

## Company Update

As we move toward the end of the year, we at Gray Matter are proud of our many achievements. In the last 90 days, we have signed three new customers to deliver on proofs of concept that cover both Advisory Services and CoreTechs® solutions. We are making significant headway in bringing our services and solutions to progressive healthcare organizations across the country.

Several of the new Gray Matter solutions being rolled out include patient leakage analysis, physician scorecards and member targeting and outreach. We are deploying these solutions to leading provider, payer and related markets. Our strong team of engineers and data scientists, working hand in hand with product experts and seasoned business development professionals, are supporting this continued development of solutions.

CoreTechs® remains the backbone of our success with its four engines, solving business problems that include the following: Prevent loss of revenue and quality from patient leakage; Improve quality of care and outcomes; Predict reimbursements from Medicare/Medicaid; Segment population to identify cost and risk; and Enable clinicians to intervene with actionable data.

In the past, data needed to be sent to third parties to be able to extract analytics and insights. However, more often than not, the data would never be returned to the owner. With our ability to install CoreTechs® in our customers' cloud environments – AWS, Azure and Google, there is no longer a need to send data out of the organization. This provides peace of mind and keeps data secure.

We continue to work toward our goal of transforming healthcare through analytics-driven insights. Our approach can be summed up in the following:

- Integrate and aggregate data on CoreTechs® platform hosted on Gray Matter's or our customers' cloud environments
- Use analytics solutions to predict costs and manage insurance contracts: Medicare/Medicaid and commercial insurers
- Provide advisory services to support administrative and clinical staff in the adoption of solutions

We are grateful for 2019 and the successes and opportunities the year has brought us. And, we are eagerly anticipating what 2020 has in store for us. Lastly, we'd like to wish you a peaceful holiday season and a good year ahead!

## Can Data & Analytics Improve Management of High-Cost Claimants?

### *The Rise of High-Cost Claimants*

The volume of patients with multiple chronic conditions like diabetes, obesity, depression, mental illness and complex diseases continues to rise. As a result, high-cost claimants (i.e. costing \$50K or greater per year) are growing at an alarming rate, outpacing all other drivers of health care costs [1]. A recent study by Mercer analyzed claims data for 1.6 million health plan members representing \$8.5 billion in aggregate costs, and they concluded that 6% of members with high-to-catastrophic illness burden generated nearly half of all claims with an average cost 7x greater than that of members with medium to high illness burden [2].

### *Learning from Mistakes We Make Today to Adopt a Better Approach for Tomorrow*

So how do we transform our approach to address the challenge of high-cost claimants?

Historically, many payers have employed a reactive approach to managing high-cost claimants. They select a handful of "preventable" chronic illnesses that are the greatest cost drivers and implement strategies such as intense care management, shifting of costs to members, or in some cases "lasering" them out of coverage altogether. But there is very little evidence that shows these strategies to be effective.

In the future, organizations need to employ a more proactive and collaborative approach to identifying populations of high-cost claimants that can be effectively managed and the appropriate solutions to implement. This is where data and analytics have the potential to transform how we approach managing high-cost claimants. By investing in data and analytics, payers, providers and employers can generate insights to better identify the members where they can have the greatest impact and tailor strategies to the unique characteristics of these populations.

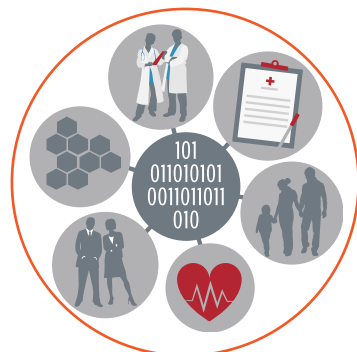
There isn't a panacea or silver bullet that can completely resolve these challenges, but data and analytics can play a major role in helping organizations proactively manage high-cost claimants. With providers, payers and employers all aligned with the same common goal, together they can each play a role in reducing medical costs while improving the quality of life for individuals living with chronic conditions.



# Gray Matter Analytics Milestones

The Gray Matter Analytics teams continue to participate in active discussions with leading provider and payer organizations. Here are a few significant highlights:

**Delivered** analytics proofs of concept (POC) to a large Northeastern BCBS health plan that serves millions of members. They sought to improve targeting and outreach for member populations that were likely to present as high-risk pregnancy, Type II diabetes or hospital readmissions in order to reduce cost and improve quality of care. Our CoreTechs® predictive analytics solutions provided reliable, scalable insights that clinicians could access to manage high-complexity care and associated costs.



**Added** a new large, regional payer client in the Northeast. We are providing support in restructuring their fragmented data and reporting organizations and enhancing their overall analytics capabilities. We have designed an integrated operating model, which includes an enterprise data and analytics center of excellence. Additional projects include improvements to their

enterprise data architecture, data governance and technology, a provider performance scorecard, and enhancing member retention and acquisition analytics.



**Signed** a large national payer client focused on the Medicaid and Medicare markets across multiple states. We are accelerating their data governance and data quality program, working toward an enhanced data strategy. The pilot enhanced overall data quality focused regulatory reporting requirements for quality of care

for their members. There will be expansion into an enterprise program to focus on the data quality sequentially across the organization's data domains.

**Completed** POC deployments for a four-state integrated network of hospitals, outpatient centers and clinics, and a large northeastern BCBS health plan. We developed new analytics models for identifying risks for diabetics, pregnancy and readmissions and patient leakage management. These POCs are being evaluated for enhancement to CoreTechs® products.



**Attracted** top talent, adding a breadth of healthcare specific knowledge and deep data and analytics experience to support our abilities to develop advanced solutions and accelerate the development of our platform. New members joined the Services and Solutions, Product and Platform teams.



## Connect with Gray Matter

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