Efficient, Accurate Claims

COLORADO HEALTHCARE ORGANIZATION MAXIMIZES ITS CLAIMS TURNAROUND AND ACCURACY WITH TECHNOLOGY

Every organization involved in claims has two mandates for success: speed and accuracy. Our organization pursued and achieved those objectives by bringing the claims function in-house, securing the right counsel and purchasing the right software.

PROBLEM

Formed in 1978, Sloans Lake Managed Care (SLMC) has grown to be a leading Colorado healthcare organization. In 1991, the company expanded its offerings into automobile managed care by developing a first-of-its-kind Personal Injury Protection (PIP) program, providing access to healthcare for individuals injured in auto accidents. With more than 1.2 million Colorado drivers covered, Sloans Lake Managed Care is the industry leader, and has returned more than $65 million in one year to state residents through reduced medical care costs and PIP premiums. SLMC’s PPO network provides coverage to more than 450,000 residents through a network of 7,500 healthcare providers and 543 acute care hospitals, rehabilitation clinics and facilities. In all, Sloans Lake Managed Care touches the lives of more than 1.5 million people in Colorado with its PIP and PPO business lines.

With new ownership and a renewed commitment to customer service, we wanted to regain control over an inefficient claims data entry process in which imaging and keying of claim forms were outsourced. Neither of these tasks was being done promptly, and we found it increasingly difficult to manage internal resources due to inconsistencies of the outsourced services.

For a service-oriented healthcare management company, the ability to receive, process and fulfill in a timely fashion the 1.25 million claims it receives annually is paramount.

EFFICIENT, ACCURATE CLAIMS

Industry standards for successful claims turnaround time are five days or less. Unfortunately, the outsourced processes created points of failure that intermittently doubled this standard turnaround time. A partial solution had been attempted by enlisting the services of an outside optical character recognition (OCR) vendor. However, this gave rise to additional problems, particularly in quality control, productivity and acceptance of claims for OCR.

For example, claims accepted by the OCR vendor had to be perfectly printed, which resulted in only 40 percent of total claims being accepted for the OCR process. In addition, the vendor did not allow for control over claims accuracy and permitted only a limited number of fields to be captured. Thus, we incurred costs in performing audits to ensure data accuracy. We found that the OCR “solution” actually decreased the amount of forms that could be automatically processed and forced additional manual intervention. We estimated that 7 percent to 8 percent of total claims were impacted by quality issues from the OCR vendor, even though only 40 percent of claims utilized that process.

SLMC management concluded that we could maximize productivity, increase control and provide better customer service by bringing claims processing in-house. We had three objectives: to obtain complete control over all the steps in claims processing, to reduce costs and to increase accuracy.

SOLUTION

We realized that to attain our objectives, OCR would remain an integral part of the overall solution. Prior experience with OCR had given us research results and conclusions that were helpful in the search for a new solution.

Internet searches yielded 50 OCR vendors, although only a handful offered medical solutions. We subsequently narrowed our short list to four vendors. In lengthy discussions with each, SLMC realized that it had additional requirements such as the ability to customize the vendor’s application to fit our current business model.
The need for intensive customization led us to seek an integrator with an understanding of our business and the ability to work with the vendor to ensure that the solution met our requirements. Additionally, SLMC utilized a return on investment (ROI) model that revealed that the break-even point had to occur within 12 months of the initial investment, so we needed an abbreviated implementation schedule.

We elected to utilize the services of an integrator because we required a timely technical response to produce a customized solution. We also received project management assistance, business process consulting, developer liaison services and more productive utilization of our internal resources.

SLMC awarded the contract to Critical Info Systems, a channel partner of Captiva Software Corporation, for implementation of ClaimPack, claims processing software that automates data and image capture from complex paper and electronic HCFA and UB-92 claim forms.

ClaimPack has a powerful OCR engine that delivers high levels of accuracy in automated “reading” of medical claims and can recognize all data fields on a form, rather than a required selection—a prime objective for SLMC. Participating in the configuration of the system has given us the capability to make modifications to meet our changing business needs.

In addition to purchasing ClaimPack and the services of Critical Info Systems, we purchased additional PCs, scanners and a server for a total cost of $600,000 including internal resources and all external costs. “Sloans Lake required that the system operate precisely according to their business process requirements, and the customization process was demanding,” says Julie Kluver, president of Critical Info Systems. “Captiva devoted resources to ensure that we met the customer’s requirements, and, in fact, we were able to have the HCFA form processing in production within two months.”

RESULTS

SLMC is now processing an average of 5,000 paper claims per day and reading about 450 to 500 characters per form on HCFAs, and about 600 to 700 on UB-92s. This character count is approximately double the industry standard. The system performs key validations assisting automatic processing, using its integrated workflow to quickly process the forms. SLMC is able to process the previously outsourced workload with no increase in full-time employees and has been able to increase the staff’s workload by 50 percent, again with no increase in personnel. Additional results include:

- Turnaround times for claims have been reduced 50 percent to 80 percent and are now below industry standards;
- Inbound information accuracy increased to 98 percent;
- SLMC reduced labor costs by 50 percent for the data entry functions;
- We completely eliminated the outsourced processing of claims, including the previous OCR vendor, external data entry operators and all previously required messenger services that transported the claims paperwork;
- We can scan and complete the information entry of claims the same day they are received;
- SLMC now has the capability to capture 100 percent of the fields on a claim, allowing us to service all customers by providing complete claim form information;
- Complete ROI, initially estimated at 12 months, was actually achieved in 10 months;
- Automated processing of HCFA medical claims was achieved within two months.

For more information about ClaimPack from Captiva Software, go to www.captivasoftware.com.