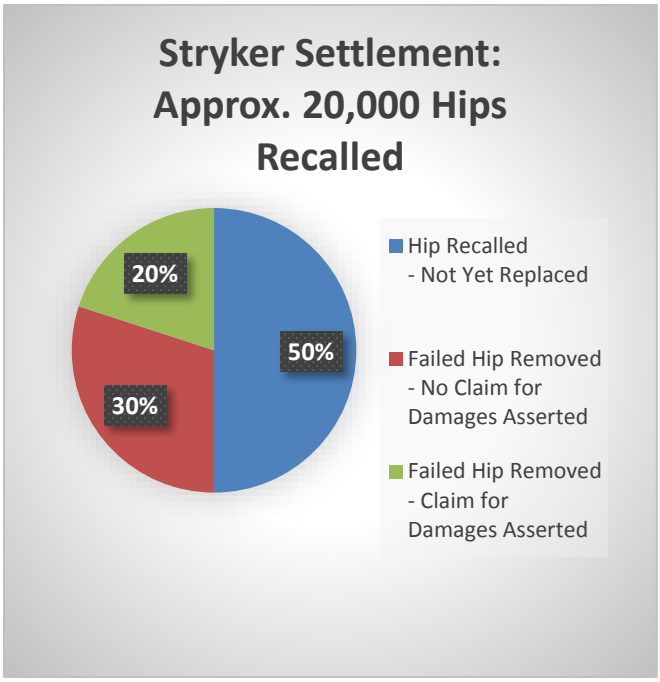
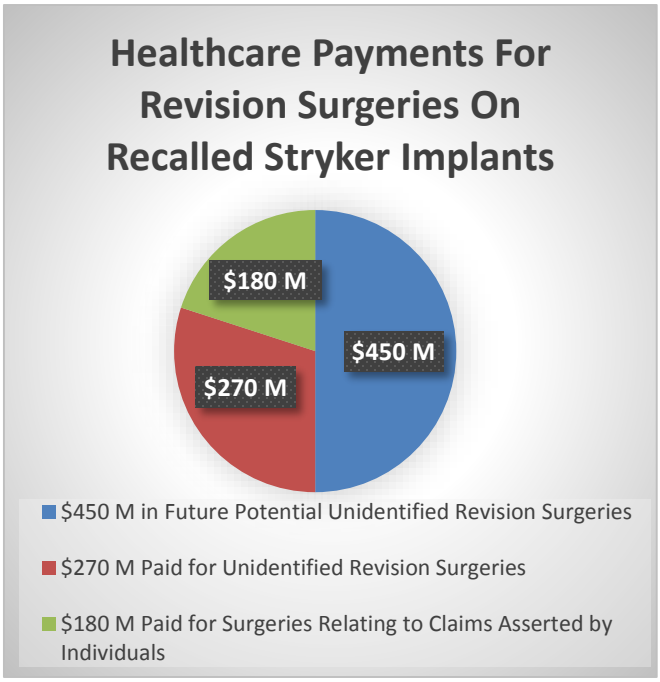
HRS
Healthcare Recovery Solutions

Defective Metal on Metal Hips: Majority of Claims Never Asserted





Stryker Orthopaedics, manufacturer of the Rejuvenate Modular-Neck and ABG II Modular-Neck Hip Stems, announced a settlement connected to their failed hip implants. The settlement only represents litigation for a mere 20% of the total related to these failed devices. The Stryker example illustrates how healthcare payers have not maximized recovery opportunities in complex areas of subrogation. Healthcare Recovery Solutions' (HRS) subrogation and recovery services may help your organization identify and capture similar missed opportunities.

In June 2012, the FDA announced a voluntary recall relating to these modular-neck stems. Revision surgeries alone cost healthcare payers approximately $45,000.00 per procedure. A settlement fund in excess of one billion dollars was established by Stryker to pay for the 20% of implants where suit was filed.

Information obtained during the litigation indicates that roughly 20,000 hips were subject to the recall. Of this total, approximately 10,000 (50%) have undergone revision surgery removing the recalled device. Expenses associated with these 10,000 revision surgeries are estimated to be at least $450 million. To date, only $180 million in paid revision surgical expenses have been identified by healthcare payers. However, no claims have been made for an estimated $270 million in surgical expenses paid by healthcare payers.

It is also anticipated that healthcare payers will incur an additional $450 million in the future for revision surgeries not yet performed. This is just one example of what healthcare payers may be missing.

What this means for healthcare payers:

- Healthcare payers may only be seeking claims reimbursement for 4,000 (20%) of the approximately 20,000 individuals with installed devices.
- Healthcare payers will not receive reimbursement for medical expenses of the approximately 6,000 (30%) of the 20,000 individuals who had revision surgery, but never asserted a claim for damages. Healthcare payers may still receive reimbursement for a small minority of individuals who had revision surgery, but only if a claim is asserted prior to the expiration of the applicable statute of limitations.
- Healthcare payers may continue to pay for medical expenses relating to revision surgery for 10,000 (50%) of the 20,000 individuals who have not yet had the failed device removed. In these cases, the healthcare payers may still receive reimbursement for medical expenses, but only if a claim is asserted within the applicable statute of limitations.
- If a direct claim is not asserted healthcare payers may fail to seek recovery for approximately 80% of all recalled devices.

Through its patented subrogation software and technology, HRS is able to analyze total financial costs and subrogation opportunities healthcare payers may have as a result of previously unidentified claims for defective medical devices, dangerous prescription drugs and exposures to toxic substances. By analyzing the healthcare payers' own data, HRS can maximize subrogation recovery potential in these complex areas.

HRS allows healthcare payers the ability to not only identify and recover direct claims filed by individuals, such as the 20% of Stryker claims, but also to maximize recovery potential by identifying and recovering previously unidentified claims in which subrogation has not been pursued. Moreover, as the Stryker example reflects, large unidentified subrogation opportunities exist and are not pursued. Now with the assistance of HRS, these dollars can finally be recovered and reimbursed.