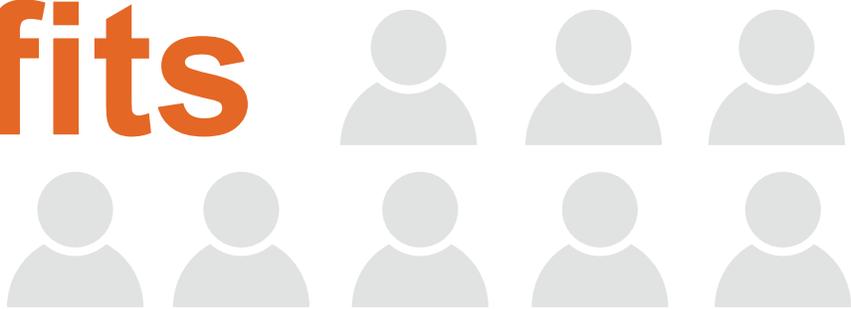


**Benefits
of the**



NETWORK EFFECT



CLINICMIND
— management automation —

“There is strength in numbers, and those numbers come in pounds.”



Mike Berry
Bank Executive

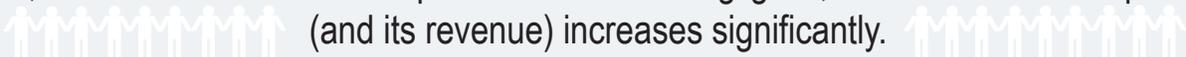
While most people are familiar with the “strength in numbers” concept, they likely don’t realize how much it comes into play in modern society. Consider the savings afforded by entertainment venues who offer a group discount. Or how a social networking site like **Facebook** would be a lot less interesting if it had only 100 members instead of hundreds of millions.

When the term “**network effect**” was coined in the early 20th century, it referred to shared resources, and how they made the cost of said resources more realistic.

When Alexander Graham Bell patented the telephone in 1876, there wasn’t much use for it, since no one else had one. But as interest in the new invention grew and more people had access to them, their intrinsic value skyrocketed. The same principle played out through the 20th century with the advent of radio, television and computers.

Network effects become significant after a certain subscription percentage, called “**critical mass**,” has been achieved. At the critical mass point, the value obtained from the good or service is greater than or equal to the price paid for it. As the value is determined by the user base, this implies that after a certain number of people have subscribed to the service or purchased the good, additional people will do so based on the added value.

Healthcare providers see the network effect in action from the time they open their practices. A provider likely won’t stay in business long with just a few patients. But as the practice grows, it becomes more financially efficient, until critical mass is reached. At that point, the cost to see additional patients becomes negligible, but the value of the practice (and its revenue) increases significantly.



Small offices can also gain from the network effect in terms of employee benefits. With just a handful of employees, group health insurance and retirement benefits tend to be extremely costly. That's why practices often band together in collective fashion, increasing the number of people in the group and bringing the cost down. Likewise, billing and collections are areas where a "more is more" attitude pays off.

Consider:

Claims are not paid by waiting for the payers to pay them. Claims are paid by payers who discover that delay and underpayment are more expensive than payment in full and on time. Without a system to make the payers pay, you will default to the payer's system and find yourself giving up control -- which is a frustrating way to manage a practice.

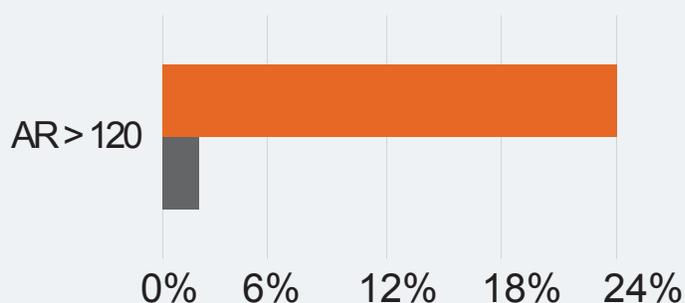
Practice management software can help make the payers pay—and leverages the network effect to amplify its value. A consequence of the network effect is that, when you subscribe to a billing and collections service, you indirectly benefit others who also use the same service.

For practices who use such software, value is defined in four ways:

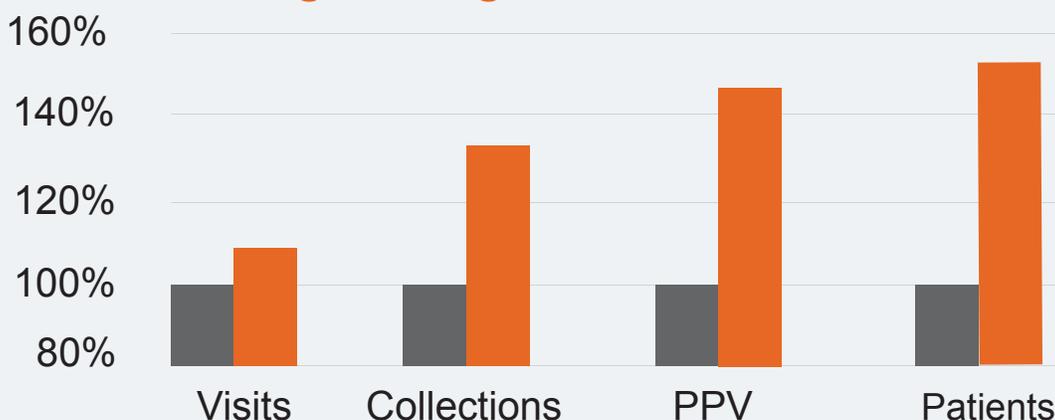
- 1. Improved collections**
- 2. Lower audit risk**
- 3. Efficient practice management**
- 4. Added revenue sources**

These graphs show the value associated with **ClinicMind software**, indicating practice growth; increases in visits, collections and patient value; and, perhaps most importantly, **a major reduction in long-standing accounts receivable**.

Average Change of AR > 120 After 6 Months



Average Change After 6 Months



And this value continues to grow, long after you start using the system, in step with each new practice that joins. We call it the **"Billing Network Effect,"** as the billing performance of each member practice improves in step with the total volume of processed claims. This extends to the shared information of doing business. For instance, when the ClinicMind engine -- *and our dedicated staff* -- discover a new trick that payers are using to avoid paying claims, the solution is implemented and then shared with all the members of the network, giving those practices the opportunity to avoid the same pitfalls.

The Network Effect comes into play in virtually every aspect of practice management. However, it is most powerful when it is fueled by a significant number of claims and powerful data analysis capabilities.

Prime Example:

The Network Effect was seen in 2007, when California providers banded together in order to stand up to what they deemed unfair practices by insurance companies. In response to the complaint, the joint Department of Managed Health Care and Insurance Department audited 1.1 million claims submitted to healthcare giant PacifiCare. The result of the analysis revealed 133,000 violations, with 30% of claims wrongly denied and 29% of the disputes handled incorrectly. As a result, PacifiCare had to pay \$3.5 million in fines.

Such a turning of the tables was only possible because of the number of claims in question. Few providers alone have access to the data volumes and analysis capabilities required to process such large amounts of data and reach meaningful conclusions.

Users learn from each other, gaining essential knowledge that can help make practices run more efficiently and effectively.

Over the past 10 years of operations, we have leveraged 2,500 practice-years of cumulative experience. Thanks to the Network Effect, we are able to grow the benefits to our clients exponentially as a function of the number of customers.

To weigh the network effect in a more humorous vein, have a look at this video.

ClinicMind Software
has coded **millions**
of rules to process over
\$15,000,000
in monthly payments for
+500 practices

As a member practice, it is critical for you to refer your colleagues, and you can do this by simply clicking the “Refer a Friend” button on the Vericle homepage.

If you are not already a member practice, but rather have just been referred to us by a friend or colleague, welcome! We’d love to invite you in and show you around, but in order to do that, we need you to opt in for our email communications. That way, you can learn more about us and take advantage of the chance to join the network.