



**QBE A&H, LLC
RISK MANAGEMENT GUIDE**

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PHILOSOPHY

Risk Management is an important component of the QBE A&H, LLC business model. Our Managing Partners have spent a large portion of their careers refining a process that is seamless and intuitive to our producer and claim paying partners, financially rewarding to Employer Groups and outcome-oriented for the claimant. Our process is quite simple: 1) Employ healthcare professionals to support our underwriters with timely and accurate medical assessments on Potentially Catastrophic Losses; and 2) Support our claim staff through the utilization of “best in class” risk management vendors. Our goal is to form strong and ongoing relationships with the claim staff and UR firms employed by our policyholders. This open and timely dialogue will allow for early identification and notification of potential Large Claims.

CONFIDENTIALITY

QBE A&H, LLC maintains the highest standard in protecting Private Healthcare Information as established by the Health and Insurance Portability and Accountability Act of 1996. We have no interest in using or disclosing PHI for purposes not related to our quoting or administration of excess loss coverage. We do, however, recognize the need to maintain the confidentiality of PHI that we receive from the employer, TPA or associated vendor. If requested, we will enter into a confidentiality agreement that specifically addresses the use or disclosure of PHI for purposes related to our quoting or administration of stop-loss coverage. Please do not hesitate to contact us with any questions regarding confidentiality or PHI.

A Sample Confidentiality Agreement is available upon request or on our website at www.qbeah.com.

UNDERWRITING PROCESS

At QBE A&H, LLC, our underwriters work closely with the Risk Management staff throughout the various stages of the underwriting cycle. During the initial case screening process, the Risk Management staff is available to provide a quick survey of the case and identify individuals that the underwriter should seek additional information on. Pre and Post-sale, they are responsible for reviewing disclosure information and providing the underwriter with a final liability assessment. If there is not adequate information to make an accurate determination, the risk management nurse may refer the case to our MD consultant for a telephonic Attending Physician Statement. The MD consultant may review the information in the claimant’s file to form an assessment or discuss the treatment plan and prognosis with the claimant’s Primary Attending Physician.

It is important to note that liability assessments made by Risk Management are used only as an initial guide to the underwriter to help them make the final underwriting decision.

RISK MANAGEMENT PROCESS

A cornerstone of the QBE A&H value proposition is to provide our producers and claim payers with risk management tools. Once a new case is sold or an existing account is renewed, our staff will monitor potential high dollar claims and offer medical services to supplement the TPA’s medical expertise. These services include case management oversight and facilitation of referrals to outcome-based transplant networks, claims negotiators, re-pricing vendors and specialty risk management vendors such as Pharmacy Benefit Managers and Neonatal specialists. We have invested resources into vetting these vendors to find those we believe to be the best in their individual designation based on outcomes and cost management. Our goal is to ensure that the claimant always receives the highest quality of care at the most appropriate cost.

Communication between the TPA, UR vendor and our Risk Management staff is the most critical component of the claim management process. Early notification is extremely important and is typically reflected in our stop-loss pricing. The initial referral regularly comes from the Utilization Review vendor based on the Potentially Catastrophic Loss List. This list consists of specific diagnoses that are key indicators of potentially catastrophic losses and acute medical situations that warrant close review and may require case management consultation. The claims administrator is also expected to notify us as soon as a claimant is identified as high risk, based on the Potentially Catastrophic Loss List or if they feel has the potential to reach 50% of the specific deductible.

A sample Potentially Catastrophic Loss List is available upon request or can be found on our website at www.qbeah.com.

We ask our Business Partners to report information that becomes known to them on all QBE A&H groups within 48 hours or as soon as reasonably possible. The reporting criteria we require are as follows:

- Claimants who have reached 50% of the group's specific deductible
- Claimants who have PCL diagnosis (we recognize there is not a uniform trigger diagnosis list among stop loss providers and we are generally willing to work with a TPA's standard reporting upon our review)
- Claimants who are incurring claims out-of-network
- Claimants who may require case management
- Claimants who are receiving specialty-type care, i.e. Organ or Tissue Transplants, High cost and/or Infusion Drugs, Dialysis, Chemotherapy, Gastric Bypass, AICD, LVAD or other device
- Claimants who have Threatened Preterm Labor, Preterm Infant or Neonatal Congenital Anomalies diagnoses
- Claimants who have requested approval for use of any experimental or non-FDA approved treatments, protocols, or drugs, or request the use of any off-label prescription drug therapies
- Claimants identified through the use of artificial intelligence software (if applicable) that have the potential to be catastrophic losses
- Claimants with a pre-certification request for a hospital stay greater than 7 days
- Claimants with significant pended/denied claims

Referrals may be sent to the QBE A&H, LLC Risk Management Department as follows:

Phone: 800-742-9279
Fax: 978-740-9485
E-Mail: riskmanagementnotices@us.qbe.com

Mail: QBE A&H, LLC
9 Atlantic Avenue
Marblehead, MA 01945

When we receive notification of a potentially catastrophic case, our Risk Management staff will do an initial assessment of the patient's medical condition and treatment plan. The case and treatment plan will typically be discussed with the TPA or existing case manager.

The Risk Management staff reviews the case and determines that the estimated costs of treatment will not be significant and case management intervention is not indicated. Patient eligibility issues are verified, specific provider network arrangements reviewed and initial claims are analyzed. Our staff may monitor the case at specific intervals and will ask to be notified if claim activity increases so that the situation can be re-assessed if necessary. They will help determine if the claimant may require case management intervention or be a candidate for a referral to a specialty risk management vendor. Patient eligibility issues are verified, specific provider network arrangements reviewed and initial claims are analyzed. The case will typically be followed by a case manager assigned by the UR vendor or TPA. QBE A&H may also make a case management recommendation if needed. Our staff will monitor the case and act as a resource to assist with services such as claim negotiations and access to specialty networks. The case will be followed regularly during the remainder of the Policy Year.

Our Risk Management team determines if there is significant potential for a catastrophic claim. Patient eligibility issues are verified, specific provider network arrangements reviewed and initial claims are analyzed. The case is then assessed for the most appropriate case management based on the specific diagnosis and treatment plan. Throughout the claimant's episode of care, we expect the case manager to maintain close communication and copy US on reports. Our staff will review all case management data, recommend additional interventions and remain available as a valuable resource.

SPECIALTY RISK MANAGEMENT VENDORS

QBE A&H, LLC maintains valuable relationships with numerous specialty vendors with expertise in claim cost management. These include outcome-based transplant networks, dialysis cost containment networks, specialty pharmacy benefit managers and claims negotiation/hospital auditing firms.

OUTCOME-BASED CENTERS OF EXCELLENCE

Improving technology and increased awareness have contributed to the increased frequency of solid organ and tissue transplants. We are able to assist plan administrators with the complicated transplant process through our contracts with several Outcome-Based Transplant Networks. Within a Transplant Program, the hospitals and their respective transplant teams focus on limited and specific transplant procedures. Each Transplant Program is required to meet strict credentialing criteria with respect to length of stay, complication rates and number of re-transplants. In addition, the Transplant Program will typically offer case rate pricing for the entire transplant continuum of care.

Our goal throughout this process is to provide the claimant with the opportunity to choose the right facility for their procedure based on published medical documentation. In addition, the Plan Sponsor secures the entire procedure at a fair price, protecting them against inflated charges due to complication potential and cost-shifting. There are not many areas of healthcare that can have such a dramatic impact on both the Plan and Claimant. The Plan Sponsor typically benefits through more consistent stop loss premium increases due to fixed provider pricing.

If our Risk Management staff determines that the proposed treatment may include organ or tissue transplantation, we will provide the TPA with information on transplant facilities that currently participate in an outcome-based Centers of Excellence network. Outcomes data is a valuable tool for case management and can be provided to assist the claimant in the facility selection process, if requested. Our team will work closely with the TPA and case manager throughout the entire transplant process and serve as a liaison between the transplant network and the TPA.

DIALYSIS COST CONTAINMENT

Renal dialysis treatment is another area in healthcare where self-funded plans bear the highest cost through provider cost-shifting. Roughly 80% of all renal dialysis costs are paid by Medicare, 10% by Medicaid and Veterans Programs and 10% by the commercial market. With Medicare, Medicaid and Veterans Programs price-controlled by the government and fully insured markets using their buying power to negotiate significant discounts, it's easy to understand why costs have risen so dramatically for the self-funded population. We can also recommend several vendors who offer access to national dialysis networks, providing Plans that use them the buying power needed to control costs. The network is built through relationships with quality providers and contracted rates that offer unparalleled economic value for the Plan. Through the use of specialty case managers, our recommended networks also provide valuable education for both claimants and employer groups. Utilizing a dialysis network offers the self-funded plan the greatest opportunity to preserve benefits for employees and provide pricing parity for employers.

SPECIALTY PHARMACY BENEFIT MANAGERS

The rising cost of pharmaceuticals is a major concern in healthcare. This is especially critical for people with chronic conditions who are on multiple high cost medications. QBE A&H maintains relationships with several Specialty Pharmacy Benefit Management companies who provide specialized patient management services. Employer groups today rely heavily on their Pharmacy Benefit Manager (PBM) to control their prescription drug costs. What many Plan Sponsors do not realize is that the most expensive drug therapies, those typically biotech in nature, cannot be delivered through the traditional PBM channels. Because there is limited competition and typically no cost controls in place, specialty pharmaceuticals are often a safe haven for cost shifting within the healthcare provider chain. Specialty PBM's are a necessity today for all self-funded plans seeking to control runaway pharmaceutical costs and preserve valuable plan benefits.

CLAIM NEGOTIATION AND HOSPITAL AUDITING SERVICES

Our Risk Management department can assist TPA's in their effort to maximize claims saving's, ensure optimal discounts on all out-of-network claims and aggressively pursue all charges felt to represent cost shifting. We have relationships with several national vendors who offer a suite of claim negotiation and auditing services designed to control costs and preserve valuable plan benefits.