Top health plan aims to increase claims recoveries
Performance measurement and benchmarking highlight improvement opportunities

Background

When one of the nation's largest health benefits companies set a goal to increase its claims recoveries from 1.4% of medical expenses to 2.0%, its executives set out to identify every possible avenue to find and recover more dollars. The plan had a centralized recovery unit, but with nearly 2 million members and multiple vendors working recovery efforts across various disciplines, it lacked the available resources to sufficiently assess the situation and accurately project growth possibilities.

The plan sought external assistance from Ajilitee, a provider of healthcare information analytics and consulting services. Read on to find out how Ajilitee helped this health plan discover opportunities to add $40 million to its bottom line.

Cost Containment Checkup measures program results, delivers recommendations

Ajilitee delivered its Cost Containment Checkup, which is an objective, metrics-based assessment of the health plan's overall cost containment and claims recovery program. It yields a detailed roadmap with recommendations to improve results and advance payment integrity capabilities. Through this consulting service, Ajilitee helped the plan understand how effective its cost containment efforts really were by identifying how much the plan spent on recovery efforts, calculating the return on that investment, and determining if it was focusing time and resources in the right areas.

The assessment included interviews with nearly 30 health plan stakeholders and covered cost containment activities, including coordination of benefits, subrogation, claims review, audits, and many others. The Ajilitee team studied three key pillars of each recovery area: people (including internal recovery teams and vendors), business processes, and technology. The effort included thorough financial analysis of the overall recovery program, industry benchmarking, maturity modeling, and future projections.

Thorough results analysis reveals interesting insights

To accurately measure current performance and plan for improvement, it was critical to understand the big picture of claims recovery throughout the organization. Therefore, the first step was to define the health plan's cost containment landscape. Though the plan had a centralized recovery area, some activities were managed outside that area and had to be incorporated into the assessment. Additionally, it was necessary to understand the specific tasks involved in each activity as the plan defined it. This exercise ensured that all stakeholders shared the same understanding and that metrics and benchmarks were consistent and accurate.

Ajilitee compared results from each recovery area, all vendors, and the internal recovery unit to identify the most productive channels. This thorough analysis revealed:

RECOVERY AREA	INTERNAL RECOVERY TEAM	FIRST PASS VENDOR	SECOND PASS VENDOR	TOTAL
Subro-gation	S	S		$
COB	S	S	S	$
Audit	S	S		$
Credit balance		S		$
Claims	S	S	S	$

Results analyzed across recovery areas and resources

- Of eight parties, three (including two vendors and the internal recovery unit) were responsible for 75% of recoveries
- 80% of recoveries are generated from five cost containment activities
- Based on comparison of costs, the internal team is the least costly and most productive of current cost recovery operations

Then, a maturity assessment mapped out gaps and opportunities across each recovery area. Some challenges included difficulty tracking vendor and internal work; lack of cost avoidance tracking; low faith in the accuracy of the claims system; and inability to correct issues traceable to other source systems. When paired with current performance results, this additional data began to show specific next steps to improve results.

Results

Ajilitee helped the health plan identify and prioritize plans to increase its recovery and cost avoidance capabilities to 2.0% within the 1.5 year timeline – a $40 million increase to the bottom line. The Cost Containment Checkup helped answer important questions such as:

- Among existing recovery areas, which show greatest opportunity for results growth in the future?
- What new areas could lead to increased recoveries in the future?
- Where performance is declining, why is it and by how much?
- Which resources (internal and vendors) are optimal for each recovery area?
- Is the plan getting the right value for the fees it's paying?

Ajilitee provided the plan with a roadmap of recommended actions that would help improve efficiency and tracking and minimize erroneous payments in the future. Recommendations included: centralizing primacy determinations, increasing cost avoidance focus, and improving other insurance identification. Recommendations also centered on new technology that can help the plan quickly and accurately identify erroneous claims and other insurance, assign and track work efforts, capture and store critical data, and enable compliance efforts and financial reporting.

Gain a competitive edge. See how a Cost Containment Checkup can help your plan maximize recoveries, increase cost avoidance, and improve efficiency.   Contact us at sales@ajilitee.com or 224.265.4570 to get started.