



Achieving Operational Excellence

*An effective solution for lowering administrative costs
while improving service quality*

Edward M.L. Peters, CEO

February 3, 2011

Healthcare Insurance Current Environment

+ Implementing Healthcare Reform

- Health Insurance Exchanges
- Medical Loss Ratios
- Grandfathered Plans

+ Pressure to Reduce Cost

- Healthcare Reform
- Premium pressure
- Regulatory pressure

+ Resources are Constrained

- No ability to take on new projects
- IT constraints
- Administrative simplification

+ Competitive Landscape

- Consolidation

Service Productivity is Different

- ⊕ **America's economy has transitioned from a manufacturing economy to a Service economy**
 - Most management philosophies are still rooted in the manufacturing mentality
 - Metrics are based on manufacturing productivity theories

- ⊕ **Service Productivity is different than manufacturing productivity**
 - Manufacturing Productivity is a measure of input resources consumed given a fixed output
 - Service Productivity is a measure of the function of Customer's perceived quality experience and input resources consumed

Improve Service Productivity

How do you succeed in the current environment: Operational Excellence....Understanding root cause variations that effect process execution

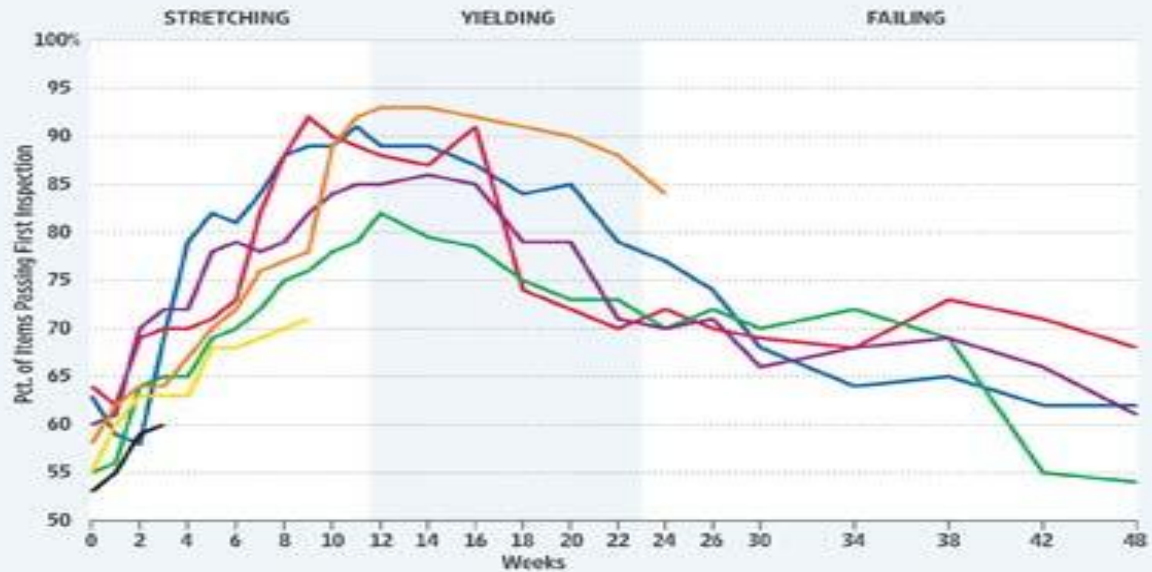
- ⊕ **Improve your customer's perception of the quality of your performance**
 - Reduce adjustments
 - Improve plan compliance
 - Reduce payment backlog

- ⊕ **Reduce your input costs**
 - Improve your first pass rate adjudication
 - Reduce claims administration resources and costs
 - Reduce penalties and late payment fees

If you can't measure, you can't improve

Back Where They Started

Process-improvement programs often follow the same pattern that a metal spring does when it is pulled with increasing force: They progress through "stretching" and "yielding" phases before failing entirely. Here's a look at the life cycle of seven projects at an aerospace company, with the percentage of items passing first inspection rising initially before turning back down and then returning roughly to original levels.



Note: Data collection and analysis stopped prematurely for some of the projects, a possible sign that the teams were unable to continue with process improvements.

Source: Safya S. Chakravorty

A Better Way

+ ResultsNow

- Cloud Business Solution
- Software and Service in an Appliance approach
- Analysis available within 4 – 6 weeks of start

+ *Comprehend Solution*

- Process Intelligence – reduce costs and process inefficiencies
- Workforce Intelligence - improve training, set standards, improve productivity
- Customer Intelligence – improve service and better serve customers

General Case Examples

+ Workforce Productivity

- Idle Time Measurement & Improvement
 - Lower Cost of Manual Claims Adjudication
- Production Standards Improvement
 - Manual vs. Automated
- Auto Adjudication
 - User Time vs. Counts
- BPO Measurement
 - Most effective workers – Internal or Virtual or Outsourced

+ Process Improvement

- Resolve Re-work and Process Bottlenecks
- Reduce SLA Penalties and Interest
- Lifecycle of a claim process execution

+ Customer Service Improvement

- Improve Portal Adoption Rates
- Reduce Call Volumes
- Detailed end-to-end view of customer process

A Specific Case Study

- ⊕ **Collected over 7,000 Sessions in 5 Business Days**
- ⊕ **Averaged Over 8,000 Claims Worked per Day**
- ⊕ **Discovered over 60 Activities Related to Claims Processing**
- ⊕ ***Comprehend* Analyzed over 500 Plan Codes**
- ⊕ ***Comprehend* Analyzed Claims Examiners**

Examiner Type	Average Time/Claim	Average Cost/Claim
BPO Examiners	3.94	\$2.40
Virtual Examiners	4.01	\$1.35
In-Building Examiners	4.33	\$1.46

Payback Projections

+ *Comprehend Projected Savings – Over \$2 Million Recurring Annually*

– Workforce Intelligence

- **#1 Outsourcing Accountability:** **\$450K**
 - Identified rework and additional charges due to training and BPO's processes
 - Re-negotiated rate of \$.99 with BPO will save \$450K annually
Actual rate charged was \$2.40 prior to analysis
- **#2 Increase Examiners Productivity:** **\$495K**
 - Raising the average time per day examiners spend processing claims
 - Raising the average time spent processing claims by an examiner to 75% nets a savings of \$495k annually
 - Analyzed top producers, as identified by management
 - FTE savings = 11
- **#3 Identify Best Practices:** **\$700K**
 - Process Improvement based on implementation of "Best Practices"
 - Based on current customer base 20% of claims operating cost
 - 20% savings from 3.5 million in administrative costs = \$700K savings
 - FTE Savings = 16

+ **Workforce Intelligence Total**

\$1.65 M

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Payback Projections - continued

+ **Comprehend Projected Savings – Over \$2 Million Recurring Annually**

- **Process Intelligence**

- **#4 Plan Realignment:** **\$253K**
 - Removing more expensive plans for administrative costs
 - Moving clients from more expensive plans to an average cost plan saves over \$250k annually
 - **#5 Reduce Compliance Penalties:** **\$180K**
 - Time Of Service Improvements
 - Penalties
 - 10% Improvement in delays that cause penalties
 - \$180K savings
 - **#6 Increase Discounts Received:** **\$100K**
 - Reducing penalties will increase discounts received.
- **Ongoing use of *Comprehend***
- Continually monitor , measure and analyze environment
 - Sustainable Claims improvement process provides additional annual savings

+ **Process Intelligence Total**

\$533K



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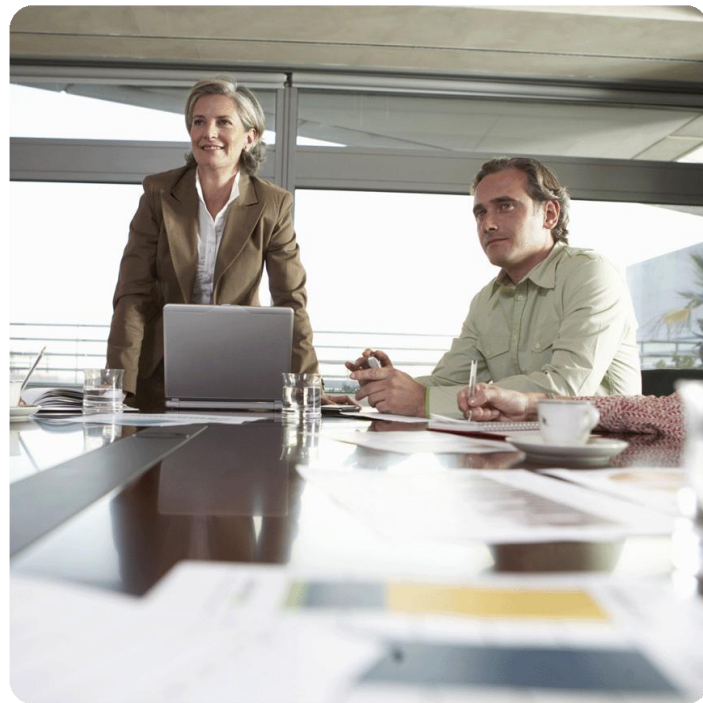
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