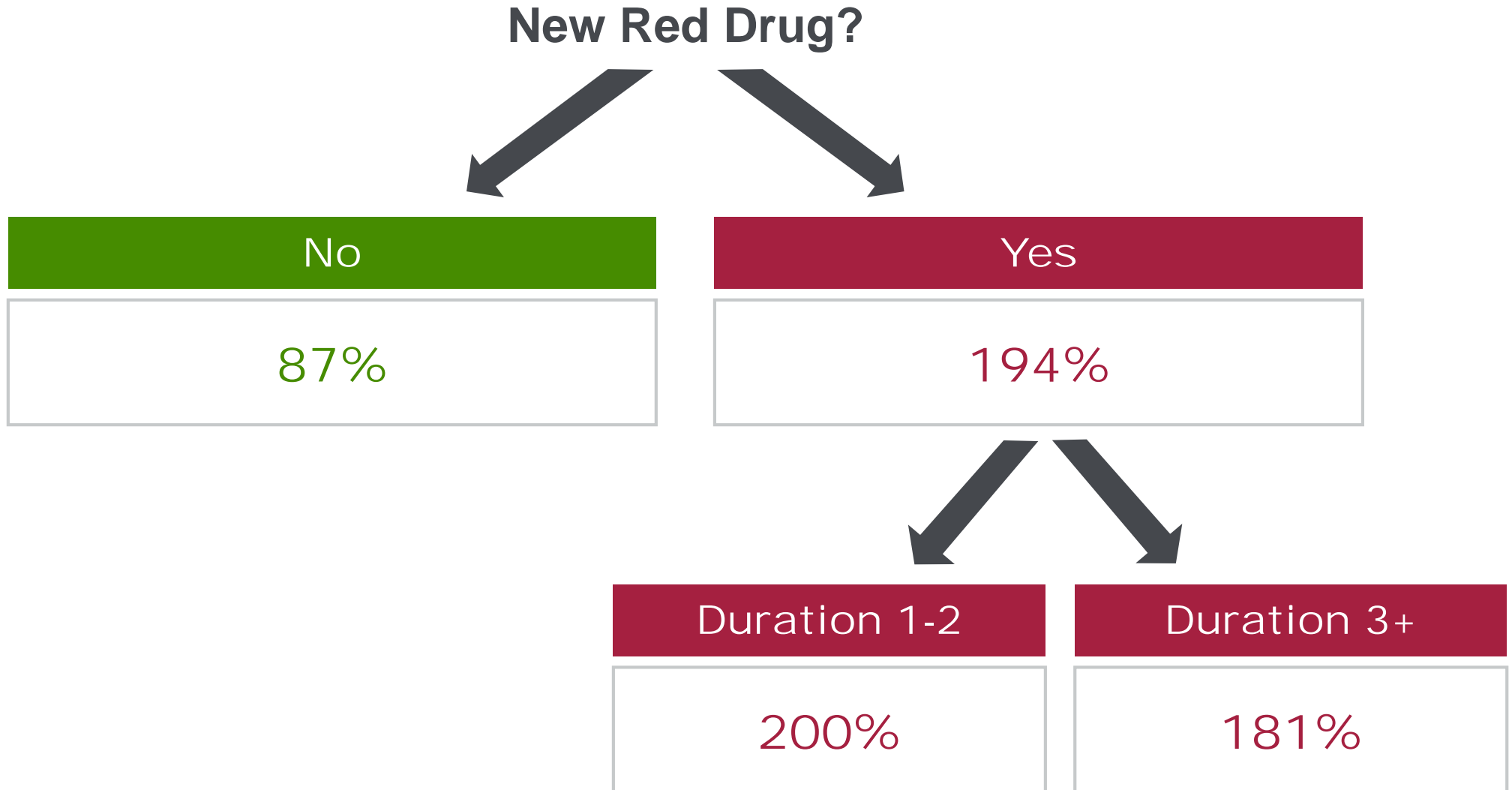Clearly identifies specific cases to investigate

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How does ReCheck work?

Cases issued — **100%** of cases

Cases with significant new fills / conditions — **1-15%** of cases

Cases investigated — **1-3%** of cases

Rescissions

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Carrier Feedback Regarding ReCheck

- Better public relations and fewer legal issues

- More time for thorough investigations

- Able to reach out to insured for more information

- Take action on policies that may not claim within the contestable period

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Monitoring Accelerated Underwriting / Simplified Issue

- Random hold-outs

- Post-issue APS ordering

- ReCheck
  - Relatively inexpensive
  - Flag cases with significant new medical information
  - Identify potential underwriting improvements
  - Improve mortality

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New significant drugs indicate high relative mortality.

New Red Drug?

No	Yes
87%	194%

Duration 1-2	Duration 3+
200%	181%

Proprietary and Confidential

2018 Milliman ReCheck Mortality Study: 650K lives, 2K deaths

Sample Case #1 – Original Data

- Final Expense

- Age: 58 | Gender: M

- Face Amount: $10,000

- App Date: 10/24/16

- Original Rx Query: 11/2/16

- Prescriptions Filled: 7

Sample Case #1 – ReCheck Data

- Final Expense

- Age: 59 | Gender: M

- Face Amount: $10,000

- App Date: 10/24/16

- Original Rx Query: 11/2/16

- ReCheck Rx Query: 11/20/17

- Prescriptions Filled: 24
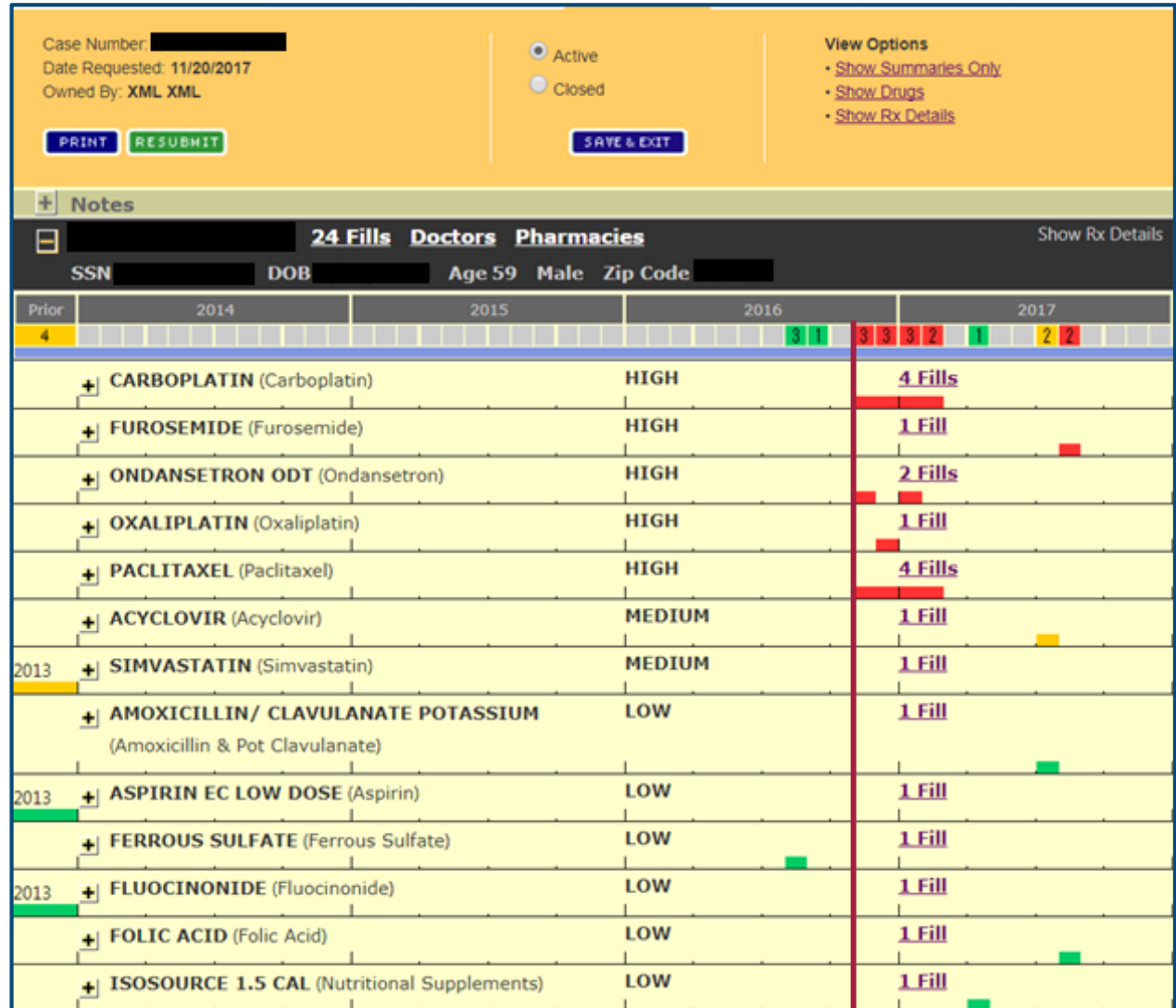
Probable Condition	Days After Query
Cancer	12

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Sample Case #2 – Original Data

- Simplified Issue
- Age: 38 | Gender: F
- Face Amount: $100,000
- Original Rx Query: 5/9/16
- Prescriptions Filled: 75

Sample Case #2 – ReCheck Data

- Simplified Issue

- Age: 40 | Gender: F

- Face Amount: $100,000

- Original Rx Query: 5/9/16

- ReCheck Rx Query: 2/2/18

- Prescriptions Filled: 138

Probable Condition	Days After Query
Multiple Sclerosis	15

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Sample Case #3 – Original Data

- Fully Underwritten

- Age: 50 | Gender: F

- Face Amount: $1,000,000

- Original Order Date: 3/21/18

- Original Rx Fills: 26

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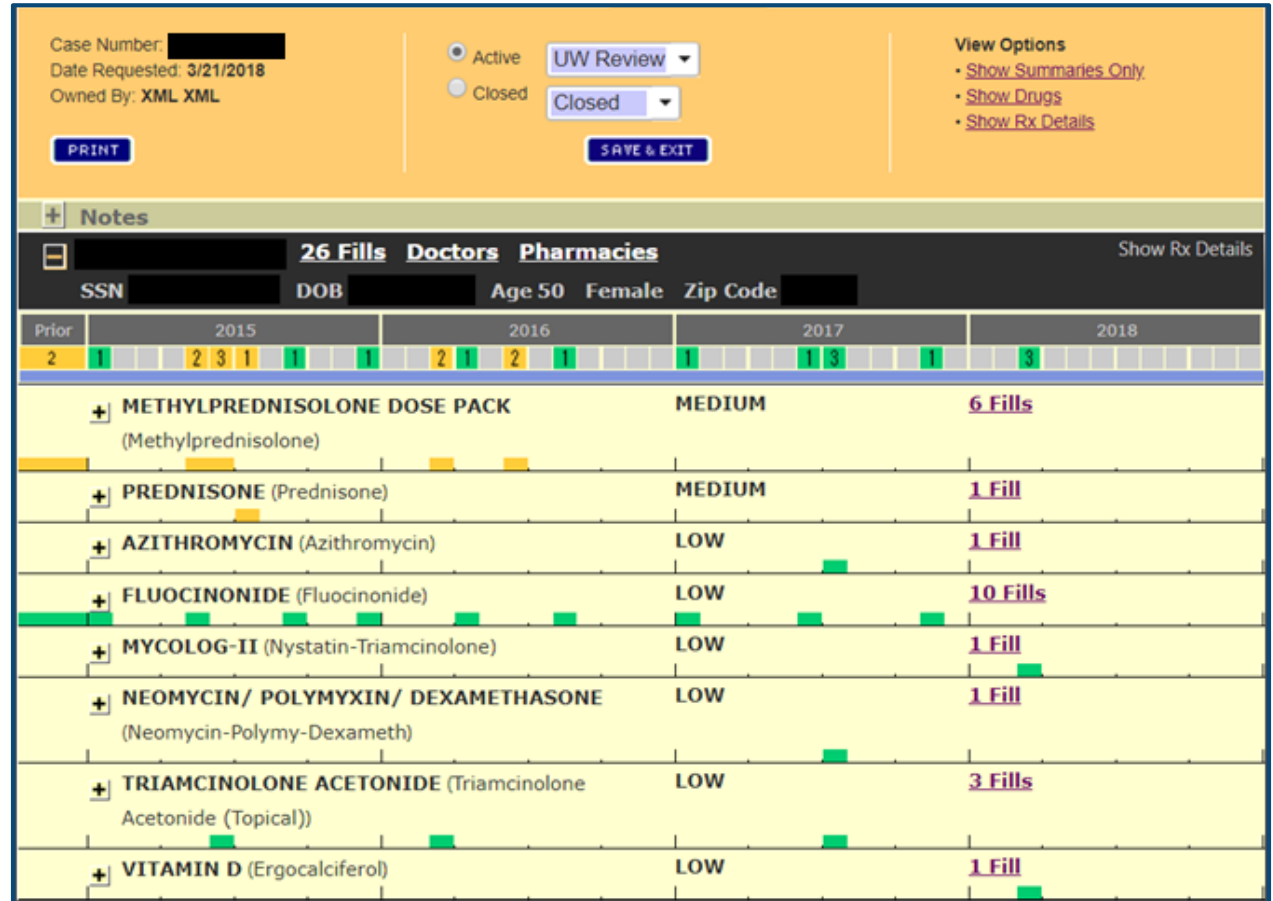
Sample Case #3 – ReCheck Data

- Fully Underwritten

- Age: 50 | Gender: F

- Face Amount: $1,000,000

- Original Order Date: 3/21/18

- Original Rx Fills: 26

- ReCheck Order Date: 8/5/18

- ReCheck Rx Fills: 42
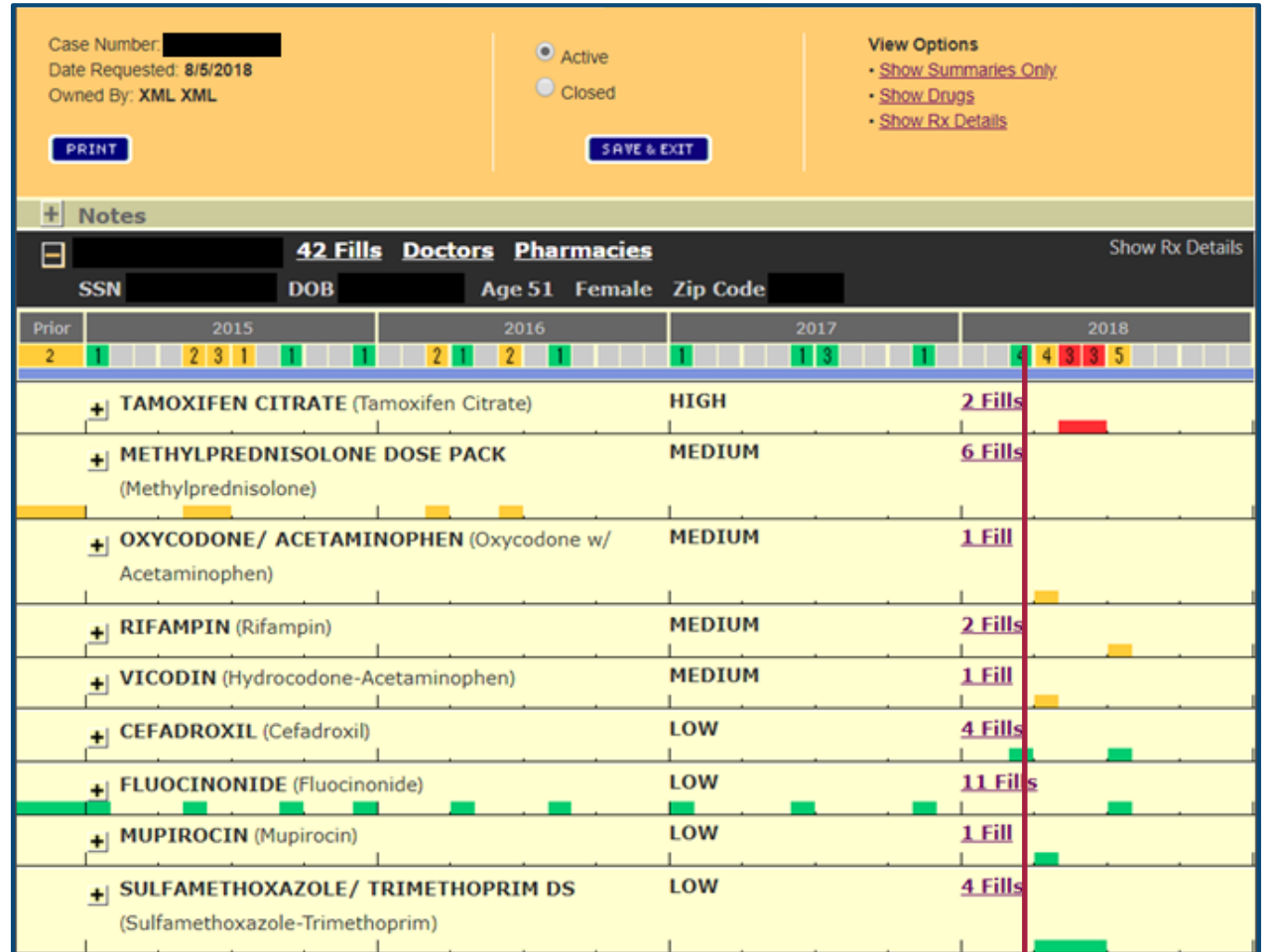
Sample Case #3 – ReCheck Data

Days After	Fill	Prescriber
9	Cefadroxil	Reconstructive Surgeon
12	Oxycodone	Breast Cancer Surgeon
14 18 33	Mupirocin Hydrocodone SMX/TMP	Reconstructive Surgeon
42	Tamoxifen	Oncologist
106	Rifampin	Infectious Disease

Probable Condition	Days After Order
Breast Cancer	9

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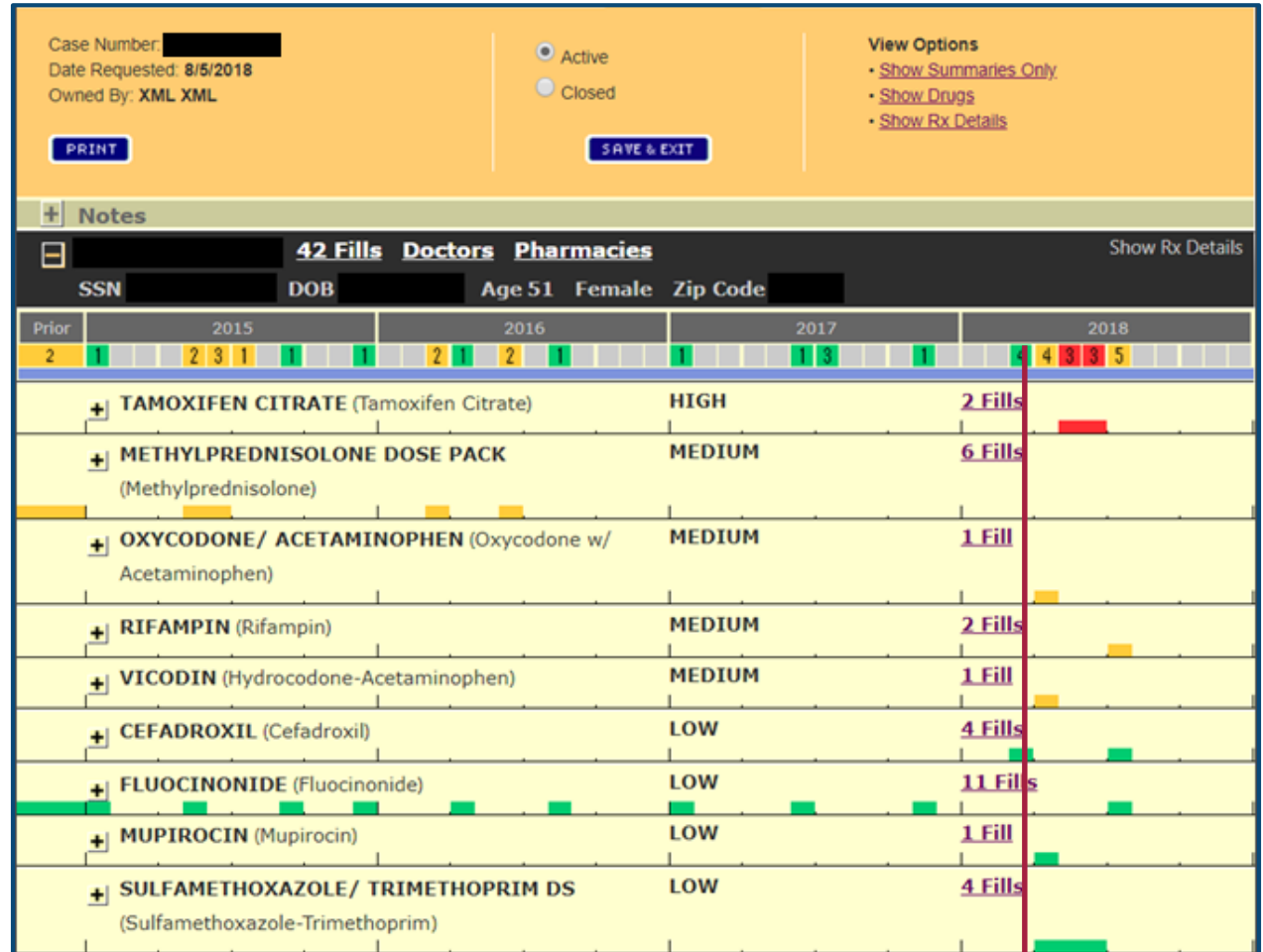
Introduction to Medical Data

1 Query data sources in real time

- FCRA compliant – 7 years of data

2 Obtain applicant's claim data from recent medical encounters

- Diagnosis codes (ICD 9 / 10)
- Procedure codes (CPT)
- Durable medical equipment codes
- Inpatient / clinic-administered medications
- Provider, encounter information

3 Engine interprets the data and makes decisions

- Application data, Rx, Medical Data, MIB, MVR, etc.

Medical Data can also be incorporated into ReCheck.

- Medical Data can be ordered with ReCheck, in addition to Rx

- Look for medical claims prior to application date

- Companies may decide that they can rescind a policy based on Medical Data alone (FCRA compliant)

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Sample Case – Original Data

- Final Expense

- Age: 49 | Gender: F

- Original Rx Query: 10/25/16

- Prescriptions Filled: 31

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Sample Case – ReCheck Data (Medical Data)

- Final Expense

- Age: 49 | Gender: F

- Original Rx Query: 10/25/16

- ReCheck Dx Query: 8/16/17

- Medical Data Claims: 37

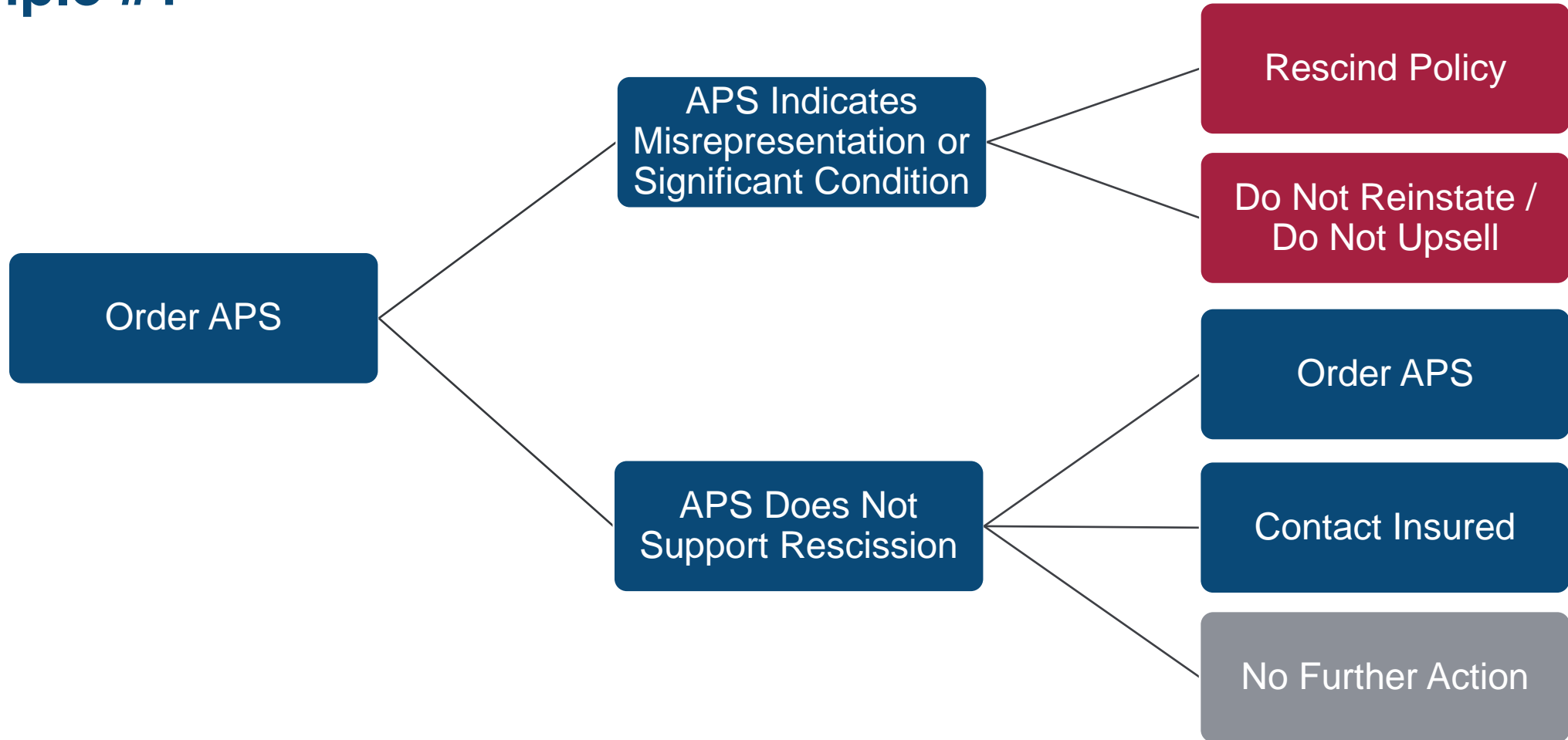| Probable Condition	Days Before Query
Liver Cancer	12

Sample Case – ReCheck Data (Medical Data)

- Final Expense

- Age: 49 | Gender: F

- Original Rx Query: 10/25/16

- ReCheck Dx Query: 8/16/17

- Medical Data Claims: 37

Probable Condition	Days Before Query
Liver Cancer	12

10/13/2016-10/13/2016	OLATUNJI ALESE	Intrahepatic bile duct carcinoma	ICD-10	C22.1
		Office/outpatient visit new	CPT-4	99205
10/13/2016-10/13/2016	CRAWFORD LONG HOSPITAL	Intrahepatic bile duct carcinoma	ICD-10	C22.1
		Office/outpatient visit new	CPT-4	99205
10/21/2016-10/21/2016	EMORY UNIVERSITY	Liver disease, unspecified	ICD-10	K76.9
		Malignant neoplasm of liver, not specified as primary or secondary	ICD-10	C22.9
		Implantable tissue marker	HCPCS	A4648
		Immunohisto antibody stain (TECHNICAL COMPONENT)	CPT-4	88342
		Normal saline solution infus	HCPCS	J7040
		Tissue exam by pathologist (TECHNICAL COMPONENT)	CPT-4	88305
		Immunohisto antibody slide (TECHNICAL COMPONENT)	CPT-4	88341
		Needle biopsy of liver	CPT-4	47000
		Cytopath eval fna report (TECHNICAL COMPONENT)	CPT-4	88173
		Inj midazolam hydrochloride	HCPCS	J2250
		Morphine sulfate injection	HCPCS	J2270
		Fentanyl citrate injeciton	HCPCS	J3010
		Ct scan for needle biopsy	CPT-4	77012
		Cytp dx eval fna 1st ea site (TECHNICAL COMPONENT)	CPT-4	88172
		Cytp fna eval ea addl (TECHNICAL COMPONENT)	CPT-4	88177
10/21/2016-10/21/2016	WILLIAM SMALL	Hepatomegaly, not elsewhere classified	ICD-10	R16.0
		Needle biopsy of liver	CPT-4	47000
		Ct scan for needle biopsy (Professional Component)	CPT-4	77012
10/21/2016-10/21/2016	UMA KRISHNAMURTI	Immunohisto antibody stain (Professional Component)	CPT-4	88342
		Cytp dx eval fna 1st ea site (Professional Component)	CPT-4	88172
		Cytopath eval fna report (Professional Component)	CPT-4	88173
		Cytp fna eval ea addl (Professional Component)	CPT-4	88177
		Tissue exam by pathologist (Professional Component)	CPT-4	88305
		Immunohisto antibody slide (Professional Component)	CPT-4	88341

What are clients doing with ReCheck results? Sample #1

Order APS

APS Indicates Misrepresentation or Significant Condition
- Rescind Policy
- Do Not Reinstate / Do Not Upsell

APS Does Not Support Rescission
- Order APS
- Contact Insured
- No Further Action

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What are clients doing with ReCheck results? Sample #2

Contact Insured

- Insured Provides Additional Information
  - Rescind Policy
  - Order APS
  - No Further Action
- Insured Does Not Provide Additional Information
  - Order APS
  - Insured Lapses Policy
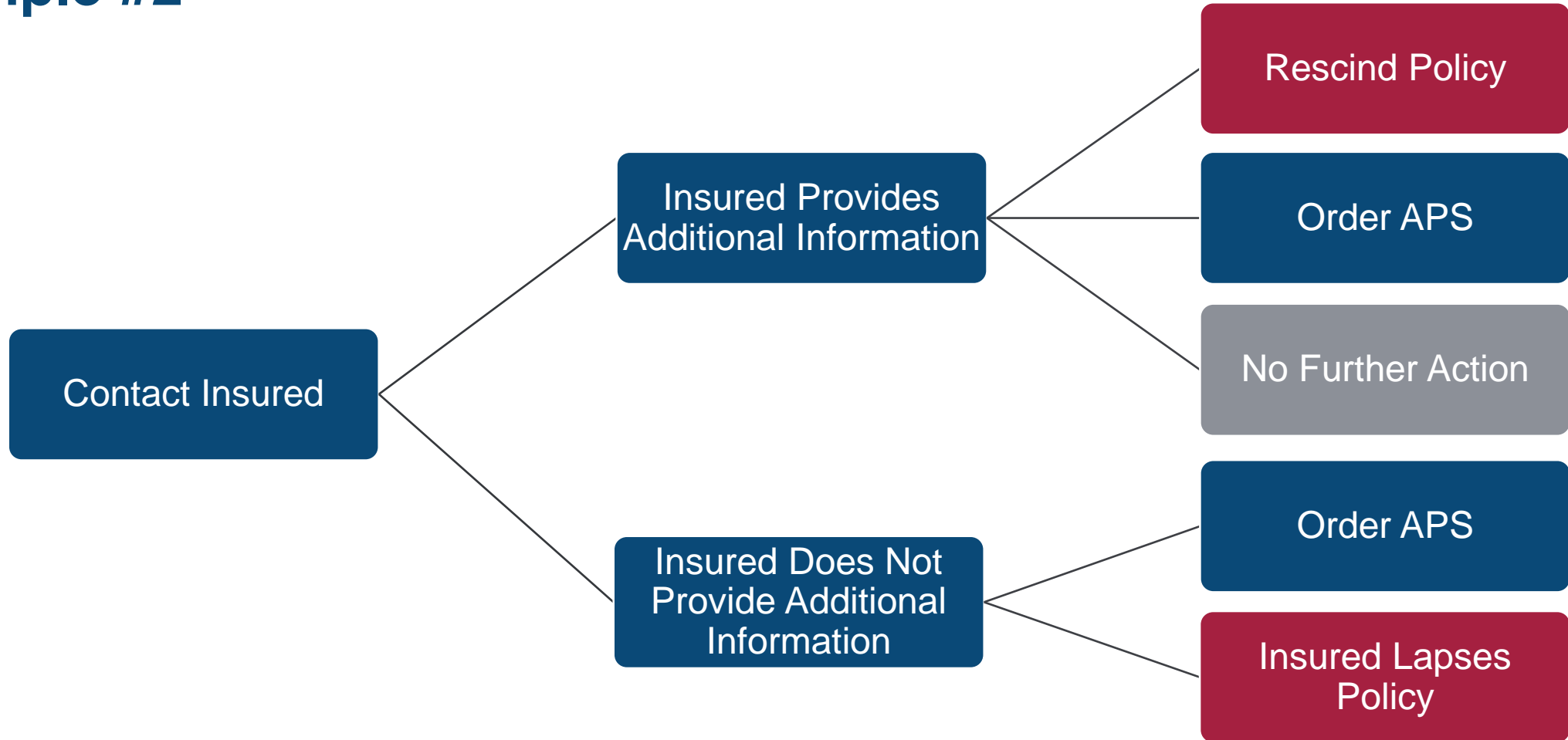
ReCheck can lead to several valuable outcomes.

Rescission

Policyholder Outreach (Lapse)

Agent Investigation / Charge-Back

Insight Into Accelerated / SI Program

Do Not Reinstate / Do Not Upsell

Rate Class Change

Questions?

Thank you for joining us!

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