




High Performance through
Business Process Outsourcing
A New Era for Health Payers

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Market trends indicate that health payers are transitioning to a new era in Business Process Outsourcing (BPO). According to Accenture research, a majority of the nation's largest plans are already using alternative sourcing models including BPO. BPO efforts thus far have been tactical — focused on savings realized through labor arbitrage. Now health payers are poised for greater performance payoffs through BPO in terms of sustainable cost reductions and improved quality of service.

Health payers are faced with a number of game-changing marketplace forces. Among them: consolidation among plans, and growing customer and employer pressure to lower premiums and create more flexible products. In response, health payers have lowered administrative costs and increased efficiency and effectiveness to secure precious market share and avoid standing in the crosshairs of a takeover.

Accenture supports client operations through our global Delivery Center Network featuring onshore and offshore facilities.

The Global Delivery Center Network



Note: Other geographic and industry-specific delivery centers exist that are not listed on this map.

Payers that have leveraged BPO have done so tactically – with an emphasis on gaining quick cost-cutting benefits through labor arbitrage. But in many cases, expected savings were not realized or sustained. At Accenture, we have worked with health payers to realize the value of BPO beyond labor arbitrage. Accenture BPO clients have raised service levels, gained more control over their business operations, and created higher performance businesses – responsive to customer and marketplace demands.

Committed to the health services industry

More than 400 companies and government entities over the past decade have partnered with Accenture to boost business performance through outsourcing. For the health services industry, Accenture has demonstrated our commitment through investments like our dedicated Accenture Delivery Center Network with locations in the Philippines and in India. The delivery centers offer a carefully selected group of college-educated professionals, including physicians, pharmacists and dentists, who have been trained in the complexities of the US health system. The centers handle claims, billing and enrollment, and provide customer service support.

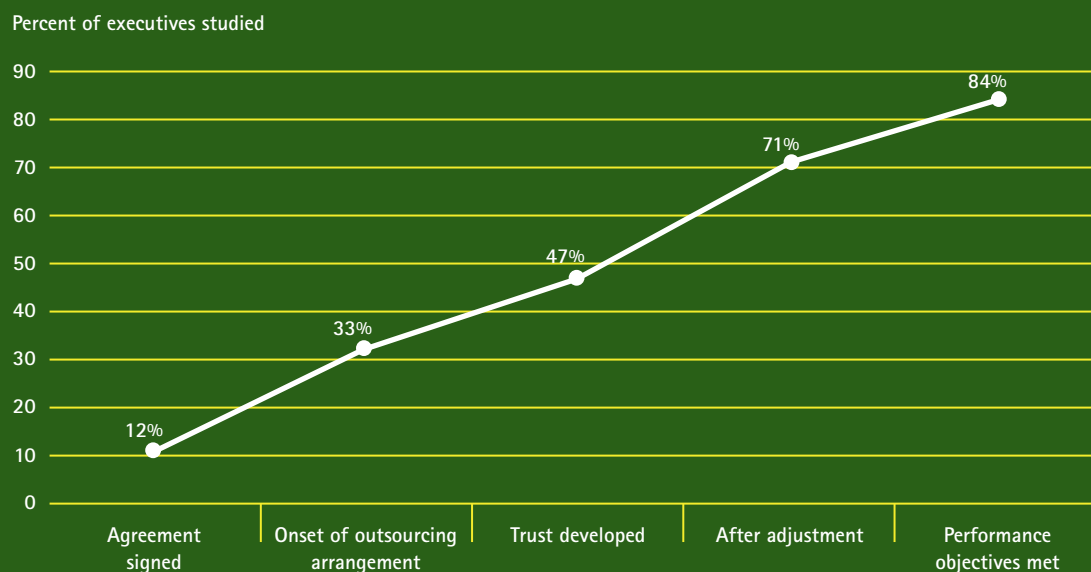
These centers are just two of the more than 40 that comprise the Accenture Delivery Center Network – 23 of those are dedicated to BPO. Through the network, clients have access to highly-qualified personnel ready to meet business challenges and improve business performance. The centers are interconnected, leveraging common IT and communications infrastructures. This allows us to create disaster recovery and business continuity solutions for clients, mitigating business risk. Offshore locations can continue to create savings opportunities as business functions can be migrated to lower-cost countries.

Setting the standard for outsourcing

Health payers are turning to Accenture to draw from our combined strengths of outsourcing, technology, business consulting and industry expertise. Accenture has invested more than a decade in developing the knowledge capital, infrastructure, and world-class processes, systems and alliances designed to allow clients to realize rapid gains through BPO.

Our work has helped set the standard for delivering excellent outsourcing – literally. We are working with a consortium headed by Carnegie Mellon University to shape the eSourcing Capability Model (eSCM). eSCM is an industry assessment tool that gauges the capabilities of outsourcing providers and creates a yardstick against which all strategic sourcing providers will be measured.

Figure 1. An Accenture study revealed that 84 percent of Health & Life Sciences executives experienced greater control of operations through BPO.



Controlling operations through BPO

Accenture collaborates with clients to establish service level agreements that align our incentives with their business objectives. We have a disciplined approach to transitioning BPO operations that leverages Accenture's global communications, technical architecture and proven methodologies. Our approach is designed to accelerate time to market for our clients, minimize risk and maximize business continuity.

Accenture's governance and operations models work in conjunction with our clients' organizations, allowing them to retain control over outsourced services. Although some consider the concepts of "control" and outsourcing mutually exclusive, Accenture's study – High Performance Outsourcing: Gaining Control through Outsourcing for the Health Services Industry – shows that executives increased control over business performance through outsourcing. (See Figure 1.)

Study participants noted that a signed outsourcing contract sends a signal to stakeholders that change is underway and problems will be addressed aggressively. Thirty-three percent of executives in the survey said they experienced a control gain by the onset of the outsourcing agreement. And a full 84 percent achieved increased control by the time trust was established, performance objectives were met and ongoing operations were put in place.

Delivering high performance

Accenture offers high-value solutions for claims, billing and enrollment, and customer service support that help our clients realize new levels of business performance. Our track record of boosting the performance of health companies speaks for itself:

- One of our managed care clients had imperatives to reduce costs while increasing accuracy and operational efficiency in claims processing. Accenture was awarded a contract to handle managed health care claims for more than 500,000 members. The claims were handled offsite at an Accenture Delivery Center. Accenture has delivered significant benefits to help the client meet its objectives, including: a 50 percent reduction in claims processing costs; a 40 percent improvement in productivity; a minimum of 99 percent average claims accuracy; and claims turnaround timeframes and inventory levels that exceed service level commitments. The transition to offsite processing was executed in under two months, delivering business continuity in a way that was transparent to the external marketplace. Integrated into the long-term contract are key commitments to quality and turnaround service levels.

Accenture has delivered significant benefits to help the client meet its objectives, including: a 50 percent reduction in claims processing costs; a 40 percent improvement in productivity; a minimum of 99 percent average claims accuracy; and claims turnaround timeframes and inventory levels that exceed service level commitments.

- Another client sought to reduce operating expenses of its billing and enrollment and accounts receivable transaction processing by at least 35 percent while dramatically improving revenue cycle performance. Revenue cycle transaction processing was migrated to the Accenture Delivery Center in Manila, enabling the client's retained offshore staff to focus on improving customer relationships. Through careful transition planning and monitoring of performance, Accenture mitigated the risks of offshore processing and completed the offshore migration on time and on budget. The client achieved its goal of reduced operating expenses. Accenture met or exceeded all of our service level agreements including: accuracy levels of 99 percent, timeliness of account reconciliation, debit and credit levels.
- A company that specializes in workers' compensation products and services needed to handle growth and remain competitive. Its response: to reduce costs and improve efficiency by automating and centralizing its claims administration. Instead of investing in additional capacity, the company chose to partner with Accenture. Now Accenture handles claims indexing, verification and referencing. The outsourced team in Bangalore, India, is processing HCFA 1500 and UB92 claims forms. Accuracy has risen to over 99 percent. Despite fluctuating workflows, productivity has improved and transaction-based billings are processed faster. Overall costs were reduced, all thanks to the Accenture BPO approach.
- For a pharmaceutical company, recent successes in drug discovery led to a large increase in the number of new drugs requiring testing. The company needed to scale up quickly and process vast amounts of clinical data while improving the quality levels and cycle times of bringing drugs to market. Its R&D leadership teamed with Accenture to create a new high-performance model for outsourcing clinical data management. Clinical data management entails gathering, cleaning and reporting data from clinical studies. Together the companies designed and implemented vast changes to streamline operations and dramatically improve the effectiveness of their proven R&D organization. Now, three years into the initiative, the productivity of the company's drug discovery effort has risen 400 percent and early clinical trial cycle times have been cut by 60 percent. Additionally, the company has seen quality improvements in data entry/cleaning, project and resource management, site selection and study start-up, as well as protocol development and management. Outsourcing the transactional aspects of clinical data management is reducing costs by about 50 percent.



Accenture's BPO services allow health payers to increase their quality of service, gain more control over business operations and performance, and create a responsive organization.

Our vital statistics in Business Process Outsourcing

Just how deep is Accenture's BPO experience? Here are a few "vital statistics" that show how we help clients reach new performance levels through BPO:

Accenture processes annually:

- Over 350,000 billing and enrollment transactions per month for some of the largest US health insurers
- Claims for over 500,000 members
- Thirty-five billion in cash receipts and accounts receivable transactions for 25 clients
- More than one million insurance policy administration transactions
- Over 100 million inbound customer calls and over 150,000 outbound calls, while serving over 50 million customer accounts on behalf of our clients
- HR processing for approximately 600,000 client employees
- Over 300,000 days of learning per year, providing learning services in nine languages to over 250,000 users across 93 countries

Raising performance to new heights

Health payers are ready to move beyond labor arbitrage as a case for embracing Business Process Outsourcing. Accenture collaborates with clients to leverage BPO as a strategic tool that raises business operations to new heights. Accenture's BPO services allow health payers to increase their quality of service, gain more control over business operations and performance, and create a responsive organization.

Our global track record of results, our commitment to the industry through dedicated delivery centers and our proven methodologies help ensure that this new era of BPO for health payers is a profitable one.

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About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills, and technologies to help clients improve their performance. With approximately 86,000 people in 48 countries, the company generated net revenues of US \$11.8 billion for the fiscal year ended August 31, 2003. Its home page is www.accenture.com.

Accenture's Health & Life Sciences professionals deliver innovation and insight to all sectors of the marketplace with a focus on: health plans, health insurers, providers, government payers, pharmaceuticals, biotechnology, diagnostic services, medical products and drug distributors. With more than 2,500 professionals dedicated to the Health & Life Sciences industry, Accenture is committed to partnering with clients across the industry to help them achieve high performance. We have worked with companies of all sizes, including nine of the 10 largest Blue Cross Blue Shield plans and nine of the 10 largest non-Blue Cross Blue Shield plans as well as seven of the 10 largest public and private health providers.

