
Automating the Blues

May 2008

BCBS North Carolina

Stays on Track By

Leveraging Automation



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well over \$1 million
per year in our
Claims operations...”*

Sherman Owens

VP Quality and Compliance

Blue Cross Blue Shield of North Carolina

Healthcare in North America continues to be a hot button issue within the government, the media and in everyday conversations. Because of this exposure, consumers are gaining a better understanding of rising medical services, government mandates and have an increased need for immediate insurance information.

Insurance providers are struggling with the trade-off between the costs of doing business and the need for ever improving levels of customer service. With competition for coverage higher than ever, Healthcare Insurance companies must find more efficient and reliable ways of expediting business-critical transactions, while staying competitive and protecting their bottom line.

One provider who has taken a proactive stance is Blue Cross Blue Shield of North Carolina (BCBSNC). This Plan is a leader in delivering innovative healthcare products, services and information to more than 3.5 million members, including approximately 815,000 served on behalf of other “Blue” Plans. BCBSNC also offers life, dental and disability insurance products.

For 74 years, the company has served its customers by offering access to quality healthcare at a competitive price and has served the people of North Carolina through support of community organizations, programs and events that promote good health. BCBSNC is headquartered in Durham, North Carolina, and is an independent licensee of the Blue Cross and Blue Shield Association.



Over the past few years, as BCBSNC’s membership grew, the number of claims the organization processed per day increased exponentially. The organization processes claims 302 days a year, with over 125,000 claims processed per day, totaling nearly 38 million claims per year. Of that 38

million, nearly 12 percent historically had to be manually handled. The suspended claims would be routed to claims knowledge workers who had to evaluate all the information before determining whether or not the suspended claim should be paid by BCBSNC. With increasing claim volumes and costs, BCBSNC believed that the process could be further improved.

Executives at BCBSNC began looking at various options that would relieve some of the manual work from their taxed workers. They began with the claims process and after review, decided to try to automate associated claims information to determine if they should pay claims that were suspended through an existing adjudication system.



To combat these growing claims challenges, BCBSNC began looking for a solution that would be easy to use and flexible enough to fit within their enterprise. BCBSNC engaged with Image Process Design, Inc. (IPD) to determine if greater efficiencies could be gained by automating all or part of the manual effort associated with these suspended claims. After the study was completed, BCBSNC selected IPD's Automation Engine Module as the solution primarily because it was cost-effective and represented an extremely low risk.

BCBSNC began implementing IPD's Automation Engine to address the high volume of "suspends" as those claims represented the highest source for duplication. IPD engineers, working with BCBSNC, incorporated specialized business rules within the Automation Engine software to process these duplicate claims accurately and efficiently through a highly automated process.

IPD's Automation Engine Module was chosen because they were very cost-effective and had an extremely low risk

Prior to the implementation of IPD's Automation Engine, close to 500 claims per day "suspended out" for manual processing. After implementing the business rules coded into the Automation Engine, almost 85 percent of those claims were correctly processed automatically. This means that in 85 percent of the cases processed each day, the technology correctly processed the claims as either actual duplicates or not. Only 15 percent of the 500 claims per day ended up being routed through the manual process.

At BCBSNC, there are three possible scenarios for duplication: definitively a duplicate claim, not a duplicate or undecided. Depending on which of the three scenarios applied to the claim, the Automation Engine automatically adds data (such as a status indicator and denial codes) to the claim record, just as an employee would have done manually to complete the processing of the claim. In the case of the scenario "undecided," the interface routes the claim to an examiner for manual review.

Prior to implementing IPD's Automation Engine, processing those 500 claims required five or six people. The ROI for this project was paid for in less than a 12 month period and BCBSNC will realize an annual savings of at least \$250,000.

“Our claims staff at BCBSNC is very excited about the new process. All suspended claims are already managed by IPD’s software. The Automation Engine module retains our complete control over claims work in process, but allows us to seamlessly add greater levels of process automation and specialized rules. The next logical step is for BCBSNC to utilize the Automation Engine module for more suspended claim types. We expect to save well over \$1 million per year in our Claims operations with just the next several suspended claim types.”

Sherman Owens

VP, Quality and Compliance

Blue Cross Blue Shield of North Carolina



Built on IBM’s ECM suite of products, IPD’s solutions are architected to improve the mission-critical work processes and content management requirements of the Blues Plans

IPD’s Automation Engine Module is just a subset of the functionality available within IPD’s software solution, Ultera/P8. Through a unique combination of business rules, automation and integration, the IPD Ultera/P8 Automation Engine and Automation Agents transform previously manual processes into automated tasks. With millions of manually intensive transactions received by Health Insurance payors annually, the ability to avoid assigning all of them to internal staff for resolution provides significant savings.

After experiencing success with the initial IPD Automation Engine implementation, BCBSNC is now upgrading to more fully leverage the technology. They are expanding the Automation Engine, now in production, to add professional claims to the institutional claims it already processes. The target completion target date for that project is set for the third quarter of this year. On a yearly basis, this technology enhancement will more than double the number of claims they’re automatically adjudicating and enable them to include other high-volume suspends such as questionable coverage at the time of the claim.

Since 1991, Image Process Design, Inc. (IPD) has partnered with IBM Enterprise Content Management (ECM) to successfully address the Healthcare Insurance industry’s need for business process optimization with pre-packaged application software and related services. Designed for the major business areas within Blue Cross Blue Shield Plans, IPD and IBM ECM have built robust content and business process applications that are installed in over half of the Blues Plans and have helped improve their mission-critical work processes and content management requirements.

Built on IBM’s ECM suite of products, IPD’s solutions are architected to improve the mission-critical work processes and content management requirements typically found within the Blues Plans. It starts by managing all of the paper and electronic documentation received from providers, members, and brokers; examples of this documentation include claims, correspondence, and applications. To help manage the workload these documents generate, IPD’s Ultera/P8 solution electronically distributes work to

staff and provides status reports of overall inventory. Utilizing IPD Ultera/P8's intelligent graphical user interfaces (GUI's), staff members are able to quickly and efficiently review all necessary information and process these transactions. The GUI helps users integrate the appropriate process and content information with host systems at each step in the process.

To achieve further cost efficiencies, IPD Ultera/P8 rules-based automation components can increase the number of transactions processed without staff intervention. In support of external constituents, IPD Ultera/P8's portal integration delivers process and content self-service capabilities, allowing members and business partners to solve many of their own problems and answer many of their own questions.

Ultera/P8, built on IBM ECM technology, is the alternative to the "build it" approach for business process applications within the Healthcare Insurance industry.

About IPD

IPD has been an IBM FileNet ValueNet partner since 1991. IPD provides Business Process Applications based on the advanced Ultera® framework. Ultera® provides rapid deployment at low risk, and is proven with the IBM FileNet architecture in many well known insurance companies. IPD was an early innovator of out-of-the-box solutions for work process automation that could be rapidly deployed through configuration instead of customization. IPD provides out-of-the-box business process optimization with application software designed for Health, Life, Disability and P&C companies. IPD's suite of applications incorporates the latest technologies and unparalleled functionality.



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*Stay on the right track
to success....
Automate your future*

About IBM ECM

IBM's Enterprise Content Management software operation enables the world's top companies to make better decisions, faster. As the market leader in content, process and compliance software, IBM ECM delivers a broad set of mission-critical solutions that help solve today's most difficult business challenges: managing unstructured content, optimizing business processes and helping satisfy complex compliance requirements through an integrated information infrastructure. More than 13,000 global companies, organizations and governments rely on IBM ECM to improve performance and remain competitive through innovation.



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This paper quotes liberally from materials posted on www.bcbsnc.com. Source information was extracted from a case study in Insurance Networking News, entitled *N.C. Blues Eliminates Duplicates: Automating its claims processing saved Blue Cross and Blue Shield of North Carolina approximately \$250,000 with a potential to save up to \$1 million*. By Carrie Burns, June 2006

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