



Doctor Shopping: Uncovering the Hidden Potential for Abuse

CLIENT

A large healthcare payer organization with 4.6 million members.

CHALLENGE

A fraudulent activity commonly known as “doctor shopping” was becoming a significant cost problem that was not being accounted for in the pricing process. There was no effective way to predict the potential level of doctor shopping when establishing price proposals for new groups, as the complete characteristics of members who doctor shop were unknown. The client wanted to predict doctor shopping and determine which providers facilitate this type of activity.

SOLUTION

Netra worked closely with the IT and business teams from concept definition and design through a pilot implementation and ultimate rollout to the enterprise.

“We are finally able to take into account the potential cost of these questionable claims before we deliver our final price proposal to each group. Insurance prices are justifiably higher for some groups, but lower for others.”

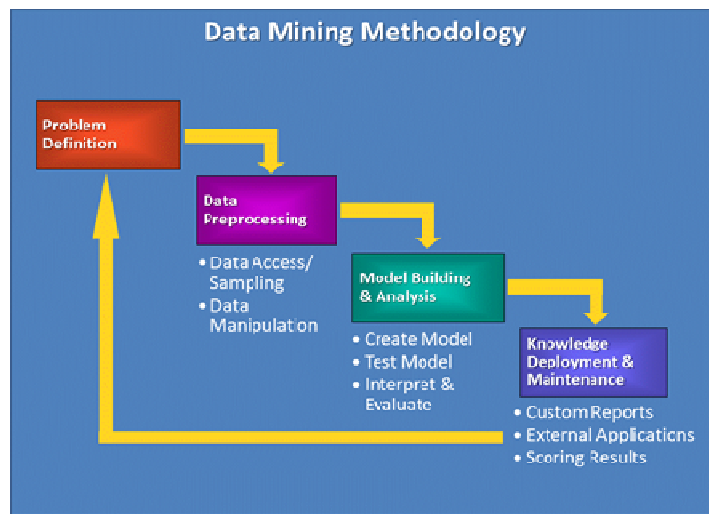
Pharmacy Benefits Manager

Query & Reporting	OLAP	Predictive Analytics
Extraction of detailed and summary data	Summaries, trends and forecasts	Knowledge discovery of hidden patterns and insights
"Information"	"Analysis"	"Insight and Prediction"
Who purchased mutual funds in the last 3 years?	What is the income distribution of mutual fund buyers?	Who will buy a mutual fund in the next 6 months and why?

The questions were how to predict it, and which providers were facilitating the activity.

RESULTS

Netra successfully helped the client develop a predictive model to estimate the cost of fraudulent "doctor shopping" claims and account for it in the pricing mechanism. This predictive capability was then incorporated into enterprise actuarial and underwriting systems, streamlining processes within the Fraud Detection department. Netra also provided knowledge transfer of data mining best practices and applications.



VALUE PROPOSITION

- Analytic models, templates and best practices
- Insurance and Predictive Analytics expertise
- Effective Program and Project management capabilities