

# A New Era for Health Payers

Achieving High Performance in Claims Processing

## PROCEDURES

>  
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• Consulting • Technology • Outsourcing

Outsourcing is entering a new era for the health payer industry. Where sourcing agreements were once focused primarily on controlling escalating cost, they are now leveraged by companies looking to gain operational flexibility and responsiveness as well. At Accenture, we are helping clients leverage sourcing strategically – to achieve high performance through decreased costs and improved quality of service. By sourcing claims processing to Accenture, our clients have reduced administrative costs by as much as 30 to 50 percent and increased quality with keying and payment accuracy improved more than 99 percent and turnaround times reduced as much as 40 to 50 percent.

### Accenture's approach to claims processing

Accenture works closely with health payers to create strategic sourcing agreements that address their specific needs. Within claims, that begins with assessing existing processes to determine the best candidates for sourcing based on our clients' corporate objectives and the opportunity to drive cost, quality and service improvements. Many health payers already outsource less complex processes – like claims data entry services. At Accenture, we have proven that health payers have a significant opportunity to source more complex processes, like claims exception or adjustment processing, and achieve significant benefits with limited risk (see Figure 1).

Our proven migration approach and strategic sourcing models enable Accenture to act as an extension of the health payers' organizations, encouraging continuity and integrated process flows

and helping clients realize benefits beyond reduced labor costs (see Figure 2). We collaborate with our clients to establish clearly defined processes, responsibilities and service level agreements that are based on their business models and needs. Proven approaches and technology enablers that are applied within sourced operations can be migrated to in-house areas – providing more significant business performance improvements.

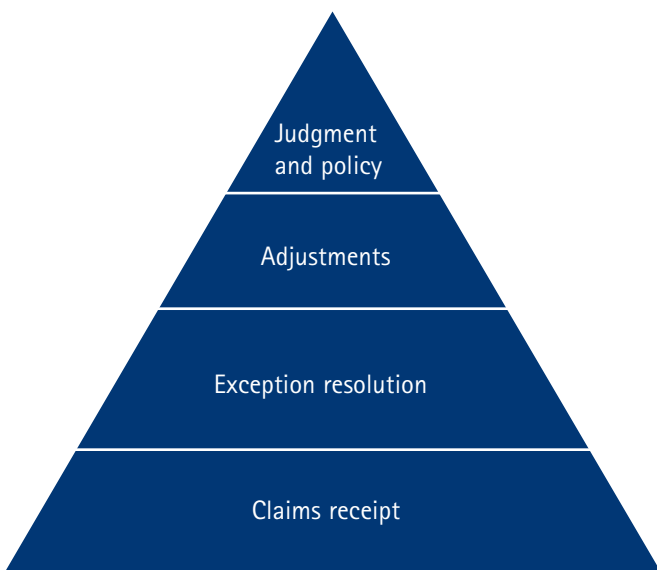
Our sourcing solution leverages the Accenture Delivery Center Network, which offers more than 20 centers from around the world dedicated to Business Process Outsourcing. These centers offer a carefully selected group of college-educated professionals, including physicians, pharmacists and dentists, who have been trained in the complexities of the US health system. The Accenture Delivery Center Network is interconnected, leveraging common IT and communications infrastructures. This allows us to create business continuity solutions for clients, mitigating risk. Offshore locations can continue to create savings opportunities as business functions can be migrated to other lower-cost countries.

### How Accenture claims processing outsourcing helped these health payers achieve new levels of business performance:

- One of our managed care clients had imperatives to reduce costs and increase accuracy and operational efficiency in claims processing. Accenture was awarded a contract to adjudicate claims at an offsite Accenture Delivery Center. Through this contract,

**Figure 1.** Based on existing capabilities and business objectives, Accenture works with clients to select the best candidates for sourcing. This model illustrates how a health payer may elect to source claims processing.

#### Claims process framework



#### Illustrative sourcing breakdown

Claims processes	Percent retained	Percent sourced
Judgment and policy: • Policies and procedures • Training • Quality assurance	90	10
Adjustments: • Dispute resolution • Appeals • Special projects	90	10
Exception resolution: • Routine data and medical edit • Complex – such as coordination of benefits	40	60
Claims receipt: • Mailroom • Data entry	0	100
Weighted split	~30	~70

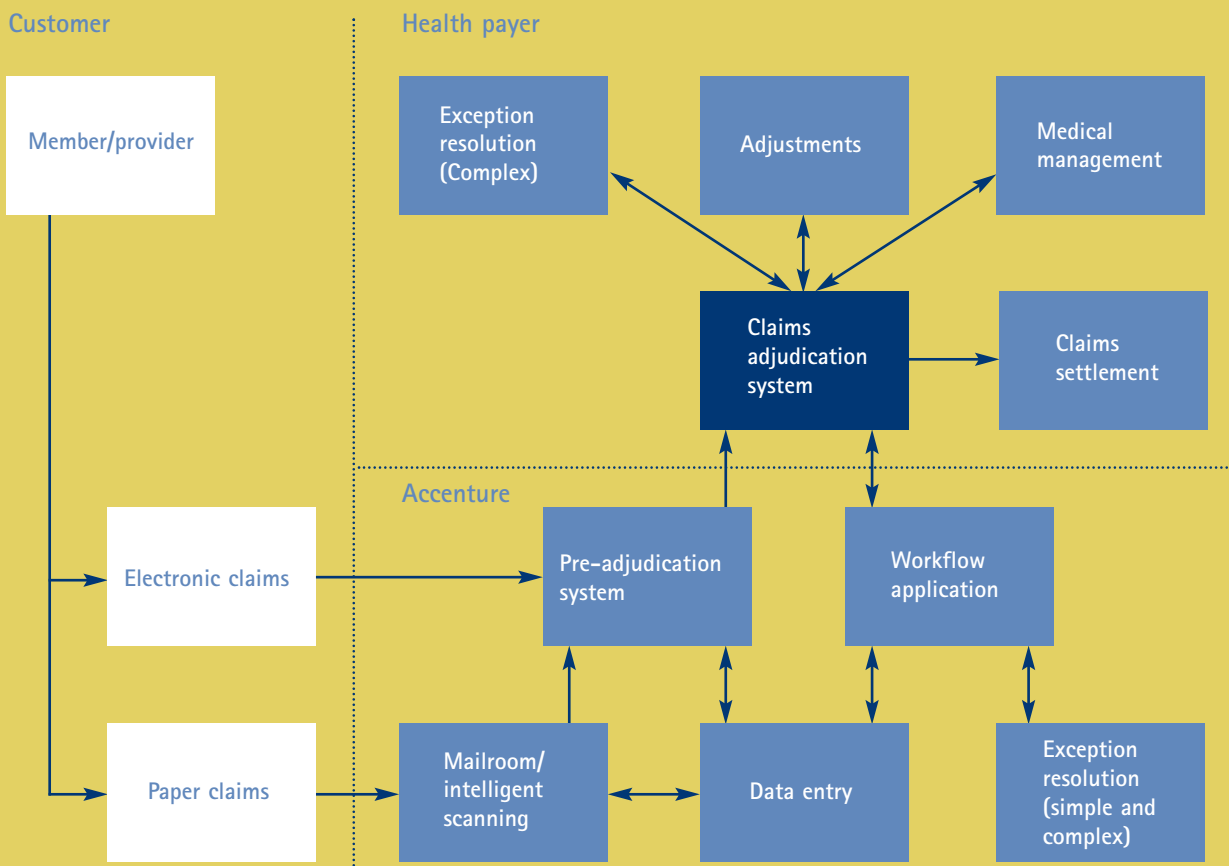
Accenture performs real-time claims entry and adjudication, resolving complex and simple exceptions that occur during the automated adjudication process. Accenture collaborated closely with the client and acts as an extension of the existing operations, leveraging imaging technology and client workflow and claims adjudication systems. Accenture processes claims related to key products, including HMO, PPO, ASO, and Medicare complementary. We handle all exception types, from claims suspended for authorization-related issues (exceeded authorizations, multiple authorizations, etc.) to claims that require manual pricing or manual benefit interpretation due to complex situations. Our offsite team monitors key measures each day, such as backlog level, turnaround time and processor productivity, and interacts with client leadership to report progress and address issues. Partnering with the client, 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; claims accuracy

that exceeds 99 percent; and claims turnaround timeframes and inventory levels that exceed service level commitments.

- One of our health payer clients wanted to improve the results of its claim cost containment processes. Its response was to partner with Accenture to reduce claims overpayments. Accenture worked with the company to build and maintain both claims recovery processes and processes to prevent claims overpayments from occurring. The two companies focused on improving the business processes and tools used in the most complex claims processes such as coordination of benefits. Now, two years into a four-year partnership, these improved processes have reduced claims overpayments and saved our client US \$40 million in medical costs. By partnering with Accenture, this company has increased its control over the claims payment process, and it has successfully reduced medical costs without reducing the benefits offered to its members.

Figure 2. Here's how we designed one sourcing model for a health payer, and leveraged technology enablers and best practices to enhance benefits.

Illustrative claims processing model



Business Process Outsourcing can reduce labor costs by 30 to 50 percent, improve turnaround times by 40 to 50 percent, and increase accuracy rates by 98 to 99+ percent. Technology enablers can improve first pass rates by 15 to 25 percent and productivity by 10 to 20 percent. In addition, our claims payment best practices can reduce claims leakage and reduce medical costs up to two percent.

Accenture alliance partners also provide flexible claims adjudication systems which can improve processing and respond to changing product requirements.

## High-performance claims processing

Accenture is leading the way in claims processing to help our clients lower costs and improve quality. We work with clients to tailor sourcing solutions that respond to their individual needs. We help them identify the processes to source — from simple to complex — that will boost overall business performance. We combine our approach, our assets and our deep experience to help clients transform their claims functions into high-performance processes.

For more information on how Accenture can help improve business performance through the strategic sourcing of claims processing, contact:

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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](http://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.

