

Understanding and Managing a Claims BPO's Expectations for a Healthcare Insurance provider

Background

There is increasing pressure on healthcare insurance providers to reduce their labor costs associated with membership processing and administration. This is in part due to the Affordable Care Act (ACA) driving the use of Medical Loss Ratios (MLRs). This pressure to reduce processing costs has increased the use of Business Process Outsourcers (BPOs). The need to protect patient records in accordance with the Health Insurance Portability and Accountability Act (HIPAA) results in many healthcare insurance companies utilizing technologies such as Citrix to maintain full control over Protected Health Information (PHI).

Problem

A major healthcare insurance provider had outsourced a significant portion of their manual claims processing to an offshore BPO. The BPO, during the contract renewal, indicated that application performance had negatively impacted their ability to complete the claims review and adjudication process resulting in a need for **a 20% increase in per claim pricing**. The healthcare insurance provider had no real user experience monitoring and their IT groups' standard infrastructure and database metrics provided insufficient information to refute the BPOs claim. This resulted in an increase per claim cost to the provider.

Solution

Evidant had previously worked with this healthcare insurance provider on monitoring other work areas and were requested to:

1. Determine the specific steps associated with the business activity for adjudicating a claim. This included working with the business to complete user time study generating a Business Activity Model.
2. Deploy Aternity's Frontline Performance tool to capture the actual application performance for the end-users for the critical application transactions identified in the Business Activity Model.

Evidant utilized the real user transaction data from Aternity to validate that indeed the offshore claims processors were experiencing poor performance – see Figure 1. The applications group worked with

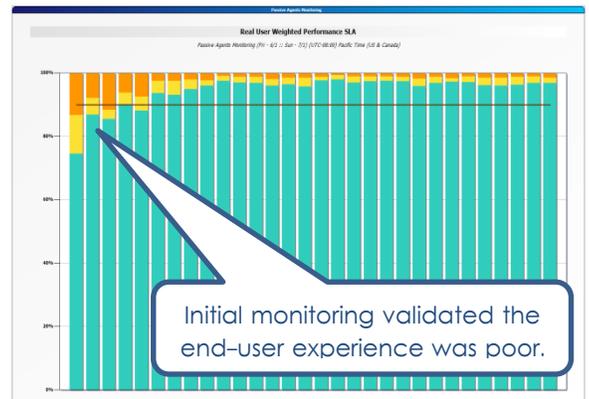


Figure 1: Initial Claims Offshore Reporting

Evidant to identify that the issue was:

1. Associated with a single transaction – claims adjudication
2. Impacting all users, although less so for the onshore associates
3. Highly correlated with time of day – see Figure 2

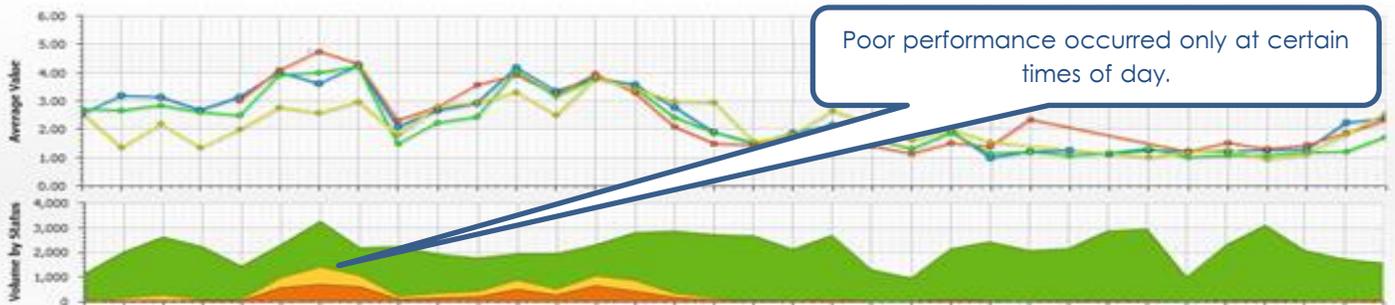


Figure 2: All Locations Experienced Poor Performance

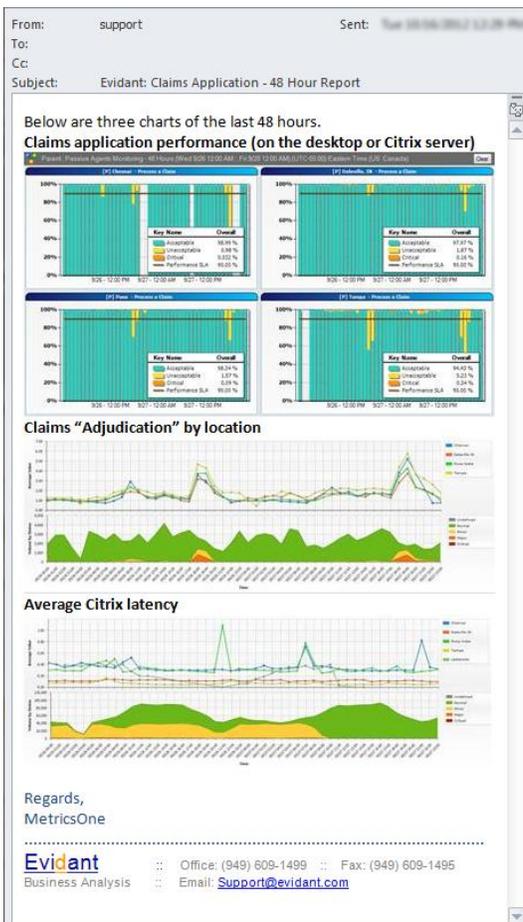


Figure 3: Daily Email to on BPO Claims Metrics over last 48 hours

The applications group was able to identify the root cause and correct the underlying issue enabling the business users to meet their claims inventory objectives.

Once the issue was corrected, the Claims Inventory Manager continued to utilize this information to help understand if the performance of the application was impacting the claims processing volumes. Evidant's MetricsOne group would provide a daily update (example in Figure 3) on:

- Overall performance of the Claims application for both onshore (desktop) and offshore (Citrix) users
- Performance of the critical Adjudication transactions by BPO location
- Citrix latency by BPO location

This enabled the Claims Business Unit to engage IT only when the performance of the claims application negatively impacted claims inventory levels.

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