

## CASE STUDY

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### Healthcare Insurer Uses Comprehend to Improve Claims Processing Productivity

Sponsored by: OpenConnect

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### IDC OPINION

A major Midwest healthcare insurer engaged in a multiyear effort to improve claims processing is using OpenConnect's Comprehend software to extend earlier gains. OpenConnect's marriage of clickstream technology and process analytics helped the company increase the depth of its process analysis, enabling both process improvement and auditing on a continuing basis. Key findings in this case study include the following:

- ☒ Comprehend helped the healthcare insurer improve productivity by identifying people-related process problems that can be improved through changes in policies, modifications in best practices, or automation.
- ☒ Comprehend's ability to identify process problems quickly and at deeper levels than previous analytical efforts is an attractive feature of the software.
- ☒ Continuous visibility and analysis can yield significant gains even after major process improvements have been made using other tools.

### IN THIS CASE STUDY

This case study highlights the decision of a major Midwest healthcare insurer to use OpenConnect's Comprehend software to extend an analytical process that began in 2004 to improve its claims processing processes. This case study summarizes the business case and selection process that led to the deployment of Comprehend and the results of the deployment. It illustrates the following:

- ☒ The successful use of Comprehend to identify process problems at a major Midwest healthcare insurer that ultimately led to a significant boost in productivity
- ☒ The need for tools that deliver continuous intelligence about processes, particularly those that involve employees and customers
- ☒ The dual use of Comprehend as a process analytics solution and an auditing tool

## SITUATION OVERVIEW

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### Organization Overview

A major Midwest healthcare insurer was engaged in a multiyear effort to streamline key elements of its claims processing processes. The effort involved multiple systems, local and national, as well as a dozen satellite claims processing sites. OpenConnect had already developed a successful relationship with the healthcare insurer, which paved the way for the adoption and deployment of Comprehend.

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### Challenges and Solution

#### ***Midwest Healthcare Insurer Shifts from Auto-Adjudication to Productivity with Comprehend***

A key performance indicator for healthcare insurers is their auto-adjudication rate, or the electronic processing of a healthcare claim without manual intervention. In 2004, this major Midwest health insurer had an 82% auto-adjudication rate for its national claims processing system, which compared well with the rates of peer organizations. Since then, the insurer has focused on continuous process improvement, and in 2008, it achieved an auto-adjudication rate of 94%.

Improvement efforts initially centered on IBM mainframe-based applications, but returns on those improvements began to diminish in 2008. To achieve further gains, the company realized it would need to shift its attention from the auto-adjudication rate and instead focus on reducing the average time it took to process a claim by improving the productivity of the adjudication process.

The company previously used OpenConnect's scripting engine in claims processing. The success of the scripting tool and its link to measurable process improvement paved the way for adoption of Comprehend to assess claims productivity.

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### Technology Selection Process

Significant IT purchases at the company require a strategic business plan and a business requirements document. A committee looks at those materials and evaluates the potential return on investment (ROI) to determine which projects should be funded.

The claims processing improvement team obtained approval for its purchase of Comprehend by identifying the opportunity to reduce manpower. The project was approved based on the projected ROI, the team's success in lowering processing costs over the past several years, and the company's previous success working with OpenConnect.

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### Deployment

The company made the decision to run Comprehend against two large independent claims processing systems — one for local business and one for national business. In addition, the company has a dozen satellite sites that also adjudicate claims. Comprehend was also deployed to monitor those claims.

The software was successfully installed in 4Q08. The team continues to work to ensure that all of the transaction data is collected for the detailed claims analysis through Comprehend. The installation involved deploying Comprehend, selecting the data elements to capture, and training. Because the team is focused on continuous claims processing improvement, it decided to gain core competency in the use of the software rather than bring in a professional services firm.

As with most software, deployment is not 100% trouble free. The team has been challenged to ensure that all of the transaction data from both large independent claims processing systems has been collected. In addition, the company found and reported a small bug in the software. The team initially planned to have the problem fixed in a few weeks, but OpenConnect worked overnight and delivered an enhanced configure tool within a few days.

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## Results

A team member likens Comprehend to a forensics tool. It lets the company spot the agents who spend the least time and the most time on processing claims. For example, Comprehend shows that one agent is averaging 2 minutes to handle a given number of claims, while another agent handles the same number of claims in 10 minutes.

More detailed analysis shows that the second agent handled 95% of those claims in 2 minutes but put one claim on hold for an hour and a half, which raised the average to 15 minutes.

This insight showed the team that it needed to perform deeper levels of analysis to identify ways to improve productivity.

Another example involved an agent who handled 50 claims within an hour, and the team had to dig deeper to determine how this processing rate was possible.

Using Comprehend, the team was able to play back the screens and keystrokes the agent used to finalize the claims. The research allowed the team to identify a point of potential automation via scripting.

In this case, Comprehend was both an analytical tool and an auditing tool.

## ESSENTIAL GUIDANCE

The following advice is for groups considering an investment in process worker analytics software. It comes from the executives we interviewed for the White Paper entitled *OpenConnect Comprehend Work Event Monitoring and Analytics Provide End-to-End Process Transparency*, sponsored by OpenConnect:

- ☒ One company's advice for those implementing Comprehend or other process analytics tools is to be meticulous in mapping IP addresses and capturing data elements. The company's team initially thought that the two-month initial consultation was too long, but ultimately decided it was a good time frame. Coordination with various IT and business units in the organization is critical and takes time. The company's advice is to plan for the added time.

- ☒ Once Comprehend was implemented at the previously mentioned company, the team found that the software needs to be used regularly. To get the best use out of Comprehend, resources need to be committed to using the tool consistently to mine the opportunities it presents.
- ☒ Comprehend is a logical tool for organizations focused on continuous improvement. Business process management (BPM) centers for excellence should consider this type of tool to replace less effective approaches to understanding worker activities within a process.
- ☒ When you find a problem, fix it quickly. One key to the aforementioned team's success with Comprehend is that once an automation or process improvement opportunity is identified, the goal is to resolve it within 14 days. Internal groups shouldn't put a recommendation for improvement on a list, surround it with action criteria, and then let it languish for six months. That means process improvement teams need to understand ahead of time which tools they will need to improve the process.
- ☒ Don't underestimate the hardware component investment needed to collect all of the data that is critical to building a solid foundation for performing the business process analytics.

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