



SUNGARD EXP

Case Study:
First Health

For nearly two decades, First Health has been a leader in the group health, workers' compensation and government markets. The First Health® Network is the nation's largest directly contracted medical network, including doctors, hospitals and other healthcare professionals in every state, Puerto Rico and the District of Columbia.

Operating in a complex marketplace, First Health's corporate philosophy is remarkably uncomplicated. With First Health, clients and consumers get one company focused on one high standard nationally. By serving the nation, First Health has streamlined the administration of managed care while maximizing the benefits.

First Health handles the medical, dental and prescription claims for approximately one million federal government employees, retirees and their family members in the Mail Handlers Benefits Plan (MHBP). Annually, the \$2 billion business unit processes over ten million claims.

THE CHALLENGE

First Health has always held a high standard of customer service through a process of continual improvement and accuracy.

In 1997, MHBP installed an imaging and Optical Character Recognition (OCR) system from a leading vendor to capture claims information as it entered the mailroom for a paperless claims environment. OCR was used for single page HCFAs and UB-92s claims capture, which accounted for 40 percent of the paper claims volume. A proprietary key-from-image technology was used for the remaining 60 percent of the incoming paper -- dental claims, multi-page claims, and claims with attachments. Although simple, flexible, and economical, some shortcomings existed.

The MHBP team set out to improve the accuracy of the current system. Their approach was to find a more robust solution with sophisticated business process automation (BPA) and quality assurance (QA) capabilities. MHBP believed that enhanced BPA could increase efficiency by moving the correction process upstream. A QA module enabled improvement of the data sent for payment, decreasing the volume of claims for reconsideration and identifying training needs.

The theory was simple: capture information accurately when it is first scanned into the system and increase efficiency in every department downstream.

THE SOLUTION

After determining that improvements could be realized by the replacement of the current software, research was conducted to identify solution providers specializing in insurance claims products. The team looked for a robust solution that provided additional business process automation capabilities, and also provided quality assurance tools so the improvements could continue once the system was in place.

Based upon initial research, five vendors were sent RFPs. The field was narrowed to EXP FormWorks from SunGard EXP and one other major vendor. Following demonstrations, site visits to insurance industry reference accounts, and question and answer discussions, the team evaluated each vendor on 11 fundamental criteria. The evaluation team judged the SunGard EXP offering superior to the other solution on 10 of the 11 criteria.

The project was delivered in three phases. In December 2000, SunGard EXP installed EXP FormWorks for the dental single page claim, a claim not handled with the current imaging system. This also included replacing the existing scanners with three Kodak 9520 scanners.

As part of the customization process, SunGard EXP systems engineers designed form templates and automated business rules for workflow, data validation, verification and look-up critical data. EXP FormWorks also employed advanced imaging, OCR, pattern recognition and reject reentry ergonomics. When the claim information is complete, it is sent to the payment system. If data are missing or cannot be inferred by the advanced business rule logic in EXP FormWorks, the claim is sent to a pending queue.

Phase II, consisting of single-page and multi-page medical HCFAs, was installed in March 2001. HCFAs sent in with attachments were routed to a special work queue. All variations of the HCFA form are captured through the EXP FormWorks solution.

June 2001 marked Phase III, when medical UB-92s (both single-page and multipage), dental multi-page and pend letters were installed.

Although document-level claims accuracy increased 21 percent immediately following the EXP FormWorks installation, the team did not stop seeking accuracy improvements. By using the System Quality Assurance (SQA) module provided with EXP FormWorks, claim-level accuracy has steadily improved to 93 percent (see Graph below). Using a total quality management approach, this was accomplished

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by monthly SQA module audit reports to analyze the cause of errors. Then the SunGard EXP and MHBP team worked on reducing the most frequently occurring errors through operator retraining, fine tuning the rules, and better analysis of the error.

"The improvement in accuracy could only be achieved through a systematic focus on accuracy built into the SunGard EXP product through its sophisticated rules and workflow engine," commented Diana Clem, Director, Application Development, First Health. "It drives accuracy into the end product, and the SQA Module enables the reporting accuracy."

Further analysis through the EXP FormWorks SQA module showed that claim-level system errors had been reduced to just 2 percent with a seven percent reduction in human error. The current error rate is less than 1 percent on a field basis, and 0.1 percent on a character basis.

"It's really a team effort," said Carlo Menconi, Applications Engineer for SunGard EXP. "Diana and her team were totally committed to the process. We provide the tools and the services, but it is really up to the end-user how far they want to take the TQM approach. The MHBP team is doing it right and reaping the rewards."

THE BOTTOM LINE

Now, 100 percent of the paper claims coming into the MHBP (20,000 per day) are captured in EXP FormWorks. Accuracy is up 31 percent and rising with the use of the SQA module. MHBP invested over \$1 million and the ROI was less than eight months.

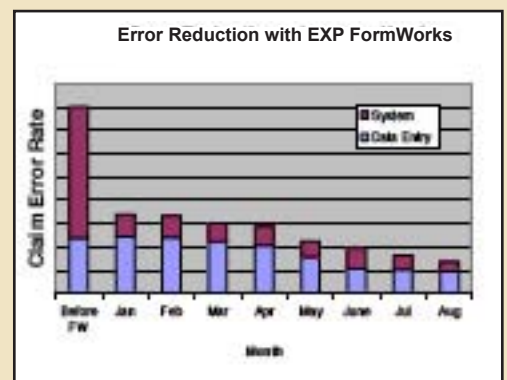
Operator efficiencies have increased to over 700 claims per day per operator versus 366 with the previous vendor (an improvement of 92 percent). Savings are realized by reducing the number of operators and eliminating the need for temporary workers and outsourcing. The number of data entry operators was cut in half.

Savings on capture are just the tip of the savings iceberg; First Health was able to measure the total claim life-cycle savings due to the increase in accuracy. Correct data capture directly from the claim form eliminates the time of detecting and correcting errors caught downstream in claims adjudication and adjustments.

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Time is money... paying claims quickly and accurately means more satisfied customers, fewer duplicate claims, better relations with regulatory agencies and it helps First Health remain competitive in the healthcare services industry.

"First Health considers itself to be an innovator in using IT to provide the best experience for our customers and contracted providers" said Ron Boeving, CIO, First Health. "We achieved significant administrative efficiencies that will help control costs. Also, we firmly believe in paying our providers the correct amount on time. EXP FormWorks helps us do that."



About SunGard EXP

SunGard EXP helps empower large organizations to capture, manage, store and deliver content in order to automate workflow, enhance processes, track productivity, promote collaboration and deliver time-sensitive client communications. EXP features industry-leading technologies with EXP FormWorks, EXP MACESS, EXP Web, EXP Mailing and EXP SCORE, creating a comprehensive, single-source solution for the managed care industry. Offering single department to enterprise-wide solutions, EXP uses a proven implementation methodology that helps ensure the predictability of results.

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