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Through a Dynamic Database and Proprietary Business Tool, QualMetrix Helps Clients Reduce Care Costs, Enhance Quality and Succeed in the New Era of Healthcare Reform, Acting as an In-House Medical Economics, Healthcare Analytics Department

Healthcare Analytics

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Adam House
CEO

BIO:

Senior executive, serial entrepreneur and professional basketball player are all titles that have been connected to Adam House, Sr. at one time or another. Truth be told, there are probably a dozen others that would also accurately describe someone who had already created and sold several multi-million dollar businesses by the time he was 32. Most recently, found-

ed Velocitude, a mobile web company, which was acquired by Akamai Technologies.

House, now 35, is the chief executive officer at QualMetrix, a Miami-based healthcare analytics company whose proprietary software and business intelligence tools help clients reduce costs while enhancing the quality of care they provide. House's more than 15-years C-level experience and technical expertise add to the company's value at a critical time in its young history, as it helps customers adapt and thrive in a new era of healthcare reform.

Company Profile:

QualMetrix provides solutions to clients by merging cutting-edge technology and knowledge from healthcare executives with more than 150 combined years of hands-on experience. The robust and dynamic database constructed by its technology team coupled with a proprietary business intelligence tool provides information that helps clients control the cost of care, enhance quality, and succeed in the new era of healthcare reform.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Dr. Schimmel, what is the concept at QualMetrix?

Dr. Schimmel: Healthcare is almost 20% in GDP now and healthcare premiums continue to rise. Quality of care has always been an issue compared to other countries around the world with the number of dollars spent in the United States. We have identified that do to the transition in health-

care and the new laws involving healthcare, there is going to be significant pressure on pricing, quality and prevention. We believe by the retrospect of analysis of healthcare claims, we can prospectively influence the behavior of physicians who control with their 100% of all healthcare dollars. We believe that we will be able to enhance quality, reduce costs and improve wellness.

CEOCFO: How will this work in practice?

Dr. Schimmel: Our clients are divided into the payers, the providers and the employers of the United States. The payers are the managed care organizations along with state and federal governments, retired military and PPAs. Imagine that we are dealing with ABC insurance company and they have 50,000 lives covered. Every day, different covered lives go to see their doctor--they get referred for extra tests, admitted to the hospital, they go to the emergency room or they are in rehab for a bad knee or back. For whoever the provider is, to be paid they have to submit a claim. The claim form is standardized: it is either UB4 for an inpatient visit or a CNS15000 for outpatient. All of these claims come in and the insurance company, ABC, pays them on a timely basis and the information sits in their claim system. We will be asking on a monthly basis for ABC insurance company to send us all the claims data from the previous month and to initiate the program probably one year's worth of claims. When we aggregate the information and put it through our database and business intelligence tool, we will be able to look at the insurance company level,

specialty level, individual provider level and the patient level of what happened as it relates to: what was done, when was it done, who did it, who it was done on and why it was done. By the analysis of that information, we will be able to determine who makes best use of resources, who over utilizes, who does not follow best medical practices, who spends money with no different outcome. That is how the process will work.

Mr. House: We are a healthcare analytics company that deals with big data. We take data from multiple sources to create actionable insights for our customers.

CEOCFO: Has this been tried in the past?

Dr. Schimmel: There are a number of software vendors around the world that have business intelligence tools that insurer's can license. However, we have created a company that will actually do the work and provide actionable information to our clients allowing them to make informed decisions. Yes, there are tools available to license but that requires capital expense as well as investment in intellectual capital to do the work. As an alternative, Qualmetrix is a technology driven medical service bureau that acts an in-house medical economics or healthcare analytics department for our clients.

CEOCFO: What was the most difficult piece of the technology to put together?

Mr. House: With any technology there is an evaluation of build vs. buy. We have decided to do a hybrid model, taking some existing BI tools that are in the marketplace that we have found to be the most dynamic and able to look at the data in effective ways. In terms of difficulty, we are going through the normal process of launching cutting edge technology in a rapidly changing industry.

CEOCFO: Where is QualMetrix in the development and commercialization process?

Mr. House: In terms of the development cycle, we have already com-

pleted proof of concept for some national health insurance companies and we will officially launch June 1st, 2013.

CEOCFO: What is QualMetrix's marketing strategy?

Dr. Schimmel: We are going to look at the payers and employers of the world because they have in aggregate, the vast majority of the patients whether they are providing insurance as the employer or as the insurance company. In the United States there are 168 million people covered under private insurance, about 80% provided by employers. We are looking at the insurance companies and employers. We have put together a team that has over 150 years of experience in healthcare. We are going to leverage relationships we have and speak at selective conferences. The pressure to control cost, enhance quality, and promote prevention/wellness will

"We have the ability through our tools, logic and experience to help reduce the cost of healthcare and at the same time increase the quality of care and wellness." - Dr. Schimmel

be the driving forces for potential clients to seek our services.

CEOCFO: How will you compel employers and insurance companies to pay attention to QualMetrix?

Dr. Schimmel: We are distinguished by our marriage of excellence in technology with excellence in healthcare experience. We have reached out to relationships on Adam's side in the technology world and on my side, in the medical field. I believe that we have a unique product because of this marriage. There are many software companies that sell healthcare software with sales people who no nothing about healthcare. Our group of healthcare executives have been medical directors of health plans, managed national medical management companies and have been consulting for Fortune 500 companies. On the technology side, Adam's track record speaks for itself having founded a few technology companies and this being his third. This is what distinguishes us. There is opportunity and significant adversity in the mar-

ketplace. In the healthcare world this is like the 90s when capitation, cost containment and manage care was making a major impact on the healthcare arena. Here we are in 2013 and it is the Affordable Care Act, the need to do more with less, the transition to electronic medical records and the emphasis on prevention and wellness that are the driving forces in the market. Prospective clients are hearing from many vendors that they have solutions but our package of healthcare and technological experience will distinguish us and enable us to succeed.

CEOCFO: What have you learned from previous ventures that has helped to get this project together so far?

Mr. House: Having started a technology company a couple years ago, the steps that need to be taken in terms of developing the right technology, getting the first beta customers and partnering with the right people are fresh in my mind. Between Larry and our medical advisory board, we have over 150 years experience. We are able to

look at the data in ways our competitors are not. We are confident that we are developing the right product and are in the right place at the right time.

Dr. Schimmel: I would add that in my last company we paid almost half a billion dollars a year of professional healthcare claims for major insurers throughout the United States. We grew from about 10 million of paid claims to half a billion dollars of paid claims in 2 years. As a CEO of that company, I learned not to sell what I thought they wanted but to listen to what the customers—the insurance companies--were saying about their needs and issues and mold our products around those needs. We are following that pathway today. A number of the tools and reporting outputs that we have created have been from listening to people that are at national healthcare insurance companies or large employer groups. Trying to sell what they told us they need and not what we think is important.

CEOCFO: Will QualMetrix be seeking funding for the product rollout?

Mr. House: We have already closed an initial round of funding from previous investors in my last company. We will be seeking more funding later this year.

CEOCFO: Why should investors and people in the business community pay attention to QualMetrix now?

Dr. Schimmel: Healthcare is the fastest growing portion of the economy in this country. The rate of growth in healthcare is unsustainable over the long haul and affects business since the vast majority of insurance is pro-

vided by employers. We have the ability through our tools, logic and experience to help reduce the cost of healthcare and at the same time increase the quality of care and wellness. If you are an employer, lack of productivity due to absenteeism costs on a national basis billions of dollars a year. Productivity will go up when employees are absent less and cost of care will go down over a period of time. If you are interested in the bottom line and are interested in having a productive group of employees without absenteeism, then employer

groups should pay attention to what we are doing. Insurers/Payers should pay attention because their clients both individuals and groups are searching for stabilization of insurance premium. Our tool allows the payers to identify outliers that drive up the cost of care so that they can work to modify their behavior. We help payers deliver more efficient care. Efficiency of care is the delivery of the best outcome possible with the least use of resources.



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