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ARTICLE

PAYER RISK MANAGEMENT: STABILIZING THE MEDICAL LOSS RATIO T HROUGH DETERMINISTIC EVIDENCE

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Health insurance payers are currently facing significant upward pressure from rising medical costs, with trends projected at 8% to 9% through the end of 2026. A critical metric in this environment is the Medical Loss Ratio (MLR)—the specific percentage of premium income dedicated to medical claims. To manage this ratio effectively, payers must distinguish between clinical interventions that demonstrate genuine efficacy in diverse populations and those that only show results in highly controlled environments.

THE LIMITATION OF IDEALIZED CLINICAL TRIALS

A primary challenge for payers is the "efficacy gap"—the discrepancy between how a drug or procedure performs in an idealized clinical trial versus how it performs in the general patient population. Traditional data sources often lack the granularity to identify why certain high-cost therapies fail to meet clinical markers in real-world settings. This information gap leads to:

- **Ineffective Spending:** Continued reimbursement for procedures that have no proven benefit in specific subpopulations.
- **Specialty Drug Volatility:** Budget instability caused by the rapid adoption of high-cost drugs, such as GLP-1s for obesity and diabetes, without a mechanism to verify long-term outcomes.
- **Audit Deficits:** High rates of fraud, waste, and abuse (FWA) due to unstructured medical records that do not fully support risk-adjustment codes.

THE CIRCLE DATASET INTERVENTION: OUTCOME-BASED NEGOTIATING POWER

A primary feature of **Circle Datasets** is the provision of **deterministic longitudinal data**, which allows payers to transition from reactive claims processing to proactive risk management. By tracking a patient's journey through a standardized protocol, Circle Datasets provide the verifiable evidence needed to negotiate outcome-based agreements with manufacturers.

For example, in the management of high-cost specialty drugs, payers can use the deterministic evidence within a Circle Dataset to trigger rebates if a drug fails to meet specific clinical markers, such as HbA1C levels. Furthermore, the integration of structured Circle Datasets into AI-driven analysis can reduce fraud and waste by up to 50% by ensuring that all risk-adjustment documentation is fully supported by protocol-driven clinical evidence. This structural shift allows payers to stabilize their MLR by eliminating spending on ineffective therapies and ensuring high-precision risk adjustment.

Download RegenMed white paper "Bridging The 17 Years Evidence to Practice Gap" to go deeper.

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