Excess Product Suite

Excess Network Discount Tool (ENDiT)

Milliman's Excess Network Discount Tool (ENDiT) allows the underwriter of excess products to calculate an appropriate network discount to use for pricing. Many underwriters will use historical network discounts, as observed in claims data, to generate this discount. However, because ENDiT can use contractual discount data, it has several advantages over a simple claims history.

Responsive to changes
Historical claims data may reflect old contract arrangements or even be based on a different list of participating facilities. ENDiT allows the user to input the most up-to-date contract information, which can then be used to project future discounts instead of relying on the past.

Recognizes differences in billed charge levels
Getting a 25% discount on a hospital with billed charges 33% higher than average is no discount at all. ENDiT adjusts discounts for each facility's billed charge levels (as determined using Milliman's RBRVS for Hospitals™). We believe this makes the discounts more consistent with most excess pricing models.

Recognizes utilization patterns
ENDiT calculates discounts based on an expected distribution of utilization across all facilities, both participating and nonparticipating. ENDiT includes a default distribution based on utilization patterns observed in national data. However, the user can adjust the utilization pattern based on specific knowledge gained through the underwriting process.

Minimizes credibility concerns
For all but the largest networks, there may be a very limited number of large claims available to calculate a discount based on claims history. By using contractual reimbursement, this concern over credibility of claims data is minimized or even eliminated.

Flexibility of inputs
If an underwriter can't obtain contract information, historical claims can still be used as the model input. Depending upon the granularity of the claims discounts, ENDiT may still adjust for billed charge levels and utilization patterns in a way that summarized historical claims alone will not.

If you are interested in licensing any of these products, please contact your Milliman consultant. If you do not have a relationship with a Milliman consultant, contact Rob Bachler at *rob.bachler@milliman.com* or David Olsho at *david.olsho@milliman.com*.

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