4. Human Services, Medicaid Payments, Fraud Prevention, Detection and Program Integrity

**IBM Capabilities**

A. A description of relevant experience specific to this subject matter category;

In 1993, IBM helped a large national insurer leap ahead of the curve by jointly developing one of the country’s first commercialized healthcare fraud detection software applications, IBM’s Fraud and Abuse Management System (FAMS). The results of this developed solution exceeded that client’s goals; they are still a FAMS user today, as are over 40 other insurers and claims administrators.

For nearly 30 years, IBM Fraud Prevention Solutions has continued to assist its clients in effectively managing the ever-changing risks associated with fraud, waste, and abuse. IBM’s offering has evolved both in depth (FAMS web-based solution contains over 9,000 fraud detection algorithms) and breadth (the IBM suite of fraud prevention capabilities and tools include rules engines, behavioral and predictive modeling, text analytics, link analysis, multi-dimensional analysis, data validation, process execution and case management).

IBM continues to move forward, and can assist the State of Minnesota in shifting its fraud prevention plan from a post–payment recovery model to a pre-payment avoidance solution. IBM FAMS has recently assisted two of its clients in identifying and preventing over $250M in inappropriate payments through pre-payment reviews. These efforts account for over 75% of these client’s total fraud and abuse savings. IBM’s development efforts now focus on real-time fraud detection driven by focused yet flexible rules-based algorithms and predictive modeling.

IBM recognizes that while State Medicaid programs face similar challenges related to fraud waste and abuse, each have unique needs that require a customized fraud prevention plan. IBM has extensive experience in developing solutions to meet the State’s needs.

**IBM’s fraud solution has several unique benefits:**

- Quick realization of benefits – IBM’s FAMS solution has a track record of showing real benefits for its customers within a short time window and with little upfront investment in technology or people;
- Increased quality of cases rather than simply increased quantity – IBM’s FAMS solution comes with over 20 analytic models already created – these models have been refined over time to zero in on the best cases quickest. Your investigators will start with solid cases;
- Powerful, proven analytics – Our solutions are different than the rules-based solutions provided by other vendors, as they utilize analytical methods such as predictive models, fuzzy scoring, and radial basis functions. This different, more sophisticated approach can add substantial value to the existing set of business rules that you use to detect suspicious claims. By selecting IBM, you will take advantage of the dozens of years of research we have performed in healthcare fraud detection and the continued investment that our company continues to focus in this area;
- Market leading solution already in use within 40% of the private payer community – The State of Minnesota will benefit from a proven, market tested solution;
- Holistic life cycle support with broader, programmatic benefits – Our solutions enable more than detection. As we have learned through experience with other State Medicaid Reimbursement programs and Program Integrity functions, numerous challenges exist across the detection, prioritization, assignment, investigation and recovery processes, both
pre- and post-payment. For these reasons, IBM’s FAMS solution also integrates with our process improvement, execution and advanced analytics services to help the State improve not only its overpayment/recovery results, but also its overall performance, transparency and reporting, policies, education and governance.

Business Solution

B. A description of the data analytics services you are proposing to offer in this subject matter category (be specific, noting that agencies may seek to contract for a subset of the offered services);

Public and private benefit administrators are reliant upon the accuracy of claim, eligibility and other data submitted by providers, beneficiaries, and plan sponsors. Historically, such reliance has resulted in estimated losses of 3-5% attributable to fraud and abuse, and at least that much attributable to waste.

Fraud prevention industry best practices, as evidenced by recent regulatory requirements at both the federal and state levels, mandate that public and private benefit administrators develop and implement comprehensive programs designed to detect, respond to, resolve, and prevent Fraud, Waste and Abuse (FWA). Such programs are often outlined in an organization’s Fraud Prevention Plan, which documents the policies and procedures employed by the organization to manage the risks associated with fraud, waste and abuse.

It is the fraud prevention plan that is often IBM’s starting point when working with benefit administrators and/or regulators to assist in developing and implementing business solutions to minimize the impact of suspicious fraud. While many public and private administrators face the same challenges, often involving the same schemes and perpetrators, each organization has unique operational attributes that require a customized approach. Key components of a fraud prevention plan that IBM solutions contribute to include:

a. Detection, through advanced data mining and analytics, of fraud, waste and abuse related to:
   i. Claim submissions
   ii. Member/beneficiary eligibility
   iii. Provider enrollment/credentialing/validation
   iv. Kickbacks

b. Detection infrastructure through awareness, tips & complaints, and networking
   i. Fraud hotline
   ii. Regional & national anti-fraud associations
   iii. Local and regional claim payers
   iv. Law enforcement
   v. Media

c. Response to detected offenses
   i. Claim by claim review (pre-payment and post-payment)
   ii. Retrospective investigations
   iii. Education & monitoring
   iv. Validation and verification of provider demographics and credentials
   v. Link analysis and investigation (relationships between/among providers/members)
d. Resolution of validated issues  
   i. Denial of un-supported claims  
   ii. Demand and recovery of claim overpayments  
   iii. Provider/member education  
   iv. Monitoring programs  
   v. Corrective action plans  
   vi. Referral to law enforcement and/or regulatory agencies  
   vii. Termination of provider participation agreement  
   viii. Removal from program (beneficiary)  
   ix. Inclusion in watch lists  
   x. Criminal and/or civil prosecution  

e. Prevention  
   i. Policies and procedures  
   ii. Support from senior management  
   iii. Education and awareness (across all stakeholders)  
   iv. Reaction to lessons learned/implement controls based on known schemes.

**IBM Implementation Approach**  
IBM’s approach for developing a solution is driven by an integrated methodology comprising of well-established Project Management and Technical Delivery methods. Our technical method, called IBM Global Services Method, helps provide the technical method to engineer quality solutions. The Global Services Method, is integrated with IBM’s Worldwide Project Management Methodology (WWPMM), which provides a flexible project management approach that utilizes proven development methods and processes for building customer application solutions. Specifically it:

- Focuses on project outputs and their relationships which allow the IBM project team to fine tune the approach used to create them to help meet specific customer requirements.
- Helps provide a basis that is designed to avoid classic development mistakes such as insufficient planning and/or risk management, feature creep, failure under pressure, and a lack of management controls.
- Is adaptable to project phase enabling discipline to be applied even when joining a project mid-phase.
- Provides a positive basis for project management, sound estimation techniques, repeatability and the leveraged reuse of project outputs such as documents, models, diagrams, and program code.

IBM’s methodology is robust and flexible, allowing the development and deployment teams to adapt the use of the tools based on the type of development. IBM uses proven methods, tools, and techniques for its development methodology. IBM brings a growing set of hardened and proven assets as part of its methodology. IBM’s Application Development Framework is bundled with full documentation, training programs, and best practices that cover design, development, integration, testing, quality assurance, security, as well as training. The Application Development Framework is derived from IBM Global Services Methodology and contains IBM’s Global Services Method Work Products and is ISO 9000 compliant.
The figure below describes the IBM Global Services Methodology that will be leveraged for Fraud Prevention projects:

**IBM Global Services Methodology**

Key Activities within each phase of our methodology include:

**Solution Outline**
- Extract Transform Load Analysis
- Initiate Planning and Analysis
- FAMS/Initiate Process Models & Configuration Requirements

**Macro/Micro Design**
- Extract Transform Load Design
- Confirm Technical Environment
- FAMS Data Extract Process
- Define Initiate Data Sources

**Build**
- ETL Build & Batch Load
- Initiate Configuration & Verification
- FAMS/Initiate Install & Configure & FAM’s Hypothesis Models
- Testing

**Deployment**
- Solution Deployment & Transition
- Customized Reports/Guides
- FAMS/Initiate Training

IBM offers the State of Minnesota advanced analytics and solutions for the detection of improper Medicaid payments, fraudulent behaviors, and provider schemes.

Recognizing the ultimate impact fraud, waste, and abuse have on government funded programs, private health insurers, and consumers, our sophisticated solution includes both proactive and retrospective detection capabilities. There are two key components to our Medicaid improper payment solution:

a. **FAMS** - helps payers identify and pursue fraud, waste and abuse cases better, faster and in a more cost-effective manner.

b. **Initiate** - helps an organization move to a more active and dynamic approach, where the system can help verify recipient identity and uncover hidden or non-obvious relationships between providers and other benefit recipients.
At a high level, Initiate will ingest the data that it requires to perform identity and relationship resolution, namely employer and employee attributes. Once that data is ingested, it will create the comprehensive person profile and those resolved entities will be fed into the FAMS solution. The FAMS solution will also ingest the data that it needs to calculate the fraud score. Once the fraud score is computed, the Initiate application will ingest that score as an additional piece of information to complete the comprehensive person profile. Using data mining algorithms and business rules that compare provider behaviors to those of similar providers, FAMS predicts the likelihood of noncompliant activity, prioritizes the next best case for selection, and triggers downstream workflow processes so that the next ‘best case’ is being selected for action. The FAMS application will provide standard reports utilizing out-of-the-box capabilities.

Proof of Concept

IBM proposes a Business Value Assessment (BVA) for the State of Minnesota. This short-term BVA offering will clearly identify areas for improvement, quantify the expected ROI, assist the program integrity unit with prioritizing exposure areas and identification of suspect providers, recipients and/or suppliers. This offering will provide the State of Minnesota with the following benefits:

- Minimized impact to State IT and Business User resources/involvement for Business Value Assessment
- Access to FAMS’ analytical capabilities to identify suspect behaviors in paid claims
- Gain insight into behaviors uncovered by FAMS and incorporate "known behaviors" into the claims processing system edits
- Build an understanding of predictive modeling and fraud identification processes through the use of FAMS
- Reduce risk in overall project execution

IBM recommends this approach for the State of Minnesota as other clients have used this approach to accelerate the implementation process, while realizing immediate benefits/ROI. The step-by-step approach below minimizes impact to IT resources and provides immediate results:

- The IBM client team will work with the State’s Program Integrity Investigators to identify the most high-risk areas for overpayments
- The State will provide IBM with an extract of claims data for the areas identified for review for one - two specialty areas
- IBM will leverage pre-built detection models, designed by our existing FAMS clients to address Medicaid-specific fraud and/or overpayment schemes
- IBM will conduct the analysis, off-site, and provide detailed reports and investigative scripts for Program Integrity personnel to validate findings and build case information

In Line Detection

The in-line detection within FAMS is designed to provide real-time identification of exceptions, screening of suspicious claims, a “holding pen” for the optional validation of claims flagged by newly implemented rules, and assignment of recommended treatment streams. We can leverage your Enterprise Architecture (EA)-compliant tools for seamless data processing and model deployment via predictive modeling software, as well as business rules management. A comprehensive in-line detection process manages rules, scores claims, screens exceptions, validates new rules, and assigns treatment streams. These processes take full advantage of the information housed in our integrated data stores to verify claims and predict potential fraud and non-compliance. Our solution offers significant benefits compared to legacy systems, including
the ability to run rules to detect multiple schemes simultaneously, flexibility to quickly and safely introduce new rules without code changes or software releases, the option for automated machine learning to support the dynamic updating of production rules, and smarter screening and treatment techniques.

**Predictive Modeling**

Predictive analytics solutions can help the State detect and control fraud, non-compliance and other improper claims/payments. Our solution uncovers patterns and anomalies so that the State can identify unusual activities and take appropriate action. Large volumes of cases can be analyzed using clustering and association techniques to group common behaviors and highlight outliers or unusual behaviors and incorporate data from databases with other sources such as text, web, and survey data to improve model accuracy. Compared to rules-based methods, predictive analytics solutions can help the State reliably identify unusual activities such as those associated with improper payment. By isolating cases that require targeted investigation, there is typically a higher success rate of fraud and/or overpayment detection. Our predictive modeling software can ‘close the loop’ by providing information about outcomes back into the models, thereby adapting to changing patterns in suspicious activities.

Key benefits to our predictive analytics solutions include:

1. Modeling and algorithm driven pattern detection to identify improper payments
2. Statistics package with open extensibility to verify and support predictive modeling
3. Real time feedback to tune models for greatest performance
4. Evidence based resolution methods based on modeled historical outcomes.
5. Predictive scoring models

**Recovery Audit Contractor (RAC)**

Current and proposed rules from the Center for Medicare and Medicaid Services (CMS) are causing state Medicaid Agencies to rethink their approach to validating methods for determining and setting provider rates on the front-end (policy). This is being done through reducing improper payments related to Medicaid health claims (pre-payment) and conducting investigations to either recover overpayments or identify underpayments (post-payment). IBM’s analytics solution can assist the State with establishing a closed-loop, trusted data environment in which rates, reimbursement policies, clinical/health records, claims and billing/financial data are connected, analyzed and used to provide insights. These insights assist auditors in their findings that impact accurately assessing provider reimbursements, protecting current funds and preventing paybacks from adverse audit findings. Depending on specific State requirements, our solution ranges from providing reports and queries to data mining and advanced modeling to analytics “power users” to assist the State in their specific auditing efforts.

In addition, the IBM solution enables our team to work with experienced RAC investigators who have detailed knowledge of cost reporting, rate setting and payment practices/controls of Medicaid agencies across the nation and current knowledge of CMS rate setting protocols and preferences. We can also incorporate specific State-recommended RAC investigators with specific knowledge of Minnesota statutes in this area, such as Minn. R. 9505.2200, Subps. 1-4, if the State so desires. Given the dynamically changing nature of RAC in today’s current environment, IBM will work with DHS to establish the right governance and operating models for MN that incorporate the right RAC personnel into an end to end, closed-loop Medicaid Reimbursement solution that seeks to optimize benefits to the State.

**Program Integrity (PI)**
In our experience, State Medicaid Program Integrity (PI) functions operate with two overarching objectives: (a) validate compliance, efficiency and accountability with the State Medicaid Program by detecting and preventing fraud, waste and program abuse and (b) prevent improper payments of Medicaid dollars through cost avoidance activities, tort recoveries, recoupment’s and ongoing education/training of providers and recipients. To achieve these objectives, PI typically operates in a “pay and chase” model comprising four primary processes: detection, assignment, investigation and recovery (i.e., receivables set-up for payment and/or collections in that many State controller organizations are actually responsible for collections itself).

Most PI programs consist of end to end process bottlenecks and inefficiencies that limit their ability to achieve performance objectives and financial targets. We have also found that these limitations pose significant challenges to the State realizing benefits from implementing advanced analytics solutions such as FAMS. For instance, limited PI investigative resources tend to negatively impact the ability to pursue prioritized cases identified by FAMS; which manifests itself in minimizing the amount of suspicious activity that gets through the PI filter to actually being investigated. Another example can be observed in the downstream appeals process, in which providers are incented to appeal all overpayment findings; thereby creating a bottleneck downstream that often impacts the detection process, whereby majority of cases detected remain in a non-assigned/non-pursuit work queue.

It is for these reasons that IBM has augmented our advanced analytics and FAMS solution with process improvement, execution and strategic support/governance capabilities to enable a more closed-loop, effective end to end solution across PI’s four primary processes:

- Detection: We start by incorporating the advanced analytics models, analyses and reporting from FAMS into a more consolidated and organized intake function. This means that all sources of data (e.g., call intake from hotlines, claims related data, proactive provider audits, etc.) would flow through the FAMS analytics engine for enhanced detection of suspicious activity. Based on specific profiles and refined, more robust models generated from FAMS, we would incorporate the results into the detection workflow such that PI becomes more proactive vs. reactive in what they pursue. This can be done on a real-time basis, with a relevant, centralized list of activities to review in the assignment process, as the main output.

- Prioritization & Assignment: Once a centralized list of suspicious activities is detected, we then incorporate more robust, predictive analytics that target propensity to recover and cost-benefit analyses. These advanced models integrate with FAMS behavioral and predictive detection-based models to provide the State with improved intelligence around prioritization of what to pursue that compares likelihood of fraud, waste and abuse relative to the State’s likelihood to and level of effort associated with recovering overpayments found. This type of multi-dimensional analysis also allows IBM to take into account investigator expertise such that the prioritized list of cases are then further segmented into specific work queues that are automatically assigned in the State’s case management tool to the right investigators. By integrated prioritization, segmentation and assignment in this way, PI will be able to more seamlessly and effectively flow results into the State’s investigative process for improved efficiencies and downstream recoupment/recuperation results.

- Investigation: Once the assignments are made into the case management tool, PI investigators can open cases and begin pursuit with improved data and information to start their investigations. To augment the State’s limited PI resources, the IBM solution also offers process and investigative experts to aid the state in their investigation and findings. We can provide process improvement experts to work with the State to identify and resolve bottlenecks associated with the investigation process, and we can also provide investigators themselves to work with and complement PI’s existing team to more efficiently and
effectively conduct investigations and provide findings. IBM works today with a number of insurers across the entire claims management, adjudication and investigative process, including Medicaid-related claims. Depending on the State’s specific investigation and case management needs, we can work with the State to identify and execute/operate a more optimal PI function.

- Recovery: IBM offers a variety of collections-based capabilities to the State of MN, including but not limited to, support for using advanced analytic models and insights to design, test and execute a variety of collections-based strategies mapped to the segmentation schemes developed in the assignment process and continuously refined relative to the results achieved downstream. In addition, IBM can provide process and financial/collections experts to augment the State’s existing recovery/collections environment to close-loop the entire PI process to assist the State with not only receivable set-ups and payment tracking in the State’s financial systems, but also actual collections of the overpayments found. Depending on the State’s specific collections-related function and organizational ownership, IBM can work with the State to identify, recommend and execute specific actions to drive recovery-based outcomes and results designed to improve both money back to the State and timing of payments relative to State-Federal matching guidelines and programs.

Underlying the above advanced analytics layer is a Master Data Management (MDM) component, which enables the State to establish and provide a closed loop reporting environment making it possible to monitor and track activity/results across PI’s end to end process. Without this layer, it will be difficult for the State to measure outcomes and track performance/progress that enables it to optimize results from executing the advanced analytics solution as well as tied back to the outcomes-based payment model MN wishes to implement. These results include improved recoveries, enhanced performance with the removal of process bottlenecks, better use of limited State resources, more informed decision making and better integration of Program Integrity actions and results to the State’s front-end Policies for Medicaid Service-provided improvements and broader positive impacts over time.

Depending on how far the State of MN would like to go, IBM’s PI component can provide all service levels identified in this RFP: reporting/information extraction, data analysis, advanced analytics, investigation/substantiation and collection of overpayments. We can provide each of these capabilities in the form of advanced analytic and process execution experts, methods, tools and reporting. When combined, IBM’s solution provides the State of MN with a closed loop environment that achieves better outcomes, value-add financial, operational and programmatic benefits and unparalleled access to capabilities not traditionally found in State Medicaid Program Integrity functions today.

Summary

IBM’s comprehensive solution will help the State of Minnesota leverage proven fraud, waste and abuse-prevention methods for more effective risk management. The solution covers detection, prioritization, assignment, investigation, settlement, intervention and prevention of potential fraud, waste and abuse. It also includes tools, services and/or experts for basic and advanced data mining, drill-down reporting and visualization techniques.

As you will see, IBM has a suite of advanced and proven technologies and resources that identify potential fraud, waste and abuse in Medicaid. IBM will work jointly with the State to solution and implement the appropriate services and technologies within the context of your fraud prevention plan, while assisting in the enhancement of your fraud prevention plan to achieve your goals.
Technical Solution

C. A description of any tools, hardware, and software that would be needed to support the services you are offering for the subject matter;

Application Software Solution

Overview

The combined power of Initiate and FAMS will be used to fight fraud with both deviation detection and identity relationships. FAMS compares an employee or employer to its peer group using various risk factor metrics (direct or computed) to detect questionable behavioral patterns around all of the transactions with in an existing system. Initiate compares all the attributes that may distinguish employees and employers to alert identity matches and relationships between identities. Initiate and FAMS can operate separately and still deliver this benefit, but together they provide a two-pronged approach to fight fraud, with both deviation detection and identity resolution.

FAMS

IBM created FAMS in 1993 to analyze health insurance claims to look for indicators of fraud, waste and abuse. Developed in conjunction with the health insurance industry and IBM Research, FAMS has the ability to sort through a large volume of information on entities (for example providers, institutions, pharmacies, recipients) and claims in minutes. The solution was developed with, and for, the healthcare industry – it was not retrofit from another industry. The proven, patented technology is widely heralded as the best-in-breed healthcare claims analysis solution.

The IBM solution uses a unique combination of data mining capabilities, predictive modeling, and complex algorithms developed through years of experience with existing IBM clients. The solution provides graphical reporting tools, allowing auditors, reviewers, and/or investigators to discover and clearly identify suspect behaviors within the claims data. The FAMS solution is designed to operate more swiftly and effectively than traditional, manual processes – sorting through tens of thousands of entity types and tens of millions of data in minutes, and then ranking each entity as to their degree of potentially aberrant behavior.

FAMS compares an entity’s behavioral pattern (e.g. procedure reimbursement amounts) to those in its peer group’s to detect abusive practices. Typically, FAMS users create peer groups by specialty; examples include family practice, cardiology, pharmacy, dentists, and durable medical equipment providers. Measures such as visits, charges per visit, average number of visits per claim, and percent of older beneficiaries may all be used by FAMS in fraud detection.

FAMS also evaluates individual incoming claims against a backdrop of historical claims with business rules and predictive models. The rules package automates analysis of provider and beneficiary profiles, look-up of procedure, diagnosis, and combination exceptions, testing of fraud and abuse hypotheses, identification of specific allegations, and generation of business actions that identify those claims that need further action prior to payment.

FAMS can sort through information on tens of thousands of providers and millions of claims in minutes, bringing to light offenders who might not be identifiable any other way. The system sensitively ranks providers in relation to their peers – within specific geographic regions, specialties and sub-specialties, and virtually any other parameters users choose to define. Results are displayed in a graphical format that readily identifies providers who fall outside norms, not just those who meet predefined criteria.
Results are displayed in a graphical format and prioritized for investigators and used within the post-payment review process to determine whether a claim is suspect (as shown below in Figure 1). These reports readily identify providers who fall outside norms and the financial exposure.

This analysis identified $566,628 of claim lines for further investigation.

The chart below displays the value of claim lines identified for further investigation as a portion of the total claim lines analyzed. The total claim lines analyzed contains data for 100 physical therapists. The subset of claim lines identified for further investigation contains data for 24 physical therapists.

![Dollar Breakdown of Claim Lines Analyzed](image)

24 physical therapists were identified for further investigation.

**Figure 9:** Depicts the number of providers identified for investigation out of the population.

The FAMS Reports and Database Wizard is a graphical, easy-to-use, point-and-click interface allows investigators to select from a set of more than 150 pre-developed reports. FAMS users simply select an appropriate report from the list of reports, indicate what type of data should be included, and produce the report on-demand. Reports are developed using Crystal Reports XI™ or IBM COGNOS, and a runtime version of this reporting tool is installed as part of the FAMS client software.

The IBM Fraud and Abuse Management System (FAMS) will provide the State of Minnesota with analytical and visualization tools based on statistics and data mining technologies.

**Master Data Services**

**Master Data Services**, creates a single view of a person, object, location, event, or other type of entity. It uses statistical algorithms to resolve data from multiple sources into this single view, manages relationships between single view entities, and offers services and user interfaces to interact with (create, read, update, delete, link, merge, etc.) the data that makes up the single view and incorporate the data into existing business processes.

This is a robust suite of technology solutions used by government, law enforcement agencies and private sector clients to provide identity recognition. With the ability to examine the anomalies and inconsistencies in data, it can help organizations better eliminate benefits payments to ineligible individuals attributed to ambiguous identities.
Designed to provide governments with a more detailed capacity for identifying, resolving and uncovering identities and relationships, Initiate provides an automated resolution capability that operates across both historic and current data to analyze identities and relationships of all.

This solution pulls from any number of data sources to generate identity records. By allowing for a full range of identity data points to be compared simultaneously and in conjunction with one another, Initiate allows for identity evaluation against fully pre-constructed identities. These identities are made up of the accumulated attributes of all prior records. This technique enables new records to match to known identities completely, rather than relying on binary matching that can only match records in pairs. This context accumulation improves accuracy and greatly improves the handling of low-fidelity data that might otherwise have been left as a large collection of unmatched orphan records.

The table below outlines key components of our Master Data Services solution:

<table>
<thead>
<tr>
<th>System Component</th>
<th>Our Solution</th>
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</thead>
<tbody>
<tr>
<td>Comprehensive Person Profile</td>
<td>Our solution brings in key information about an individual or employer. It computes a fraud score using statistical procedures (outlier detection) for each of several identified risk factors. It computes an overall fraud score. Users see both overall score and the risk factor scores.</td>
</tr>
<tr>
<td>Identity and Relationship Resolution</td>
<td>It uses available information about an “entity” such as name, address, SSN, phone number to resolve identities (who is who) and relationships (who knows who). Before data is used for fraud detection, we will first run identify information through this solution. That way, fraud scoring can be conducted on the resolved entities. This will eliminate advantages of fraudulent behavior from using different variations of name and address and promote identification of over use of particular names, addresses, and SSNs.</td>
</tr>
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**Additional IBM Software Components**

The IBM Fraud and Prevention solutions are targeted to address one of government’s biggest problems - which resulted in fraudulent Medicaid claims and improper payments. IBM’s combined capabilities in this area bring strong analytic capabilities to help our clients to combat Medicaid insurance fraud.

IBM software solution components that can be leveraged to address the specific needs of the State in this subject matter area include:

**Tracking/monitoring of Business Events**, which has been used by the IRS to provide accurate and timely capture of error events within the system, and initiates recover/replay work actions. The benefits of this solution includes:

- Ensuring that the system is running smoothly and correctly
- Providing Real time alerts of error conditions and bottlenecks
- Ensuring 100% of electronic submissions are processed successfully

**Business Process Management Solution**, which been used to the New York State Tax authorities together with the IBM analytics solutions in order to modernization their tax systems and provide the following benefits:

- increased revenue
- lower costs
- improved taxpayer service
- faster implementation of new legislative programs
**Entity Analytics**, to integrate entity resolution with multi-cultural names and complex event process into a single solution for threat and fraud detection

**Data Mining and Business Intelligence** – that delivers a revolutionary new user experience and expands traditional business intelligence (BI) with planning, scenario modeling, real-time monitoring and predictive analytics. With the capability to interact, search and assemble all perspectives of your business, this solution provides a limitless BI workspace to support how people think and work. Built on a proven technology platform and designed to upgrade seamlessly and to cost-effectively scale for the broadest of deployments.

**Predictive Data Modeler** - is high-performance data mining and text analytics workbench that quickly delivers positive ROI by creating the predictive intelligence that allows organizations to proactively and repeatedly reduce costs and increase productivity.

**Predictive Decision Management** - incorporates optimized decision making into the DNA of your business processes. Your organization can empower business users to develop predictive models and combine them with business processes and rules, resulting in decisions that are beneficial for your organization.

**Solution Installation Approaches**

In order to provide the most value to our clients, IBM offers two options for management of the infrastructure and tooling needed to support our FAMS solution. Each provides a number of benefits that may appeal to the State and establishes alternatives that balance control with ease of management and resources. The first option employs a Cloud model and enables the State of MN to enjoy the benefits of the FAMS solution in all the same ways as a non-hosted model while allowing IBM to provide the total management of the infrastructure that supports it. The second option involves the State of MN physically hosting and managing the environment and provides the most control over the environment and the data. As IBM has worked with a number of State government clients to weed out fraud and manage noncompliance, we have found that the Cloud model is generally the most effective. It provides the best balance between state resource requirements and value returned to the State. The following sections outline these options in greater detail.

**Option 1 – Hosting in an IBM environment**

In order to promote the best balance of benefits to the State of MN, IBM offers a model that provides the FAMS solution in the Cloud Computing Environment. In this arrangement, IBM will host and manage all of the components needed to provide the State with the capability to fully utilize the FAMS solution while providing secure interfaces with the State systems and workers to protect the data.

In this model, IBM will construct secure, standards-based interfaces between State of MN servers and the FAMS solution in an IBM hosted environment dedicated to the State of MN. State of MN case workers will be able to work with the system in exactly the same manner as if FAMS were installed within the State of MN. All hardware, software, and associated connectivity will be provided by IBM, including the resources to operate and manage it, thus providing the least disruption to the State of MN. Technical considerations such as security, data protection, and performance will all be managed by IBM specialists in accordance with best-practices and the State of MN’s requirements.

A few of the key benefits of this approach are:
Increased flexibility and reduced time to value
Utilization of a FAMS platform that is managed by IBM validates that development and maintenance tasks on this platform are always a priority with SLAs that guarantee predictable turn-around times and the quality of work performed.

Minimize dependencies
Using the IBM cloud to deliver FAMS also means less dependence and inter-reliance on potentially scarce state I/T resources thereby making the engagement easier to manage.

Service Level Agreements
The State of MN would be procuring the FAMS functionality as a flexible business service with assurances of business and technical service levels. IBM will be responsible that the hardware, software, and other infrastructure is up to the task of providing the service to the satisfaction of the State.

Over 5000 customers worldwide depend on IBM for their application hosting services, including a significant number of State, local, and Federal governments. We have gained substantial experience in providing services in this model while maintaining all of the rigor that go into providing the appropriate security and data protection that is necessary when working with sensitive data. IBM is able to stand behind such claims with rigorous Service Level Agreements that protect the State of MN.

Option 2 – ‘In-house’ Management of FAMS
IBM is also very experienced in delivering the FAMS solution with all required infrastructure being installed on-site in a customer location. In this scenario, all components needed to support FAMS will be installed in the State’s data center. This approach has the benefit of enabling physical control over the location of the data itself. Management of the FAMS infrastructure and the interplay with State of MN systems can be managed jointly by IBM and IT resources. The sharing of responsibility over management of the FAMS environment and infrastructure, from minimum state involvement to significant reliance on state resources, can be tailored to match the needs of the State. We have provided similar hosting services to many of our EPMS clients such as MetroPlus Health and New York State Association of Counties.

Hardware/Software Requirements

FAMS

The solution components have minimal specific hardware requirements and may be deployable on existing MN technology infrastructure. All components should scale both horizontally and vertically. Hardware sizing will need to be performed once the full functional and non-functional requirements are specified and documented. A typical installation will have the following characteristics:

4. **Database server** – This hardware will house the database application and will either contain local storage for the database or it will connect to some type of a storage network.

5. **Application server** – This hardware will house the Java EE application server that will host the main components of the solution such as the rules processor, action handler, and server components of the web based screening application.

6. **Client workstation** – This will be a normal desktop/laptop workstation (or virtual equivalent) for hosting the browser based component of the screening application as well as the user interface components of the rule and model maintenance software.
To promote the greatest degree of flexibility, our FAMS solution will run on a wide variety of hardware and software platforms, oftentimes, leveraging your existing assets.

**Master Data Services**

Master Data Services, which creates a single view of a person, object, location, event, or other type of entity. It uses statistical algorithms to resolve data from multiple sources into this single view, manages relationships between single view entities, and offers services and user interfaces to interact with (create, read, update, delete, link, merge, etc.) the data that makes up the single view and incorporate the data into existing business processes.

**Initiate Master Data Engine®:**

The following recommendations are for the servers on which the Master Data Engine and its RDBMS would be installed:

<table>
<thead>
<tr>
<th>Hardware/Software Type</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>App Server Hardware</td>
<td>IBM pSeries with at least 4 POWER CPU cores; 8GB RAM; 200GB disk</td>
</tr>
<tr>
<td>Database Server Hardware</td>
<td>IBM pSeries with at least 8 POWER CPU cores; 12GB RAM; 400GB disk</td>
</tr>
<tr>
<td>Server Third-Party Software</td>
<td>AIX 5.3 or 6.1 DB2 UDB 9.1 or 9.5</td>
</tr>
</tbody>
</table>

**Initiate Workbench:**

<table>
<thead>
<tr>
<th>Hardware/Software Type</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Server Hardware</td>
<td>N/A</td>
</tr>
<tr>
<td>Server Third-Party Software</td>
<td>N/A</td>
</tr>
<tr>
<td>Client Workstation Hardware</td>
<td>1.6GHz processor Memory: 1G RAM Disk Storage: 200MB Networking: TCP/IP, 10MB or greater Resolution settings recommended at 1024 x 768 minimum with normal fonts</td>
</tr>
<tr>
<td>Client Workstation Platform</td>
<td>Microsoft Windows 2003 SP2 or XP SP2 or Windows Vista</td>
</tr>
<tr>
<td>Client Workstation Third-Party Software</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Initiate Inspector™:**

<table>
<thead>
<tr>
<th>Hardware/Software Type</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Server Hardware</td>
<td>Co-located on Master Data Engine app server above</td>
</tr>
<tr>
<td>Server Third-Party Software</td>
<td>Apache Tomcat 6.0, WebSphere Application Server 6.1, or BEA WebLogic Server 10 (must run on one of our supported platform options)</td>
</tr>
<tr>
<td>Client Workstation Hardware</td>
<td>CPU: 800MHz minimum or the minimum required by the OS Memory: 256MB minimum or the minimum required by the OS Disk Storage: 30MB minimum Networking: TCP/IP, 10MB or greater Resolution settings recommended at 1024 x 768 minimum with normal fonts</td>
</tr>
<tr>
<td>Client Workstation Third-Party Software</td>
<td>Internet Explorer 6.0+ or Mozilla Firefox 2.0+</td>
</tr>
</tbody>
</table>
Initiate Analyst™:

<table>
<thead>
<tr>
<th>Server Hardware</th>
<th>Co-located on Master Data Engine app server above</th>
</tr>
</thead>
<tbody>
<tr>
<td>Server Third-Party Software</td>
<td>Apache Tomcat 6.0, WebSphere Application Server 6.1, or BEA WebLogic Server 10 (must run on one of our supported platform options)</td>
</tr>
<tr>
<td>Client Workstation Hardware</td>
<td>CPU: 800MGHz minimum or the minimum required by the OS Memory: 256MB minimum or the minimum required by the OS Disk Storage: 30MB minimum Networking: TCP/IP, 10MB or greater Resolution settings recommended at 1024 x 768 minimum with normal fonts</td>
</tr>
<tr>
<td>Client Workstation Third-Party Software:</td>
<td>Internet Explorer 6.0+ or Mozilla Firefox 2.0+</td>
</tr>
</tbody>
</table>

Network

*Initiate* requires at least 100Mbps Ethernet interfaces on all servers in its configuration

**State of Minnesota Resources**

D. To the extent you are able, indicate the level of state involvement necessary for the successful implementation of services you are offering. Include estimates of resource levels and time.

In the absence of the State specifically defining the scope of the solution and understanding your detailed requirements, we have provided a ‘rough order of magnitude’ estimate of internal staffing levels based on implementing a FAMS solution exclusive of any other software solution.

The roles and key activities to be performed by the State of Minnesota list below, are reflective of a ‘typical’ post-payment fraud detection project:

**IMPLEMENTATION**

(a) FAMS Administrator (1/4 FTE)
   - Installation participation
   - Security administration
   - Post-installation validation
   - (iv) Production system operation
   - (v) Production testing

(b) Business Process Expert (1/2 FTE)
   - Assist in documenting and defining business processes for selecting cases using FAMS
   - Application data mapping to support the Auto-Data Extract process and feature selection
   - Post-installation validation

(c) Fraud Expert/Investigator (1/2 FTE)
   - Creation of behavior models
   - Define and document custom report requirements
   - Post-installation validation
   - Production system operation
   - Production testing

(d) Application Programmer (1/4 FTE)
• Load and maintain Claim Database Tables
• Provide database specific support as required for project
• Define and create Auto-Data Extract process for Service Level Files provided to IBM

(e) Database Administrator (1/4 FTE)
• Update database tables

The application programmer and database administrator can be a combined role.

Illustrated below is a ‘typical’ post-payment fraud detection project:

For the project, we will analyze the top areas of fraud risk exposure for FAMS configuration

Planning (Month 1)
Plan Project
Plan / Build System Environment

Requirements & Design (Month 1-2)
Define FAMS Solution Requirements
Define / Design Data Acquisition

Build Phase (Month 2-3)
Build FAMS Environment
Build Data Acquisition Process
Configure Behavior Models

Deploy Phase (Month 4)
Perform System Execution and Validation
Deploy FAMS Solution
Conduct FAMS User Training
Conduct FAMS Advanced Training
Create / Test Custom Reports

Organizational Proficiency
E. A list of personnel anticipated to provide professional services under this master contract program; provide a narrative of their individual qualifications or provide a resume or curriculum vitae specific to each proposed subject matter category;

The following list of procurement professionals are currently under consideration for assignment to this effort. Resumes are included in Appendix B and should be viewed as representative of the skills and experience of persons we may assign to this project. Final selection of individuals will depend upon their availability at the time the project is initiated.

<table>
<thead>
<tr>
<th>Consultant Qualifications</th>
<th>Category Experience</th>
<th>Public Sector Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shaun Barry</td>
<td>10</td>
<td>19</td>
</tr>
</tbody>
</table>

Shaun Barry
Mr. Barry works with risk management solutions that leverage IBM technology to identify aberrant behavior. Business uses for the solutions range from analyzing providers of health care services (IBM Fraud and Abuse Management System – FAMS) to identifying tax cheats (Tax Audit and Compliance System – TACS), selecting suspicious cargo for inspection (IBM Customs Risk Management System – CRMS) and assisting corporate
compliance officers in identifying corporate compliance issues (Risk and Compliance Analysis Tool).

**Adam Crafton**
Mr. Crafton has served as Project Executive for several clients in state and local government, as well as other industries, in implementing analytical solutions, including fraud detection systems. He has served as the Director of Risk Management and Optimization, IBM Center for Business Optimization which Leveraged core consulting skills, mathematical analysis, and cutting edge research, tackling issues such as providing real-time scoring for propensity to commit fraud as well as likelihood of collection.

**Mandy Fogle**
Ms. Fogle is a subject matter expert within the healthcare industry focusing on fraud, waste, and abuse. Mandy has over 13 year’s of experience within IBM organizations that focus on risk management solutions. One of these solutions includes the IBM Fraud and Abuse Management System, a solution that addresses fraud, waste and abuse specifically in the healthcare industry. Her background in the healthcare industry provides insight to clients in developing behavior models designed to address fraud, abuse, and waste within healthcare claims data.

**Wendy Hummel**
Wendy Hummel is an IBM certified Technology Consultant in Development and Integration. She is responsible for the design and development of healthcare algorithms for IBM’s Fraud and Abuse Management System and IBM Entity Profiling Management Solution (EPMS), a solution that is designed to identify outlier behavior, and the IBM Customs Risk Management Solution (CRMS), a solution designed to for customs agencies needing to select cargo for inspection.

**Jay Jordan**
Mr. Jordan, Advisory I/T Specialist, is the technical lead responsible for a suite of solutions that detect aberrant behavior within a homogeneous group of entities. His roles include application development, unit and system testing, education, technical and end-user support, and solution packaging, delivery and integration.

**Steve Miller**
Mr. Miller is a Senior I/T Specialist, develops, and supports solutions that leverage IBM technology to identify aberrant behavior exhibited by entities that range from providers of health care services (IBM Fraud and Abuse Management System - FAMS) to auditors trying to identify deviant patterns and exceptions within tax return data (Tax Audit and Compliance System - TACS), customs agencies needing to select cargo for inspection (IBM Customs Risk Management System – CRMS), to identify fraudulent claims in property and casualty insurance (Loss Analysis and Warning Solution) and assist corporate compliance officers in identifying corporate compliance issues (Risk and Compliance Analysis Tool).
**Ricky D. Sluder**
Ricky D. Sluder is a Certified Fraud Examiner and Managing Consultant responsible for providing IBM clients with analytics-based solutions that detect, measure, and manage fraud, waste and abuse. Mr. Sluder partners with IBM clients to identify unique solutions that leverage IBM technology in the identification of aberrances associated with fraudulent activity (e.g. IBM Fraud and Abuse Management System - FAMS). He provides operational management solutions and insight on predictive modeling and data mining techniques within various consulting offerings in an effort to identify and prioritize a client’s vulnerability to fraud, waste, and abuse. Mr. Sluder has fifteen (15) years experience in the field of investigations including serving as the Benefit Integrity Manager for the Centers for Medicare and Medicaid Services (CMS) in Texas, New Mexico, Oklahoma and Colorado. He was invited to serve fulltime on the Federal Bureau of Investigations (FBI) Healthcare Fraud Taskforce. He also developed several innovative approaches to Medicare and Medicaid fraud investigations adopted by CMS as a best practices metric for all Zone Program Integrity Contractors in the United States of America.

**Client References**

**Client Name:** State of North Carolina – Department of Health and Human Services – Division of Medical Assistance (DMA)

F. A detailed description of data analytics services provided to two or more public sector organizations of similar size and scope to the State of Minnesota within the past three years (“engagements”), specific to the category:

North Carolina’s Division of Medical Assistance (DMA) provides access to high quality, medically necessary health care for eligible, low-income North Carolina residents. The Program Integrity unit validates compliance, efficiency, and accountability within the State’s Medicaid program by detecting and preventing fraud, waste, program abuse. It is responsible for ensuring that Medicaid dollars are paid appropriately and initiates tort recoveries and pursues recoupment from providers who are not operating within Medicaid policy.

IBM provided a solution and business process consulting to implement the solution. The IBM Fraud and Abuse Management System (FAMS) enable North Carolina to detect and investigate fraudulent and abusive practices by healthcare providers. The solution incorporates powerful profile modeling and scoring, interactive data visualization, integrated data mining algorithms and a fully customizable report wizard. The North Carolina project used a phased approach and included application code, solution consulting, training, installation services, project management, and an optional extended services offering to provide ongoing user support and software upgrades.

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Medicaid Fraud and Abuse Prevention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope of Project</td>
<td>Identify providers exhibiting questionable behavior and confirm known suspects to support the DMA Program Integrity functions of Pharmacy, Home Health, Provider Medical, Behavioral Health and Special Projects utilizing FAMS and Phase 2 - Entity Analytic Solution Identity and Relationship Resolution.</td>
</tr>
<tr>
<td>Dates of Engagement</td>
<td>7/1/2010 - Present</td>
</tr>
</tbody>
</table>

Use or disclosure of data contained on this page is subject to the restriction in the disclosure statement of this document.
Name of Contact Person | Craigan L. Gray, MD
--- | ---
E-mail address | craigan.gray@dhhs.nc.gov
Telephone Number | 919-855-4105

H. Describe the efficiencies or results gained by implementation of the data analytics and, if applicable, any cost savings determined to be directly attributable to the project.

In the first 8 months of operation, IBM and DMA have identified nearly 400 Medicaid providers for investigation. These providers billed roughly $180 million in suspicious Medicaid claims in 2008 and 2009.

I. Describe how any such cost savings were calculated and how compensation for the work was structured.

IBM is paid based on a percentage of recoupment letters issued by the State.

J. Detail whether any disagreements as to savings generated or fees owed were encountered and if so, how resolved.

N/A

K. To the extent compensation was based on a percentage of savings attributable to the effort; describe how the parties distinguished the amount of savings attributable to the work of the contractor versus savings realized from the efforts of the organization.

Compensation was based on identified, investigated and confirmed improper payments.

**Client Name: TriWest Healthcare Alliance – Department of Defense TRICARE**

F. A detailed description of data analytics services provided to two or more public sector organizations of similar size and scope to the State of Minnesota within the past three years ("engagements"), specific to the category;

TriWest Healthcare Alliance is a Phoenix-based management service organization that is contracted with the Department of Defense for the managed care support and administration of the TRICARE program in the 16-state TRICARE Central Region. TriWest’s goal is to provide the region’s 1.5 million TRICARE beneficiaries with access to cost-effective, quality health care and superior customer service.

TRICARE is a regionally managed health care program for active duty and retired members of the uniformed services, their families and survivors. TRICARE brings together the health care resources of the Army, Navy and Air Force and supplements them with networks of civilian health care professionals to provide better access and high quality service while maintaining the capability to support military operations.

TriWest has been a DoD contractor since 1996, received a four-year contract extension in 2002, and was awarded a five-year contract for the new TRICARE West Region in August 2003. With the TRICARE West Region contract, TriWest became the largest Department of Defense (DoD) contractor based in the state of Arizona and holds the 16th largest DoD contract in the United States. The 2,260,865 sq. mi. TRICARE West Region includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Iowa*, Kansas, Minnesota, Missouri*, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming and a portion of western Texas that includes El Paso and the Ft. Bliss area.

IBM deployed the IBM Fraud and Abuse Management System (FAMS) for TriWest Healthcare Alliance, located in Phoenix, Arizona in October 2001. The IBM Fraud and Abuse Management System (FAMS) is a solution that enables health care payers to detect and investigate fraudulent and abusive practices by health care providers. FAMS incorporates a library of over 9,000 industry-defined profiling metrics extracted from claims data. The solution incorporates powerful profile modeling and scoring, interactive data visualization, integrated data mining algorithms and a fully customizable report wizard with ROLAP drill-down capability. The project scope for TriWest Healthcare Alliance involved a phased approach and includes application code, solution consulting, training, installation services, project management, and an optional extended services offering to provide ongoing user support and software upgrades.
Since that time, IBM has continually worked with TriWest Healthcare Alliance to develop additional models to review recipient claims data to determine other types of suspect behavior. In May of 2011, IBM provided additional IBM Fraud and Abuse Management System training and is assisting with the integration of a case tracking solution into their current process.

G. Name of Project | IBM Fraud and Abuse Management System
---|---
Scope of Project | Implementing a solution including consulting efforts around fraud models, training, and support
Name of Contact Person | Marla Davis, PI Reports and Data Systems Supervisor
E-mail address | mdavis@triwest.com
Telephone Number | (602) 564-2091

H. Describe the efficiencies or results gained by implementation of the data analytics and, if applicable, any cost savings determined to be directly attributable to the project.

The client’s benefits received from this project were significant in the following areas:

- Increased efficiency of program integrity personnel
- Identification of high-quality cases
- Significant referral of cases to Tricare for recoupment of overpayments and litigation
- Cost savings increase by incorporating additional edits within the adjudication system to stop suspect claims from being paid

I. Describe how any such cost savings were calculated and how compensation for the work was structured.

Traditional cost savings have not been measured. The implementation effort was on a fixed-price fee basis for the solution and implementation services. All additional projects have also been on a fixed-price fee basis.

J. Detail whether any disagreements as to savings generated or fees owed were encountered and if so, how resolved.

N/A

K. To the extent compensation was based on a percentage of savings attributable to the effort; describe how the parties distinguished the amount of savings attributable to the work of the contractor versus savings realized from the efforts of the organization.

N/A

Client Name: Ontario Ministry of Health – Government Healthcare Program

F. A detailed description of data analytics services provided to two or more public sector organizations of similar size and scope to the State of Minnesota within the past three years (“engagements”), specific to the category:

The Ontario Ministry of Health and Long-Term Care is the Canadian health care system that provides health insurance, drug benefits, assistive devices, psychiatric, home health, and long-term care to recipients in Ontario, Canada. In addition, it monitors hospitals and nursing homes, and operates psychiatric hospitals and medical laboratories.

Ontario Ministry of Health and Long-Term Care needed a solution that would assist with the monitoring of fee-for-service payments made to health care providers including, but not limited to, physicians, dentists, optometrists, chiropractors and physiotherapy facilities.

Their claims volume is extremely high and their current business process could not detect and analyze non-compliant provider behavior. This anomalous behavior resulted in financial loss to the Province.

Through a competitive process, the Ministry’s Provider Services Branch implemented the IBM Fraud and Abuse Management System. Dr. Garry Salisbury, Manager, Monitoring and Control, says, “We intend to use FAMS not only to enhance detection of abuse and fraud, but also to strengthen our education and early intervention programs.”
The project scope for Ontario Ministry of Health Long-Term Care involved a phased approach which included; application code, solution consulting (specifically around modifying the FAMS driver table data to address the Canadian-specific procedure, service, and dental codes), training, installation services, project management, and an optional extended services offering to provide ongoing user support and software upgrades.

<table>
<thead>
<tr>
<th>G. Name of Project</th>
<th>IBM Fraud and Abuse Management System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope of Project</td>
<td>Implementing a solution including consulting efforts around fraud models, training, and support</td>
</tr>
<tr>
<td>Name of Contact Person</td>
<td>Keith Gordon, Manager, Business Integration Services, Health Services Branch</td>
</tr>
<tr>
<td>E-mail address</td>
<td><a href="mailto:Keith.Gordon@ontario.ca">Keith.Gordon@ontario.ca</a></td>
</tr>
<tr>
<td>Telephone Number</td>
<td>(613) 536-3044</td>
</tr>
</tbody>
</table>

H. Describe the efficiencies or results gained by implementation of the data analytics and, if applicable, any cost savings determined to be directly attributable to the project.

The client’s benefits received from this project were significant in the following areas:

- Increased efficiency of program integrity personnel
- Identification of high-quality cases
- As a result of implementing the IBM Fraud and Abuse Management System, “The Ontario Ministry of Health and Long-Term Care has identified cases of overpayments and suspect behavior” says Dr. Garry Salisbury, Manager, Monitoring and Controls.
- Cost savings increase by incorporating additional edits within the adjudication system to stop suspect claims from being paid

I. Describe how any such cost savings were calculated and how compensation for the work was structured.

Traditional cost savings have not been measured. The implementation effort was on a fixed-price fee basis for the solution and implementation services. All additional projects have also been on a fixed-price fee basis.

J. Detail whether any disagreements as to savings generated or fees owed were encountered and if so, how resolved.

N/A

K. To the extent compensation was based on a percentage of savings attributable to the effort; describe how the parties distinguished the amount of savings attributable to the work of the contractor versus savings realized from the efforts of the organization.

N/A

Since its inception, FAMS has been installed at over 40 of the most innovative public and private sector healthcare organizations worldwide including: The New York State Office of Medicaid Inspector General, Ontario Ministry of Health, New York State Association of Counties, CIGNA, Aetna, Humana, Regence, Blue Cross Blue Shield Louisiana, Blue Cross Blue Shield Tennessee, and Sul America.

The results that our clients have achieved with FAMS are compelling. We have helped our clients identify billions of dollars in fraudulent and abusive healthcare claims. Typically, clients who use our software and/or services receive a positive return-on-investment in less than twelve (12) months.

5. Unemployment Compensation

IBM Capabilities

A. A description of relevant experience specific to this subject matter category;
Disclosure Statement

The information in this proposal shall not be disclosed outside the State of Minnesota organization and shall not be duplicated, used or disclosed in whole or in part for any purpose other than to evaluate the proposal, provided that if a contract is awarded to IBM as a result of or in connection with the submission of this proposal, State of Minnesota shall have the right to duplicate, use or disclose the information to the extent provided in the contract. This restriction does not limit the right of State of Minnesota to use information contained in the proposal if it is obtained from another source without restriction.

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