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CareMedic Partners with MCare Solutions to Provide Transfer DRG Reimbursement Recovery Services

Contingency-based review and analysis of post acute transfers helps customers recoup Medicare underpayments

ST. PETERSBURG, Fla.—April 22, 2008—CareMedic Systems, Inc., a leader in proactive financial management for hospitals and providers, today announced that it has signed a strategic partnership with Houston-based MCare Solutions, Inc. (MCare) to provide reimbursement recovery services related to Medicare post acute care transfers, also known as Transfer DRGs (Diagnosis Related Groups), or (TDRGs). The agreement will enable CareMedic to offer its customers a complete solution to identify and analyze inpatient Medicare rehabilitation, and Medicare managed care claims. The results will highlight potential reimbursement impacts to focus efforts on re-billing Medicare as appropriate. The contingency fee-based TDRG reimbursement recovery services will help CareMedic acute care customers address the increasingly negative impact of the Centers for Medicare and Medicaid Services' (CMS') post-acute transfer policy that only checks for the overpayment of TDRGs, while leaving it to the responsibility of individual providers to identify when claims have been underpaid.

“The advent of an increasing number of TDRGs, along with a one-way edit protocol that ignores underpayment situations, has significant financial implications for our customers' Medicare payments,” said Sheila Schweitzer, CareMedic's chairperson and chief executive officer. “CareMedic excels in understanding the challenges of managing the entire revenue cycle, with a special focus on helping our customers address the remaining, hard to solve, and highly interdependent pain points that occur between departments and stakeholders. Aligning our advanced offerings with that of MCare's innovative reimbursement recovery services is one more important step in helping our customers improve incremental cash flow and operating margins while reducing cost-to-collect.”

The number of DRGs qualifying as TDRGs has grown substantially in the last few years, from an initial 10 in 1999 to 273 in 2007. The result is an increase in the potential negative impact on a hospital's reimbursement, especially given that CMS edits only identify and recoup TDRG “overpayments.” Based on data derived from MCare's customer base of more than 200 hospitals, on average, 60 percent of Medicare inpatient

discharges have a TDRG, and 1 percent to 3 percent of Medicare inpatient discharges are underpaid.

“We are pleased to join forces with CareMedic, a company that shares our understanding of the considerable complexity involved in resolving healthcare revenue cycle payment issues,” said David Jupp, chief executive officer and president of MCare Solutions, Inc. “MCare is dedicated solely to services related to Transfer DRG underpayments, and we look forward to extending our reach to help even more providers realize their full, entitled Medicare payments.”

The TDRG reimbursement recovery services are performed offsite with minimal customer involvement required. Customers submit an encrypted file of paid inpatient Medicare, rehab, and Medicare managed care accounts for the desired periods of time, usually four or more years. Utilizing the MCare solution, the data is analyzed and claims that have potential for additional reimbursement are identified. On a claim by claim basis, investigations are then conducted with payers and post-acute care providers to accurately determine each patient’s true subsequent level of care. Finally, at the customer’s option, claim information is provided for follow-up, or the services team will rebill Medicare directly for the correct payment amount on behalf of the customer. The customer pays only a percentage of the Transfer DRG dollars collected.

Offering Transfer DRG reimbursement recovery services strengthens CareMedic’s position as a blended technology and services company by leveraging the strong market position of its transaction products, such as its AccelerateAR™ MedicareRT™ direct entry, and Claims Management solutions. Last year the company launched SecondaryGold, which combines the power of the MedicareRT and Claims Management solutions with outsourced billing staff follow-up services to relieve hospitals from the tedium of working high volume, low dollar secondary claims. The customer pays CareMedic only a percentage of the secondary dollars collected.

About MCare Solutions, Inc.

MCare Solutions, Inc. was established in September 2005 to provide Transfer DRG reimbursement recovery services to the healthcare industry. Since then, MCare has worked with over 200 hospitals nationwide to recover underpayments affiliated with this issue. The company’s proprietary systems and processes enable high-volume, off-site reviews not readily matched by alternative means. MCare’s clients are located from Alaska to Florida, enabling the company to work with most of the major fiscal

intermediaries, and successfully influencing the number of years that retro reviews are allowed. For more information, visit www.mcare-solutions.com.

About CareMedic Systems

Founded in 1997, CareMedic Systems provides enabling technologies and outsourced services that move and manage critical data through the healthcare revenue cycle, ultimately improving cash flow and margins while reducing operational expenses. The company's fully integrated data management and workflow tools address revenue cycle activity from inception through claims resolution, and require manual intervention only when necessary. CareMedic is committed to consistently delivering results to its customers. For additional information, visit www.caremedic.com.

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