



# ***Improve Business Process Effectiveness in a Payer Environment***

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# McKinsey's Global Technology Survey ~ Business Process Improvement #1 Priority for Executives

## Focus on effectiveness and efficiency

% of respondents<sup>1</sup>

### Current IT priorities at respondent's company

### Ranking by current priority

	Total, n = 927	Non-IT executives, n = 427	IT executives, n = 471	Ranking by ideal priority, total, n = 927
Improving effectiveness of business processes	47	1	2	1
Improving efficiency of business processes	45	2	3	4
Reducing IT costs	44	5	1	7
Providing managers with information to support planning and decision making	40	3	4	3
Creating new products or services	29	4	6	2
Ensuring compliance with regulations	23	6	8	8
Entering new markets	20	7	5	5
Managing risk	14	8	7	6

*Even in strategic intent, respondents ranked process above creating new products and services*

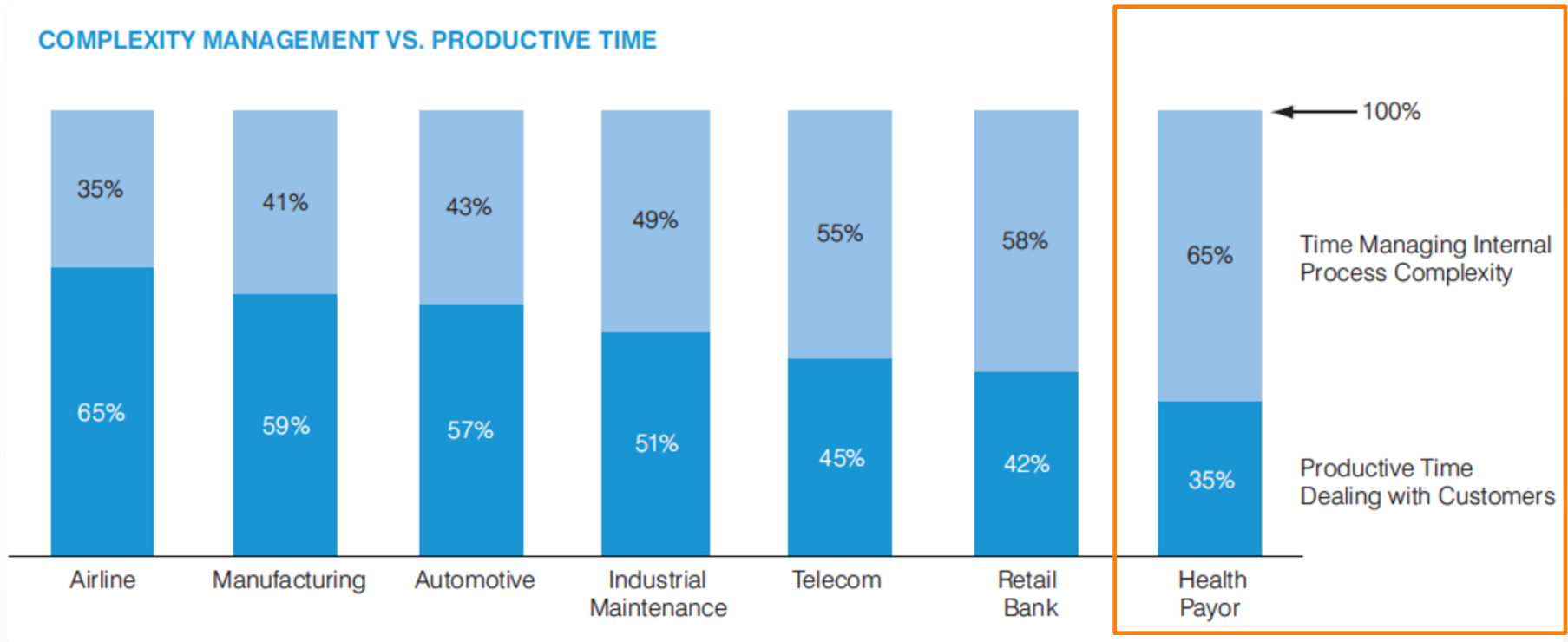
<sup>1</sup> Respondents who answered "other" or "don't know" are not shown.



# Managing complexity is a Challenge in most Industries

*Time spent managing complexity (customer variability, performance quality and workflow efficiency) in service-centric industries has surpassed 50 percent*

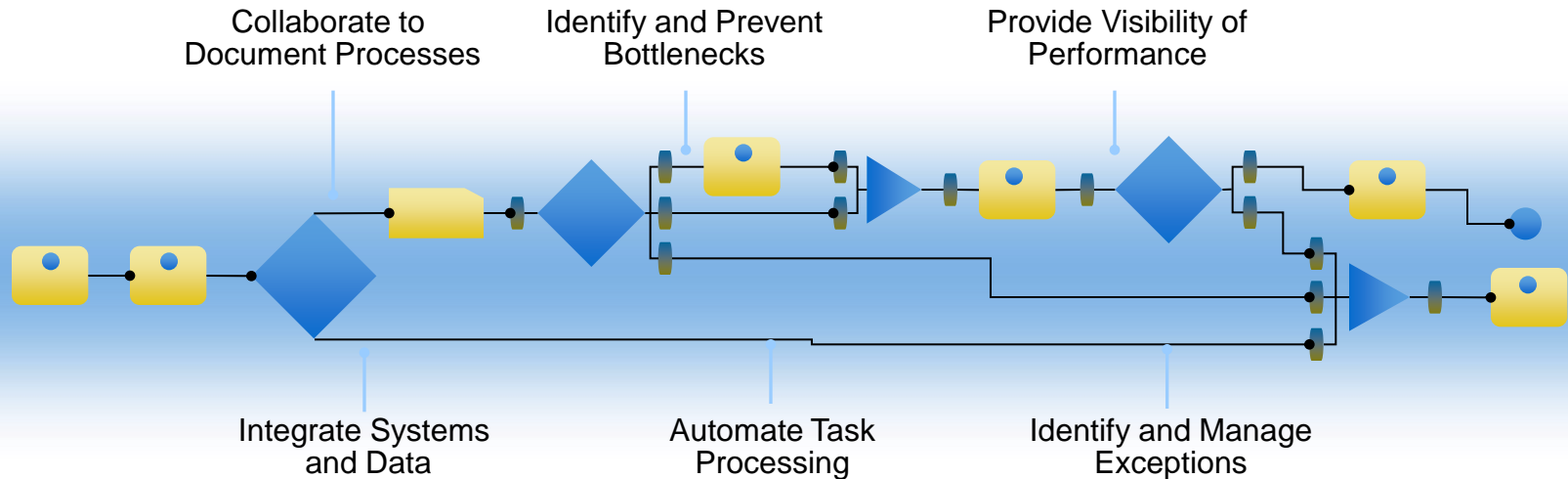
COMPLEXITY MANAGEMENT VS. PRODUCTIVE TIME



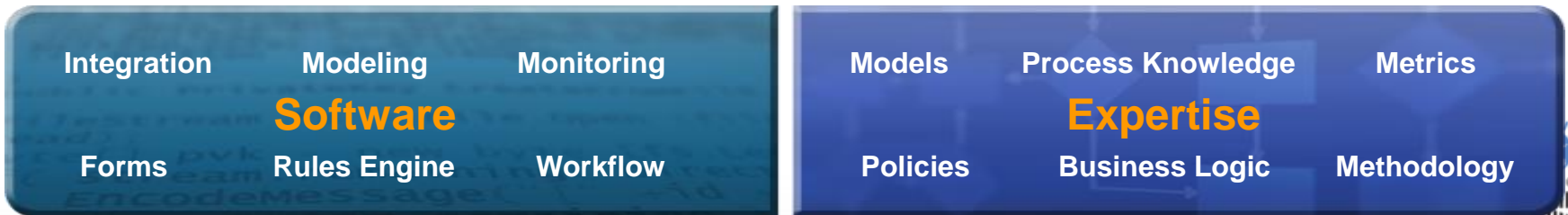
*Complexity threatens to reduce customer engagement*

# What is Business Process Management?

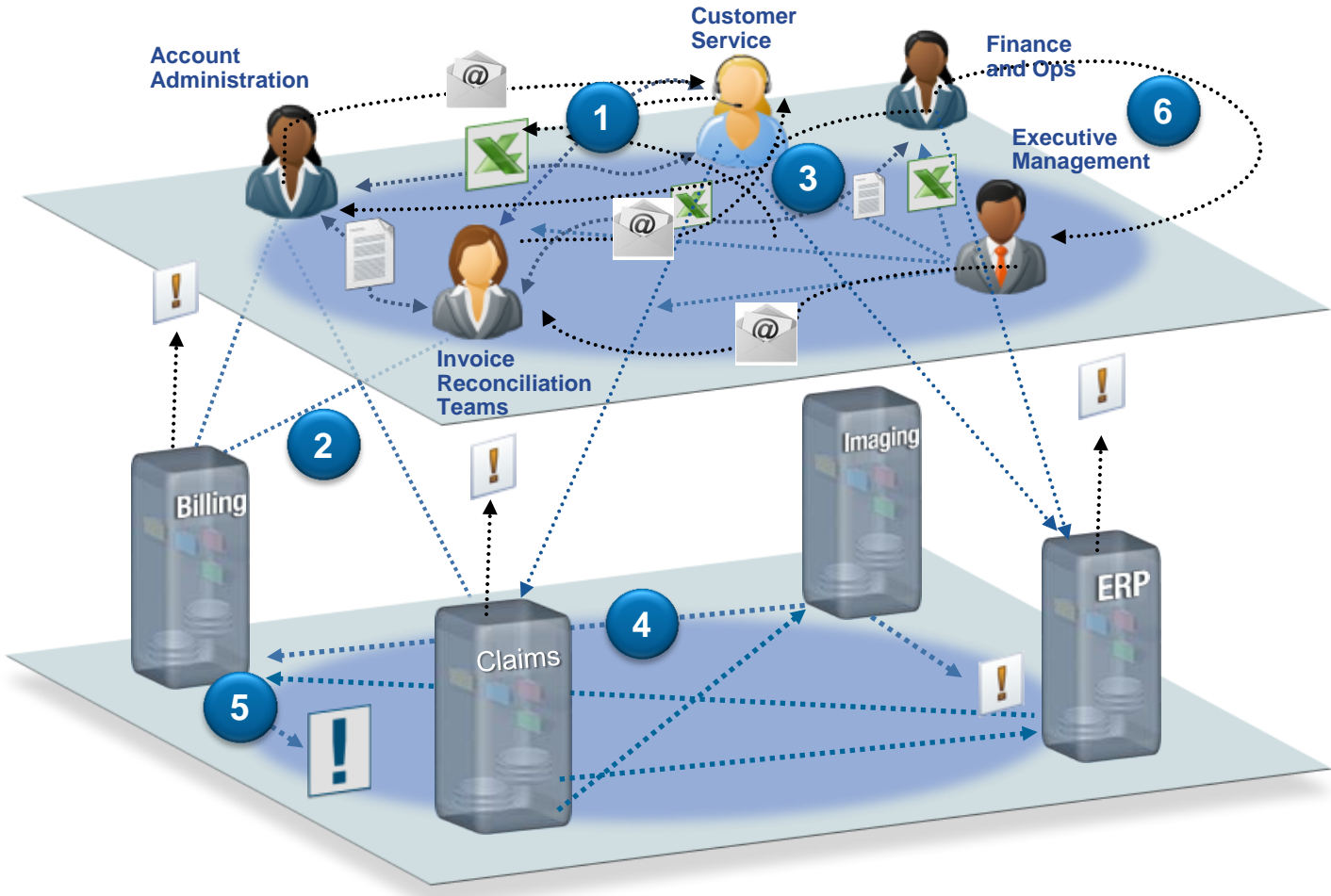
BPM is a **discipline** consisting of **software** and **expertise** used to improve the **Performance**, **Visibility** and **Agility** of business processes



## BPM Includes:



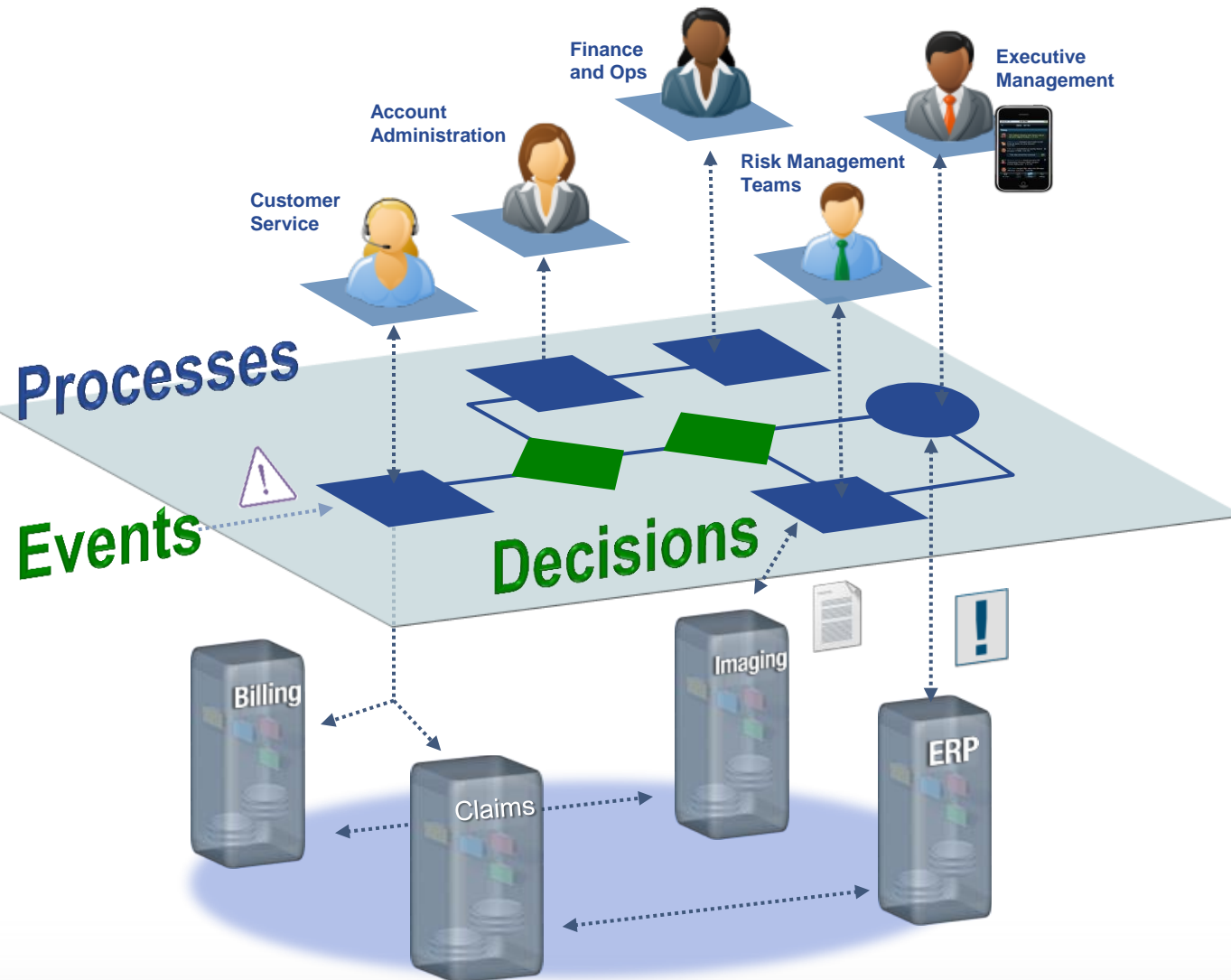
# “Business As Usual” prohibits Business Agility



- 1 Unstructured tasks and communication (paper or email)
- 2 Inefficient working environment spans systems
- 3 Inconsistent prioritization
- 4 Incomplete or inaccurate data flow between systems
- 5 Lack of real-time response to business events
- 6 Poor Visibility Into Process Performance



# Business Process Management brings Order to the Chaos!



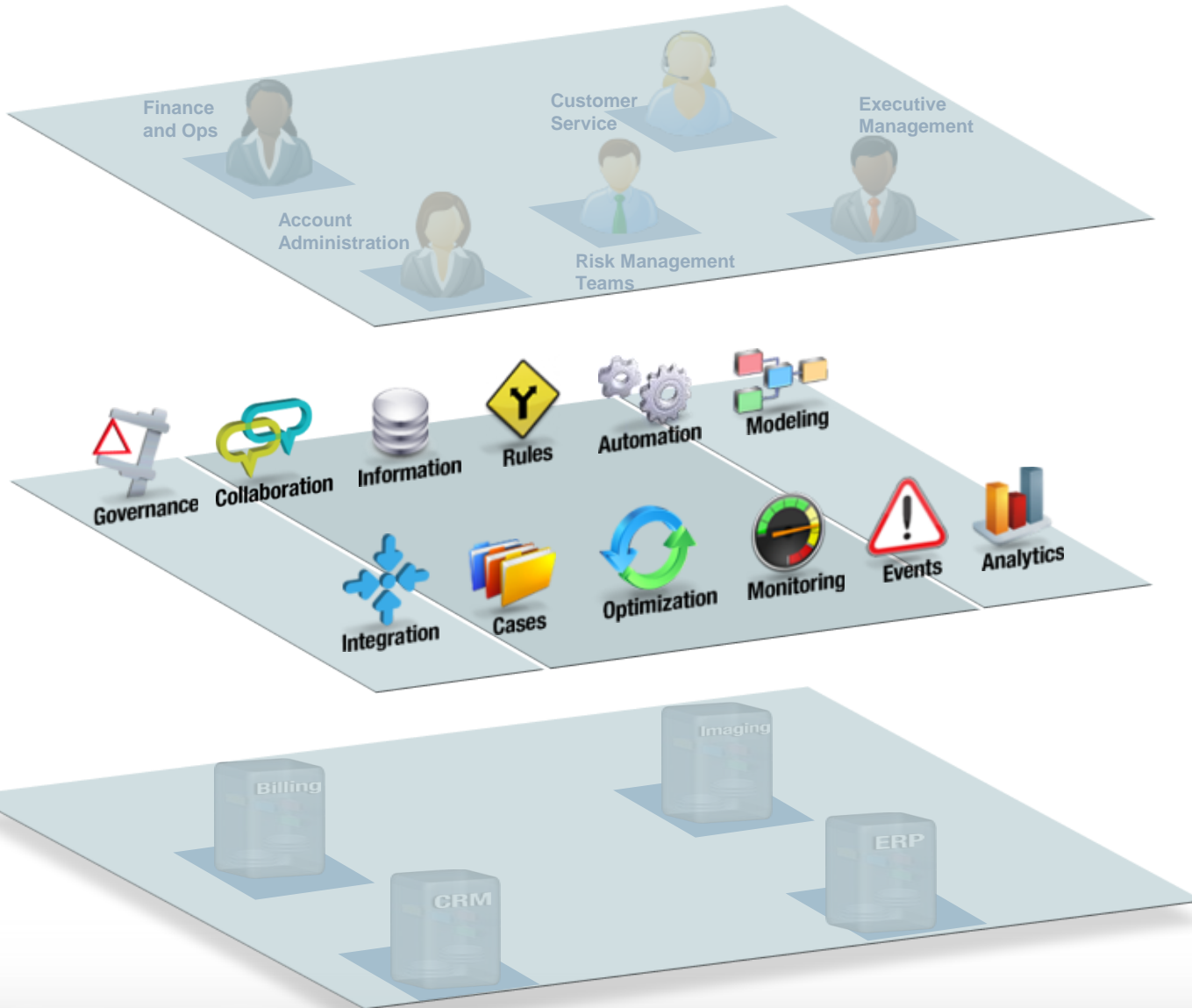
1. Automate workflow & decision making
2. Reduce errors and improve consistency
3. Standardize resolution across departments
4. Automate and accelerate decision making
5. Monitor for business events and initiate actions
6. Real-time visibility and process control










## **Business Benefits:**

- ✓ Huge reduction in manual work and errors
- ✓ Faster, more consistent Issue Resolution
- ✓ Easier to manage the business
- ✓ Better visibility for ongoing improvements



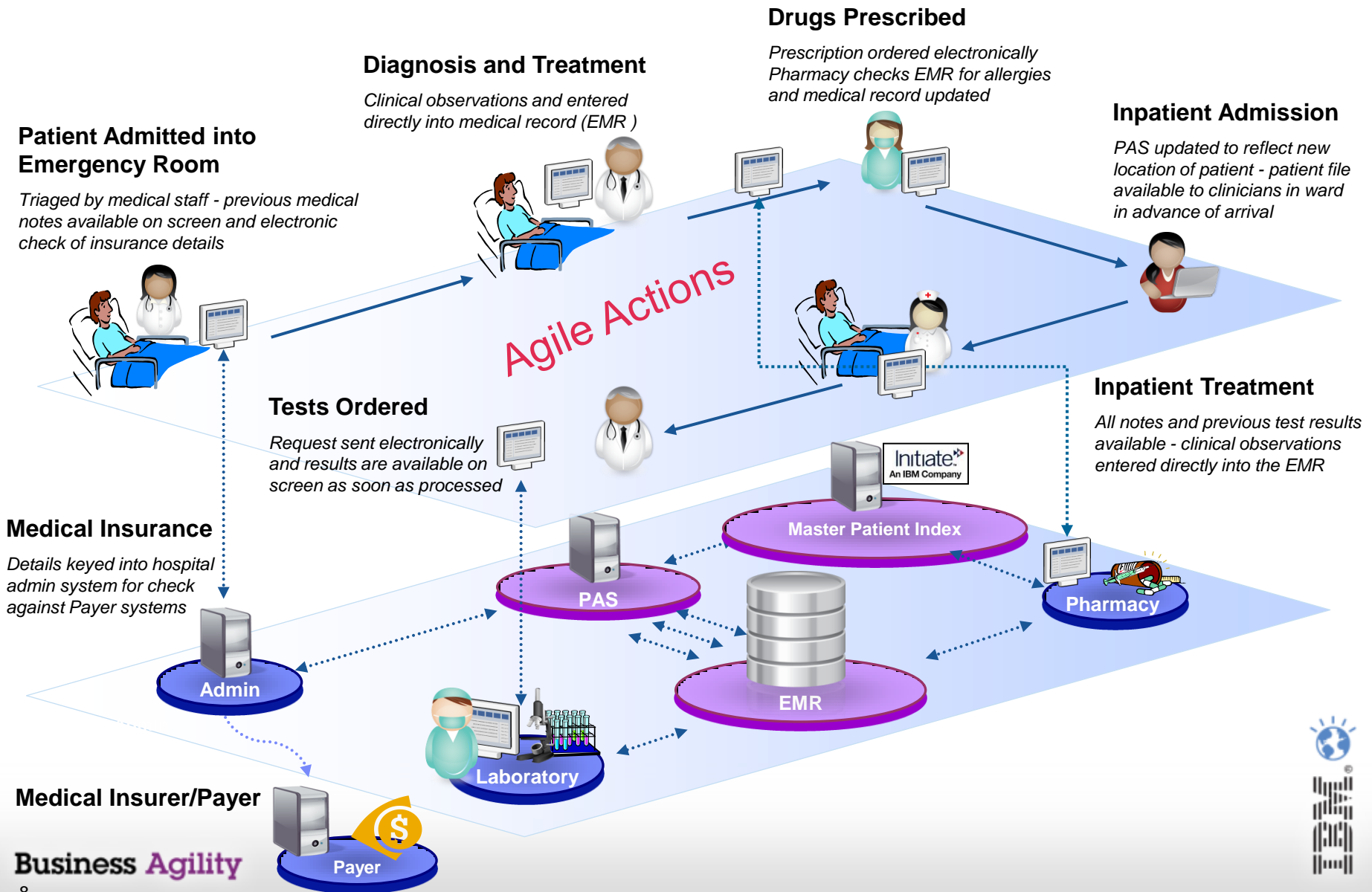
# The Essential BPM Capabilities



-  • Modeling
-  • Monitoring
-  • Automation
-  • Governance
-  • Optimization
-  • Rules
-  • Business Data
-  • Documents
-  • Events
-  • Integration
-  • Collaboration
-  • Analytics



# The Result – Integrated Healthcare





## Business Process Management provides *Tangible Business Value*

- ✓ Organizations had more than 90 percent success rates on BPM projects.
- ✓ Successful projects had no less than 10% internal rate of return, 78% had more than 15% (some as high as 360%)
- ✓ 67% of the projects were completed in less than six months, 50% in less than four months.
- ✓ 77% of the projects had returns greater than \$100,000 per project.
- ✓ 80% of the respondents felt an increase in competitive advantage.
- ✓ BPM's value to the company was higher than ERP, CRM and SCM.

*Source: "Justifying BPM Projects", Gartner*



# Payer Membership / Claims Management

## *Horizon Blue Cross Blue Shield of New Jersey optimizes agility and ROI*



*“IBM BPM tools are definitely helping Horizon be a more efficient and smart organization. Our ROI is phenomenal, and we’re more agile; more able to adapt our processes to market conditions.”*

*- Bill Looney, Enterprise Architect, Horizon Blue Cross and Blue Shield of New Jersey*

### Challenge:

Horizon BCBSNJ was established in a manual, paper-intensive era, and virtually all critical processes had remained manual until the company launched a business process improvement initiative. Horizon BCBSNJ needed to become more efficient in business process management (BPM) and to drive rapid, automated and continued process innovation.

### Business Solution:

Horizon BCBSNJ teamed with IBM® and IBM Premier Business Partner Prolifics to deploy a suite of IBM BPM and BRMS tools. The company worked with Prolifics to create a BPM center of excellence to provide Horizon BCBSNJ with methodologies, best practices and design patterns for the lifecycle of process improvement projects regarding enrollment, claims processing and coordination of benefits.

### Benefits

- Reduces processing time for standard claims by 20 to 30 minutes each
- Generates an average ROI of 300% for each internal process improvement project
- Increases customer and provider satisfaction by freeing claims processors to focus on more complex claims

# Harness new Disruptive Technologies to drive Business Agility

Mobile

**\$3.6B**

spend by  
2014

## Mobile requires process reinvention

Forrester forecasts that companies will spend about \$900 million on mobile process reinvention services in 2013 and up to \$2.7 billion in 2014



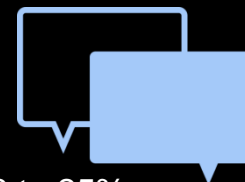
Social

**25%**

productivity  
improvement

## Socially-enabled processes drive increased productivity

According to McKinsey, social technologies, when used within & across enterprises, can raise productivity of high-skill knowledge workers by 20 to 25%



Cloud

**47%**

growth in cloud  
processes

## Cloud deployments force companies to rethink their processes

Gartner ranks Business Process as a Service (BPaaS) as the fastest growing cloud segment with 47% annual growth



Big Data

**€100B**

government  
savings

## Big data drives insight into processes

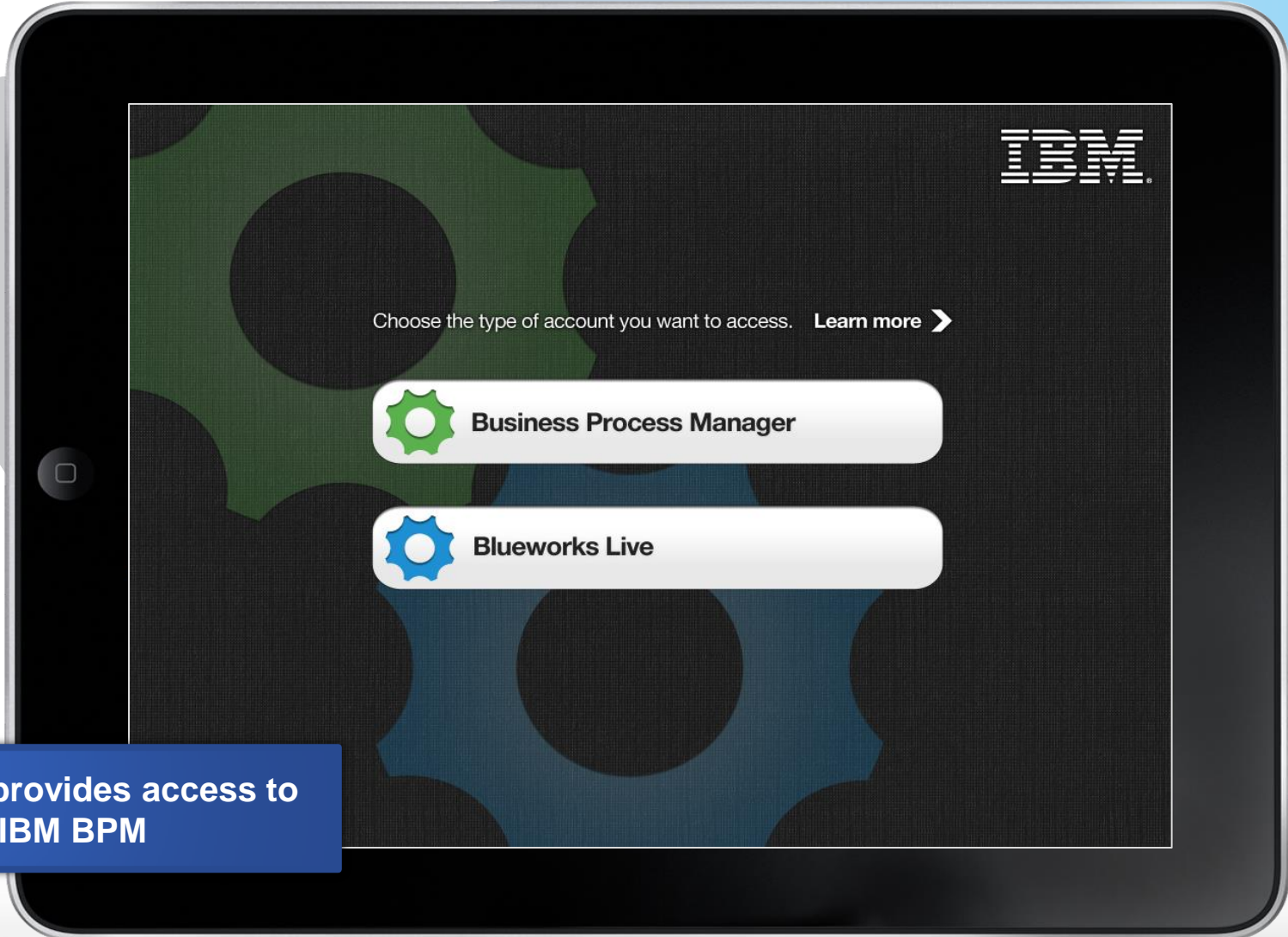
McKinsey found government administration could save more than €100 billion in operational efficiency improvements alone by using big data



# Empower Business Users by Extending Access to Mobile

*Flexible access promotes broad adoption*

BPM for Mobile



**iOS App provides access to  
IBM BPM**

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*Flexible access promotes broad adoption*

BPM for Mobile



**iOS App provides access to IBM BPM**



# Collaborate on Process Design and Execution through Social Interaction

This screenshot shows the IBM Work interface. At the top, there are tabs for 'Details', 'Stream', and 'Experts'. The main content area displays a task titled 'Do the test' with a due date of 3/28/12 4:06 PM. Below the task, there are sections for 'Recommended Experts (7)' and 'Experts Recommended by the Subject Matter Experts Group (19)'. The recommended experts include Benjamin Short, Craig Moser, Chris Walk, and Mandy Peloski, each with options to '@Mention', 'Collaborate', or 'Chat'. The interface also shows a 'View Mode' and 'Edit Mode' for the task, indicating real-time collaboration capabilities.

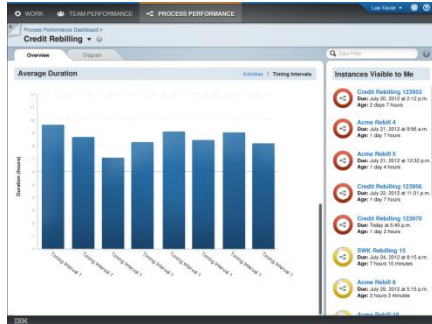
Work together on the same tasks via real-time interactions; reach out to experts to help complete tasks; monitor and perform ad-hoc actions through activity streams

This screenshot shows the 'My Work' dashboard in the IBM Work interface. The top navigation bar includes 'WORK', 'TEAM PERFORMANCE', and 'PROCESS PERFORMANCE'. The main section is titled 'My Work' and contains a 'My Tasks' list on the left and an activity stream on the right. The 'My Tasks' list is categorized into 'Open Tasks' and 'Completed Tasks', with sub-categories: 'Overdue', 'At Risk', 'Due This Week', and 'Due Later'. The activity stream shows notifications from Ernest Green, such as 'Ernest Green invited you to collaborate on the Step: Approve mortgage task for Process Mortgage Request:713' and 'Ernest Green mentioned you in a post in Process Mortgage Request:713'. The interface also includes a search bar and a 'Clear all' button for the activity stream.

Collaborate with experts that are currently logged on, or create notes for view upon return for timely completion of tasks

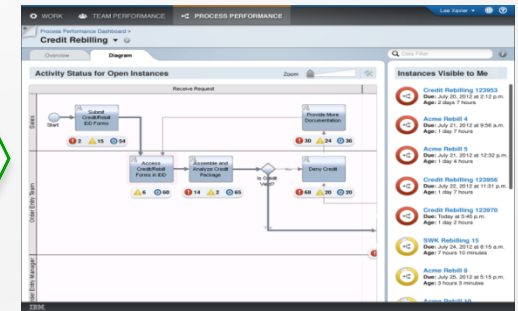


# Visibility ~ Because you can't Improve what you can't See



Custom tailored dashboards providing *enhanced visibility* for *process owners*, *team leaders* and *process participants*

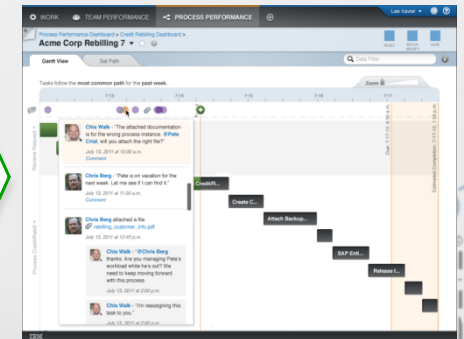
*Drill-down for performance* of specific process instances



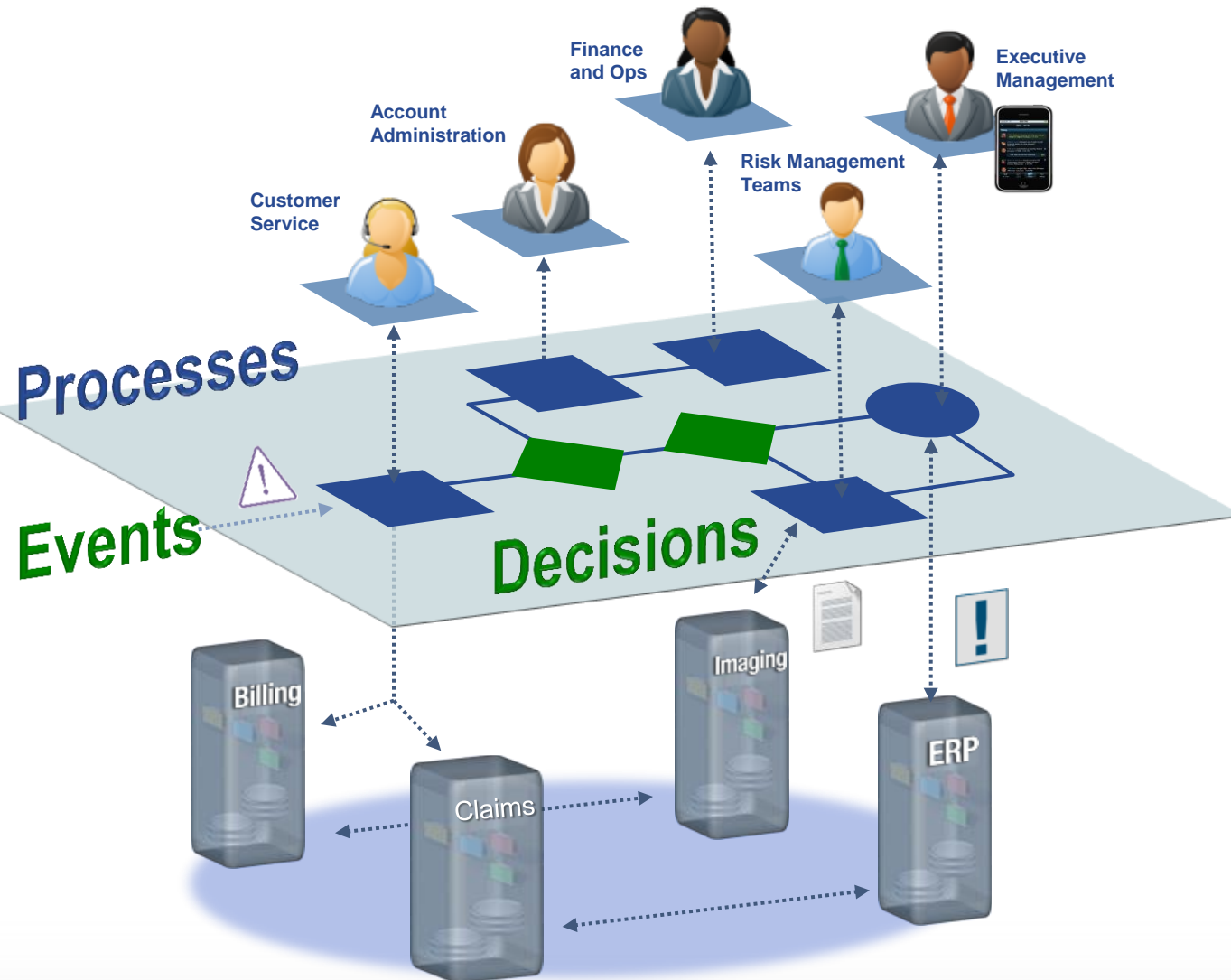
*Insights into team performance* makes it easy to manage work across a team



*Activity of stream comments* added to the timeline for insight into what collaboration has occurred



# Business Process Management brings Order to the Chaos!



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## **Business Benefits:**

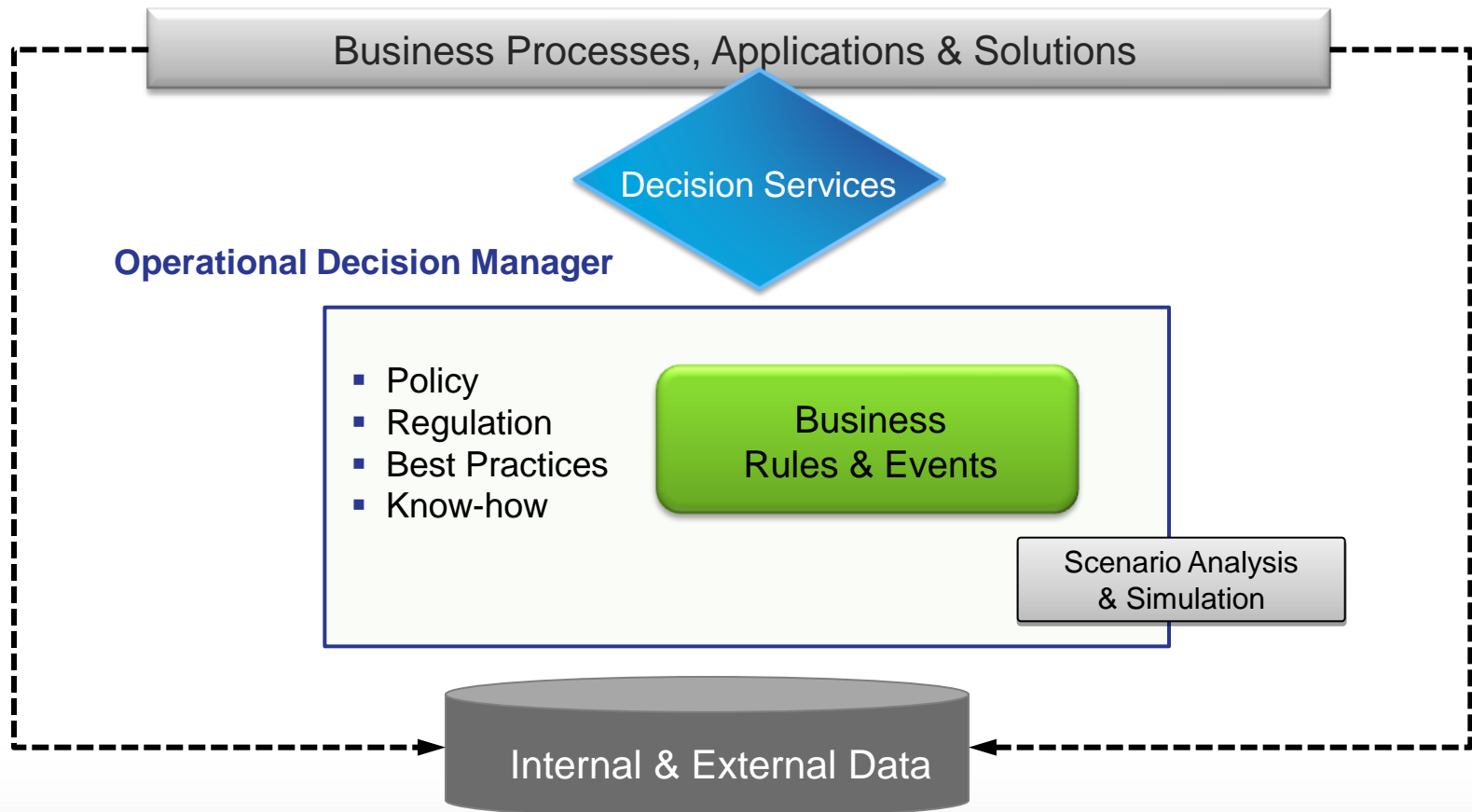
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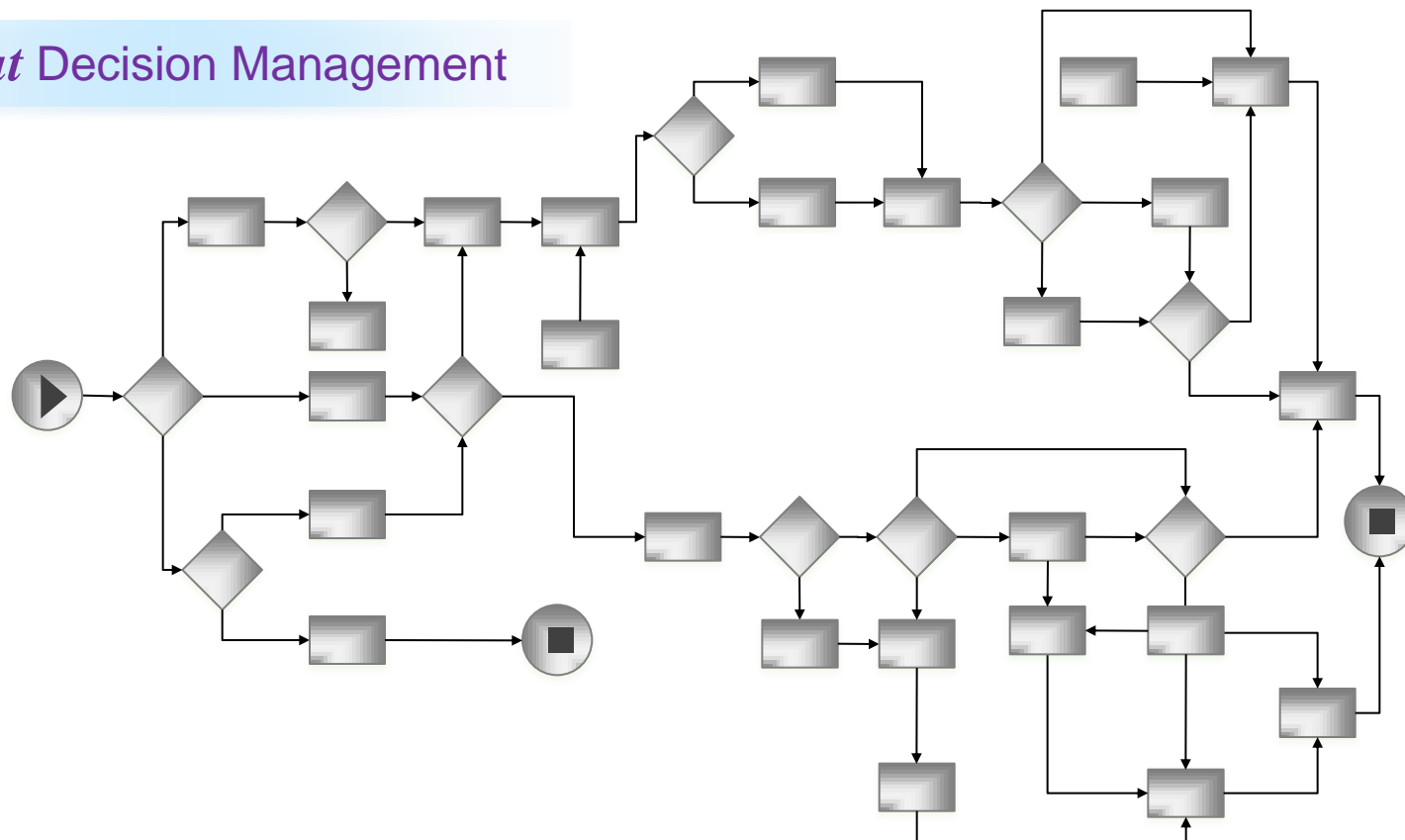
# What is Decision Management?

Decision Management is a business discipline that enables organizations to automate, optimize and govern repeatable business decisions.



# Decisions are often locked within processes

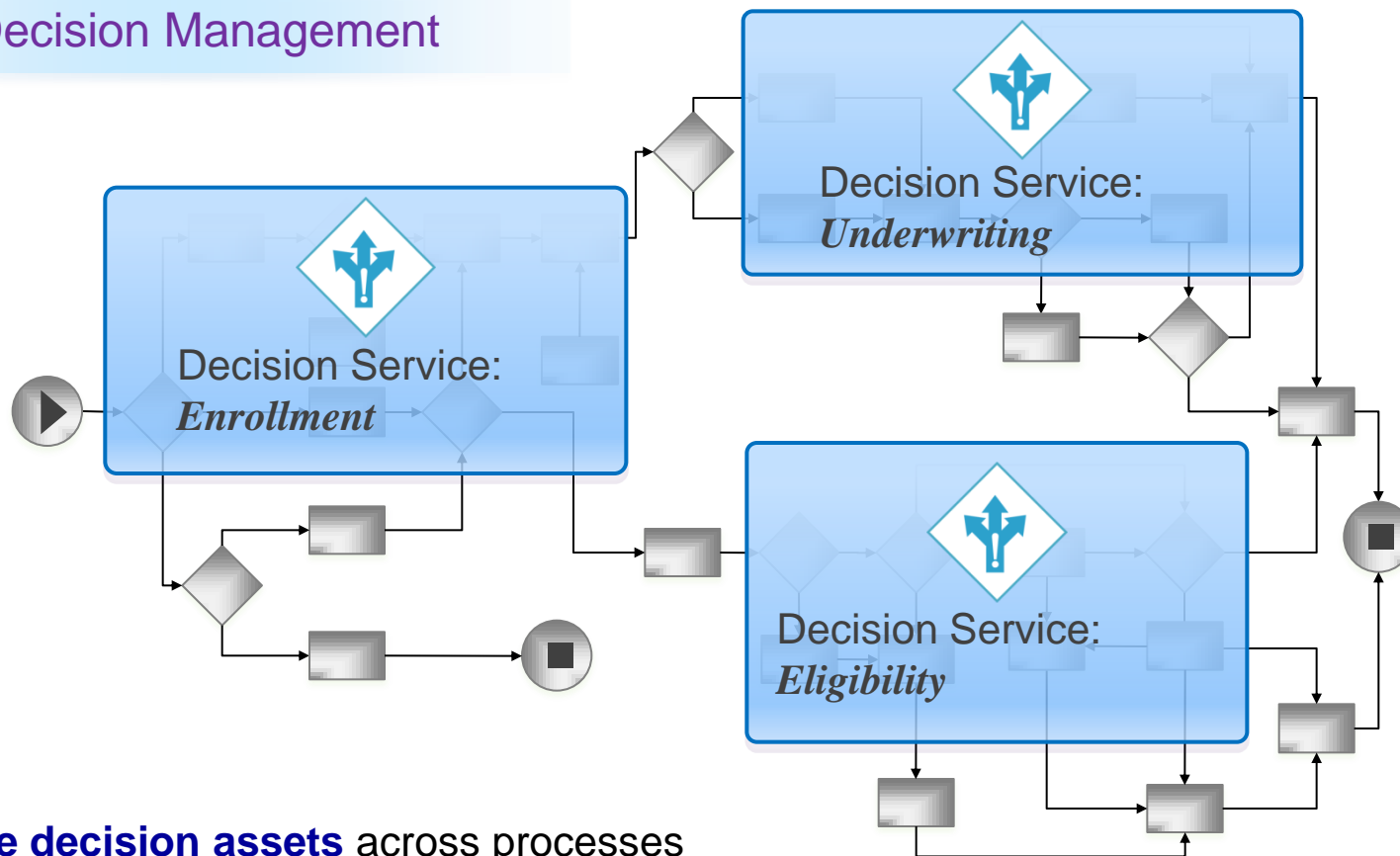
## *Without* Decision Management



- Decisions are **locked in processes** and applications
- Programming **skills are needed** to create & modify decision logic
- Speed of business **change is limited** by IT bandwidth
- Manual intervention **increases costs & reduces customer satisfaction**

# Decision Management enables reuse across processes

## *With* Decision Management



- **Reuse decision assets** across processes
- **Empower business people** to own, author and update decision services
- **Respond quickly** to changing market conditions
- **Maximize automation** and straight-through processing

# Decision Visibility & Comparison

Both content and Properties changes are tracked

Pricing > Spring Recovery Release >

**Patch the pricing policy**

Project: Pricing Added (0) Deleted (0) Updated (2) Unchanged (22)

Filter

2 rules have been updated in current state since Initial Snapshot snapshot

## Comprehensive Price Table

Hide summary Content (3) Properties (0)

- row 1, column 3: content was changed from \$ 43 to \$ 53
- row 2, column 3: content was changed from \$ 40 to \$ 50
- row 3, column 3: content was changed from \$ 28 to \$ 38

Graphical difference display

The item selected in the summary is automatically highlighted

### version 3.0

Created by Paul on Apr 12, 2013

		Deductible	Base Premium
		\$250	\$43
		\$500	\$40
		\$1000	\$28
4	5,000; \$ 10,000]	\$250	\$48
5	5,000; \$ 10,000]	\$500	\$42
6	5,000; \$ 10,000]	\$1000	\$33
7	10,000; \$ 20,000]	\$250	\$52
8	10,000; \$ 20,000]	\$500	\$45

### version 10.0 (current)

Created by Bea on Apr 15, 2013

	Policy Value	Deductible	Base Premium
1	0; \$ 5,000]	\$250	\$53
2	0; \$ 5,000]	\$500	\$50
3	0; \$ 5,000]	\$1000	\$38
4	0; \$ 10,000]	\$250	\$48
5	0; \$ 10,000]	\$500	\$42
6	0; \$ 10,000]	\$1000	\$33
7	0; \$ 20,000]	\$250	\$52
8	0; \$ 20,000]	\$500	\$45

# Governance Framework

Seamless

Release management to encapsulate policy updates

The screenshot displays the IBM Business Process Manager Decision Center interface. The top navigation bar includes 'Decision Center', 'HOME', 'WORK', and 'LIBRARY'. The user 'Paul' is logged in. The main content area is titled 'Pricing > 2013 Summer Pricing' and features a search bar and icons for 'Take Snapshot', 'Create New', and 'Timeline'. Below this, there are tabs for 'Activities', 'Rules', and 'Snapshots'. The 'Activities' tab is active, showing a list of tasks: 'Define summer pricing rules' (due May 24, 2013) and 'Validate summer pricing policy' (due May 31, 2013). A right-hand sidebar provides details for the selected release, including 'Created by Paul', 'Goals' (Define Summer prices with an overall revenue growth of 10%), 'Decision Servi... Pricing', 'Due Date Jun 3, 2013', 'Status In Progress', 'Owner Paul', and 'Approvers' (Paul, Not Reviewed).

Predefined activities to manage and control updates

Insightful

Instant

Comprehensive work progression and role concepts



# Intelligent Simulation

Champion and challenger capabilities

IBM Decision Center interface showing simulation details for 'Min Income to .27'. The 'Compare with...' button is highlighted with a blue box. The simulation is titled 'loanvalidation-rules - My Simulation (Simulation)'. The 'Run Date' is Jan 14, 2010 11:40:18 AM EST, and the 'Run By' is Eli. The 'Rules tested' are 'All rules as of the baseline Current'.

Side by side comparison

IBM Decision Center 'Compare' dialog box. The title is 'Compare 'Min Income to .27' with...'. The 'Filter nodes...' field is empty. The tree view shows 'My Simulation' expanded, with 'Production ruleset as of Jan 10' selected. 'OK' and 'Cancel' buttons are at the bottom.

Side-by-side comparison of simulation reports for 'Last year history - all rules'. Both reports show a success rate of 100% and 400 scenarios. The 'Key Performance Indicators' section includes 'Global eligibility results' and 'Eligibility results by states'.

State	Accepted	Rejected
CA	81.9%	18.1%
NJ	75.0%	25.0%
MA	77.9%	22.1%

State	Accepted	Rejected
CA	80.9%	19.1%
NJ	80.0%	20.0%
MA	77.9%	22.1%

Today

Tomorrow

# Solution Overview – Core Systems Modernization Process Improvement

*Extend process execution and insight to users*



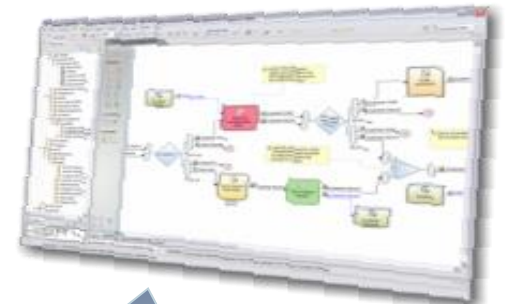
In process selection of alternatives

*Enhance business activity monitoring with analytics*



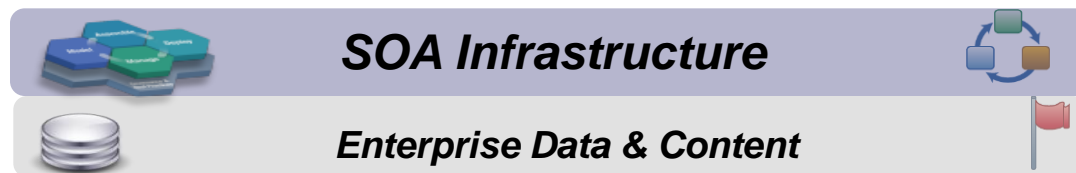
Monitoring across processes for follow up actions

*Leverage analytics for process design and improvement*



Design time analysis of root causes

**Improve decision points with info & analytics in-process**



# Core Systems Modernization

Business Driver: Enrollment and Support of New Buying Trends as Membership moving away from large group plans to individual, small group and government plans

***Payers are challenged with assessing the risk of individuals and small groups for a continuous changes of benefit plans***

- Underwriting rules, which can span in the thousands, are often hard-coded and difficult to maintain at payer organizations
- Underwriting tasks at many payers are handled manually with high degree of variance involved
- Processing of renewal applications can take an extended period of time to process and therefore impact sales rates
- Inconsistent assessment of risk and lack of transparency



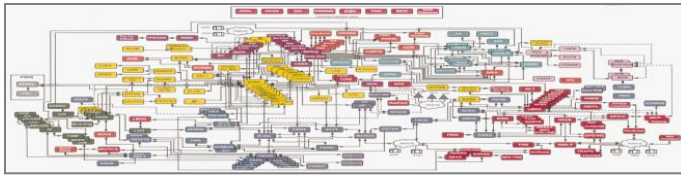
***Enrollment processes need to be modified to support new benefit plans***

- After member or group contracts are sold payers must get the new member information loaded in the right membership, adjudication and billing systems to ensure accurate processing
- Members are constantly updating their information through adds, updates and deletes based on employment and family events (births, divorces, deaths, age levels)
- Many payers have multiple membership and adjudication systems and provide service through multiple channels



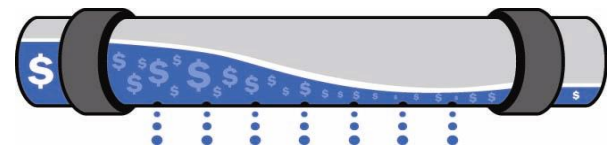
# Core Systems Modernization

Business Driver: Reduce Cost of Operations – Enhance Customer Experience



- The successful integration of people, processes and systems is the key to making health insurance mergers and acquisitions work
- However, payer systems that run their business—often old and almost always proprietary—by their nature defy consolidation resulting in a costly situation where redundant systems exist
- In addition, many non-profit payers are reluctant to reduce headcount which reduces the incentive for management to focus on efficiency

- Large percentage of transactions (claims, disputes, referrals/pre-auths, enrollment) require manual steps to process
- Payers are constantly developing new functionality to be used by both internal and external (business partner) systems
- Developing, testing and deploying integration solutions is a costly but essential operation given the costs associated with security and/or system failure
- Securing back-end systems from Web-borne attacks and viruses is also a costly and time consuming task



# Payer Projects span the entire organization

## Product Portfolio

- *New Product Definition, Analysis and Development*
- *Product Change Requests & Authorizations*
- *Product Lifecycle Management – Event Processing*



## Network/Provider Management

- *Credentialing*
- *Contract Management*
- *Network Collaboration, Planning & Strategic Alignment*

## Quote to ID Card

- *Quote Process*
- *Group & Member On-Boarding*
- *ID Card Fulfillment*

## Underwriting & Rating

- *Risk & Budget Management*
- *Exception Management*
- *Underwriting*

## Claims

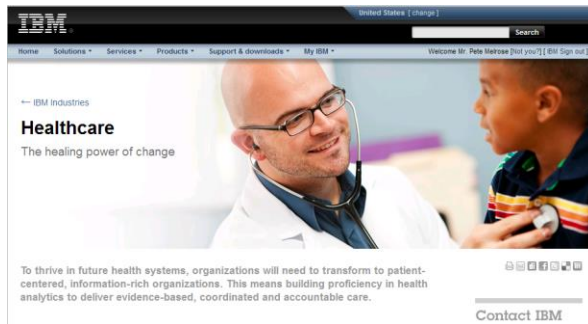
- *Fraud & Abuse Management*
- *Reviews & Adjustments*
- *Appeals & Grievances*
- *Coordination of Benefits*
- *Audit*
- *Payment Processing Status*
- *Case Load Management*

## Services & Policy

- *Medical Policy*
- *Clinical Quality*
- *Wellness & Outreach Programs*
- *Case Coordination*
- *Regulatory Compliance*

# Next Steps for Solution Success

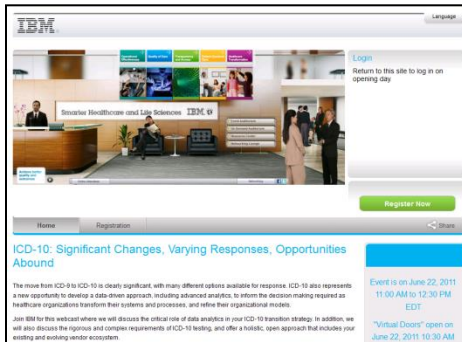
## Resources and References



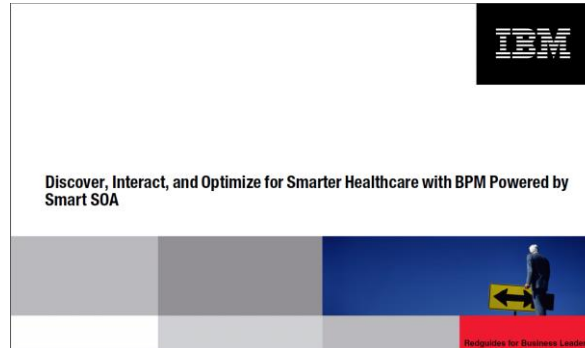
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[BPM for HCLS Website](#)



[Healthcare & Life Sciences  
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[Automating Healthcare Delivery Video](#)



# Thank You

