

FRANKLIN STEVENS

Managing Director, BRG Health Analytics

BERKELEY RESEARCH GROUP, LLC
550 South Hope Street, Suite 2150
Los Angeles, CA 90071

Direct: 714.267.2860
fstevens@thinkbrg.com

SUMMARY

Mr. Franklin Stevens is a Managing Director in the Health Analytics practice at Berkeley Research Group, LLC (BRG). He is a former Principal in the National Life Science, Health Care and Government Industry practice of Deloitte Financial Advisory Services LLP and was the national health plan “heavy sector” partner with over 40 plus years of experience in health and managed care operations. Mr. Stevens applies his 40 plus years of senior leadership, operations experience, and strategy expertise to assist State and Federal regulators, health plans, hospitals, physicians, ancillary providers, lenders, counsel, State and Federal courts regarding managed care litigation, strategy development and implementation regarding industry policy changes, financial and operational improvement, turnaround and insolvency matters, forensic investigations, alleged State regulatory, Medicaid, and CMS regulatory noncompliance including CMS regulations specific to Medicare Advantage Marketing Guidelines, labor and human resource issues, third party administration, reinsurance, and workers compensation matters.

Mr. Stevens has experience evaluating problems/issues and developing and implementing successful decisions as a senior executive, trustee, conservator, Responsible Person, and independent monitor.

Investigative Monitor, Conservator, Trustee, Responsible Person Experience

- Appointed by the California Attorney General as the independent monitor for the Cedars-Sinai affiliation with Huntington Hospital Pasadena.
- Appointed by the California Department of Managed Health Care and Department of Health Care Services as the independent monitor on five occasions to monitor health plans, delegated entities of health plans and provider organizations.
- Appointed by health plans including Blue Shield, Care First, LA Care as their independent monitor of two different delegated entities.

- Appointed conservator of three health plans by the California Department of Managed Health Care to assume control of health plan operations who were non-compliant, and management and the board had failed to resolve the issues. Two of these appointments resulted in the turnaround of the health plans.
- California Department of Managed Health Care requested I lead multiple routine and non-routine examinations of health plans using a combined team of state auditors and members of my health plan team.
- For the three conservatorships, I reviewed and issued decisions for more than 5,000 payment disputes via a proof of claims process created with the approval of the California Superior Court. All payment decisions made in my role as conservator were approved by the Superior Court and in no instance were any of my decisions overturned or modified
- Recruited by the health plan and provider community of Southern California to accept the role of Responsible Person in the Central District Federal Court for the KPC Chaudhuri insolvency involving approximately 13 companies. The reason given for replacing management and ownership was their desire to have someone who could be trusted to be fair, equitable, and reasonable to oversee the companies.
- Appointed Trustee of a settlement trust with estimated \$100 million in assets specific to a hospital cost report company, its three lenders and provider creditors. Managed the company retained by the lenders and creditors to liquidate assets as well as managed multiple litigations in state and Federal districts across the US specific to errors made by government intermediaries.
- Served as the number 2 executive for engagements where Mark Abernathy, Managing Director, from BRG was named monitor or conservator health plans, most recently Alameda Alliance for Health where he spent two years fixing the health plan for the California Department of Managed Health Care.

Industry Experience

- 38 plus years of managed care experience including the negotiation of payer contracts with hospitals in 42 states (California since 1987) for inpatient and outpatient services using per diems, DRGs, percent of charges, fee schedules, and capitation.
- 10 years of experience calculating the impact of the renewals of payer-hospital agreements provided to 300 claims payers including health plans, insurance companies, and TPAs for self-funded employers including The Walt Disney Company, General Mills, Coors Brewing, and Darden Restaurants.

- Recognized by California State Superior Courts, Federal Court jurisdictions in California and Pennsylvania, and arbitrations in California as an expert in managed care contracting, the calculation of payments, and the application of contract reimbursement terms, utilization management terms, and benefit design in the determination of reimbursement amounts for claims submitted by hospitals.
- Provided “Fairness Opinion Reports” to both California State Superior Court and the Eastern District of Pennsylvania specific to action settlements between plaintiffs and defendants.

SUMMARY OF PROFESSIONAL EXPERIENCE, KNOWLEDGE, AND EXPERTISE

His 40 plus years of experience includes the turnaround of six financially and operationally troubled HMOs, the development of a national PPO network serving 300 payers/insurance/self-funded employers/managed care clients in 42 states, and the introduction and implementation of managed care networks and utilization management in the South African insurance environment. Mr. Stevens developed and established reimbursement rates (fee schedule amounts for health care professionals (physicians and ancillary providers), and per diems, case rates, package rates, and DRG amounts for hospitals and academic medical centers) for 10 years across 41 states. He is experienced in managed care contracting, provider credentialing, claims processing and benefit administration, provider fraud and abuse detection, and provider profiling based on billing practices and quality outcomes. His experience also includes the areas of benefits development, utilization management, and quality assurance policy and procedures. Mr. Stevens’ experience includes health, dental, and vision HMO/benefit programs, PPO benefit programs, Medicare, Medicaid, and worker’s compensation Medical Provider Network programs.

In addition to medical HMO and PPO experience, Mr. Stevens has experience in the operation of dental and vision benefit plans, having operated two dental plans and a vision plan on behalf of state regulators. Mr. Stevens has also conducted evaluations of two other dental plans on behalf of regulators, assisted the private equity owners of a dental plan in resolving regulatory issues, conducted investigation of a dental HMO and associated DSO, and provides due diligence to private equity regarding investments in dental plans and DSOs.

Mr. Stevens has also been engaged to provide strategy consulting to a large group of hospitals and their associated physician groups / IPAs who initially sought to form an ACO but ultimately formed a licensed health plan. Mr. Stevens has worked with employer coalitions and large self-funded employers, and Union Trusts to implement benefit programs that integrate networks of providers willing to participate in specialized benefit programs and reimbursement methodologies.

Mr. Stevens is an experienced operating executive, having performed the role of turnaround CEO/COO/CRO for five companies. He has also coached several boards of directors and management teams of health plans, hospitals, and ancillary providers in the development and implementation of successful turnaround plans.

Mr. Stevens consults with hospitals and academic medical centers regarding financial, operational, compliance, strategy, and merger/acquisition issues including feasibility studies for new hospital facilities, ambulatory care facilities, Proton Therapy, Radiation Oncology, and other specialized treatment programs. Mr. Stevens has also assisted counsel and management in financial solvency issues for hospital organizations, including those with multiple regulatory violations and settlement agreements under which operations and insolvency activities required specific adherence to settlement requirements. Mr. Stevens has also conducted assisted hospital management by complete analysis of hospital financial performance and developed forward-looking projections regarding solvency. In addition, he has consulted on various options available to management including refinancing and merger / acquisition options. Lastly, Mr. Stevens has conducted investigations on behalf of hospital clients regarding allegations of compliance violations, misuse of funds, embezzlement, and theft.

Mr. Stevens has worked with providers to analyze current payer contracts to understand the realized revenue, develop strategies for future payer contracting to attain improved reimbursement levels. He has also assisted providers in the analysis and negotiation of risk bearing agreements where the provider entity seeks to assume payer financial risk for a specific payer population and implement required policy, procedures, processes, and systems to assume payer delegated responsibilities.

Mr. Stevens has been appointed conservator of three organizations by California State regulators and has been appointed a Responsible Person in the bankruptcy court to manage one of the largest health care provider insolvencies in California impacting a million plus patients. He has also conducted investigations for state conservators and special examiners in the bankruptcy court and has been retained by regulators and health plans to act as the independent monitor of delegated entities.

Mr. Stevens has been retained by California regulators to provide non-routine examinations of health plans with large Medicaid populations and has been an independent monitor of a Medicare health plan and a Medicaid (MediCal) health plan. He has also been the independent monitor for California regulators of a delegated entity that contracted with 5 health plans serving the Medicaid population and served as the independent monitor of two delegated entities for two health plans regarding their commercial, Medicare and Medicaid (MediCal) patients.

Mr. Stevens has served as a trustee for both commercial and personal trusts, has conducted forensic investigations of trustees and their fiduciaries on behalf of clients. Trustees have retained him to assist in the investigations of fiduciaries and their actions and has created trusts and installed trustees to administer trusts.

Mr. Stevens has been retained by the California State Attorney General to conduct investigations and has provided advisory services to the Department of Justice regarding antitrust issues.

Mr. Stevens has provided financial and advisory services to the Regents of California on behalf of its' academic medical centers regarding future facilities, feasibility of proposed programs that would be located in existing facilities to support the cost of construction and ongoing operations, and analysis and advice regarding existing and future programs that expand the breadth and scope of services into the community, and ACO development.

Mr. Stevens provides guest lecture time for Ohio University's College of Health Sciences and Professions and the Voinovich School of Leadership and Public Service. Mr. Stevens is the chair of the Dean's Advisory Council for the College of Health Sciences and Professions and is a Trustee Emeritus for the Ohio University Foundation.

Mr. Stevens is also experienced in facility construction, having prepared the feasibility studies for 5 health care facilities, managed the bidding and contractor selection process, coordinated as the corporate representative with architects and general contractor, reviewed and approved payment for each phase of construction, and coordinated departmental timeline for opening of the facilities.

SPECIFIC PROFESSIONAL EXPERIENCE

California HMO Regulatory

- Since 1999, Mr. Stevens has completed assignments for or on behalf of the Department of Corporations and the Department of Managed Health Care (collectively Department) or coordinated with them on issues related to health plan operations and their delegated UM and claims organizations that included utilization management, claims payment and provider billing issues for both health plan contracted and non-contracted providers. Mr. Stevens has conducted routine and non-routine operational / financial examinations of multiple California Group Health and Dental Health plans and has been the monitor for a health plan and an IPA/MSO. Mr. Stevens has also assisted health plans with regulatory disputes with the Department in the development and implementation of acceptable Corrective Action Plans and has completed several material modification submissions related to licensing of health plans. Mr. Stevens has been appointed by the Department as Conservator of three plans and has served as the independent Monitor for regulator

/plan/ provider settlements. As the Responsible Person in the Federal Bankruptcy Court, Mr. Stevens coordinated with the California Department of Managed Health Care and licensed plan addressing the issue of 11 plus million patient medical records.

Corporate Compliance

- Mr. Stevens has led teams of consultants to complete non-routine examinations of managed care and provider organizations specific to alleged noncompliance issues or evaluated the corrective action plan of companies on behalf of regulatory agencies. Mr. Stevens has conducted investigations under privilege on behalf of health care clients regarding potential noncompliance with state and federal regulations and laws and assisted counsel and clients in completing the necessary disclosures. Mr. Stevens is also called upon by corporate clients who seek his assistance as an intermediary with regulators, and in the development and implementation of corrective actions plans.

Medicare / Medicaid

- Mr. Stevens has experience as a consultant to organizations and as a regulatory appointed conservator specific to Medicare and Medicaid compliance and health plan / dental plan operations. Mr. Stevens has been conservator of a Medicaid dental plan and conducted a special review for regulators of a second Medicaid dental HMO. Mr. Stevens was also conservator of a health plan where most of the membership was MediCal and served as the turnaround COO for the Alameda Alliance for Health a MediCal HMO that was under conservatorship.

Investigations

- Mr. Stevens has conducted forensic investigations of health care companies and management regarding alleged fraud, regulatory violations, theft, and white-collar crime. Mr. Stevens has been retained by regulators, boards of directors, and the California State Attorney General to conduct forensic investigations. Mr. Stevens has worked on fraud issues in South Africa and Canada, and has worked with organizations in Great Brittan, France, Turkey, Japan, and Italy regarding health care operations and potential fraud schemes. He has also conducted consulting engagements with US firms regarding internal processes and procedures specific to FCPA. Mr. Stevens has also assisted in the development of a fraud response team program for a national title insurance company including development of specific investigation techniques and approaches to conducting investigations in coordination with counsel and law enforcement. Mr. Stevens has also provided training programs to corporate compliance and legal departments regarding conducting investigations.

Litigation Settlement Discussions

- Mr. Stevens has assisted legal counsel as a consulting expert and as a testifying expert relative to contractual disputes between payer and providers, health care software disputes, claims disputes, bad faith business practices, and corporate structure related to “piercing the corporate veil. Mr. Stevens has been retained by California regulators and the California State Attorney General to provide advice, analysis, and expert testimony relative to payer and provider disputes with State Governmental agencies.

Provider Operations and Financial Modeling

- Mr. Stevens has provided consulting expertise to health care providers including medical groups, IPAs, Physician – Hospital organizations, Federally Qualified Community Health Centers. Mr. Stevens has worked with academic medical centers, physician owned hospitals, not for profit hospitals / medical centers and a church owned hospital systems regarding the assessment of overall financial performance, operational effectiveness and service offerings, profitability of specific clinical programs, viability of funding new programs, cost reduction and implementation expense for electronic medical records, opportunities to restructure existing financing, and detailed financial modeling of future performance incorporating the potential impact of health care reform legislation on revenue and operating margin. In addition, Mr. Stevens has experience managing, licensing, and budgeting for a large FQHC serving 10,000 patients per month and conducting financial analysis for ESRD related services.

Strategic Advisory

- Mr. Stevens has worked with payers and providers regarding the development of specialized treatment programs for patients that are inclusive of cardiac, orthopedic, transplant, dialysis, behavioral health, and pediatric programs. His work also includes leading a hospital system through an analysis of the opportunity to develop a regional hospital network via acquisition, payer analysis of implementing regional and national centers of excellence programs, and employer coalition analysis of regional provider organization’s specialized programs that included comparison of outcomes, cost per procedure, and willingness of patient populations to utilize specialized programs including willingness to travel past their current provider of choice. Mr. Stevens has also conducted analysis to determine future patient population demand for services including both inpatient beds by type of service and emergency room department demand.

Labor Relations / Human Resource Allegations

- Mr. Stevens has provided consulting expertise to clients relative to organized labor contract negotiations and has assisted counsel in National Labor Relations Board complaint defense. Mr. Stevens has also provided consulting services to organizations related to reductions in force and terminations of employees regarding nonperformance, and noncompliance with company policy including anti-fraud, false claims, and anti-kickback. Mr. Stevens has provided consulting and expert testimony in situations involving allegations that included wrongful termination regarding age, race, and “whistle blower.”

Class Action

- Mr. Stevens has been retained to assist counsel relative to differentiating classes of claimants, provide analysis relative to allegations, and provide expert testimony. In addition, Mr. Stevens has provided oversight relative to settlement distributions to claimants of settled cases. Mr. Stevens has provided “Fairness Reports” to both state and Federal courts, including class action settlement between plaintiffs and Blue Cross of California related to a claims system error and in Federal court for the settlement First State Orthopaedics, Roy Lerman, M.D., and all others similarly situated plaintiffs v. Concentra.

Due Diligence Compliance Assessment

- Mr. Stevens has completed several assignments to identify non-compliance issues and assist the organization in the development and implementation of a corrective action plan. Mr. Stevens is also retained to assist clients in developing and maintaining relationships with regulators and assisting clients with presentations to regulatory agencies. Mr. Stevens’s regularly provides assistance to clients and private equity to assist clients in completing due diligence procedures prior to the acquisition of operations or the commitment of funding.

Voluntary Disclosure, Anti-Kickback, Stark, False Claims Litigation, Fraud

- Mr. Stevens has been retained to assist clients and counsel in the collection of data, analysis, and presentation of information related to Compliance issues. Mr. Stevens has conducted interviews with employees specific to allegations of fraud, anti-kickback, and false claims. Mr. Stevens has negotiated settlements on behalf of clients regarding cost report disputes and directed the research and analysis of data that supported the negotiations. Mr. Stevens has assisted counsel in the defense of Federal criminal and civil actions relative to false claims allegations and has prepared damage estimates for use in

settlement negotiations. Mr. Stevens has also assisted counsel through the analysis of information and preparation of reports relative to voluntary disclosures, and defense of stark allegations. Mr. Stevens has completed assessments of compliance programs and investigations under privilege including specialized provider treatment programs such as renal transplants.

Payer – Provider Contracting

- Mr. Stevens is an expert in the area of payer provider contracting, retained by both payers and providers in contract disputes. Mr. Stevens has negotiated or directed the negotiations of over 140,000 physician contracts and 15,000 facility contracts including hospitals, DME, pharmacy, PBMs, home health care, laboratory, and imaging contracts. Mr. Stevens established physician reimbursement levels for 10 years for physicians in 41 states. Mr. Stevens has conducted contractual audits of provider, TPA, and PBM contracts with health plans.

Health Care Software

- Mr. Stevens has assisted organizations in the identification, purchase and implementation of health care software and systems for both health plans and medical groups. Mr. Stevens has extensive experience in analyzing operational and financial problems and tracing issues back to software issues, the identification of the appropriate set up modifications, and implementation and testing of remedial efforts. In addition, Mr. Stevens has provided expert testimony regarding issues specific causation and damages regarding distressed software implementations. Most recently Mr. Stevens led an organization through the reimplementation of a new software system where the previous implementation had failed.

Compliance Training Development

- Mr. Stevens provides training to regulator agency staff regarding financial and operational assessments of companies. The training programs are focused on increasing analyst ability to integrate observations of operational indicators with financial performance to identify symptoms of potential organizational difficulties. Mr. Stevens has also provided training to corporate compliance departments regarding conducting internal investigations.

Expert Testimony

- Mr. Stevens has testified in Federal and State courts, arbitration hearings, and depositions including issues regarding payer, provider, and patient contractual disputes, provider class action, patient class action, physician-network participation disputes, utilization management, software implementations, workers compensation, and theft/misuse of confidential, trademark and client information. In addition, Mr. Stevens has provided testimony as the regulatory and court appointed Conservator in matters related to payer – provider disputes and regulatory compliance.

Education

Ohio University, 1974 BGS

Nova Southeastern University, 1983 MBA