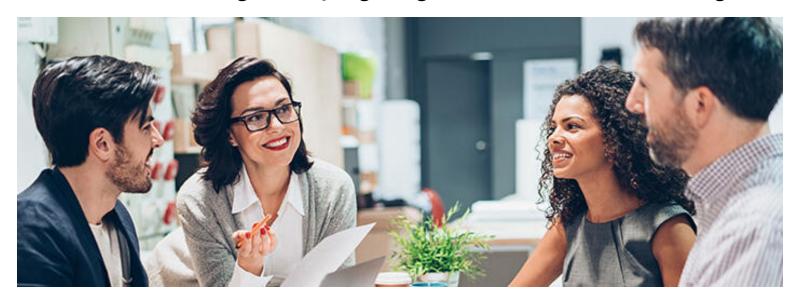# Health Plan Achieves Big Gains by Migrating to Electronic Claims Processing

A large health plan was confronted with a troubling, fundamental problem as it integrated the operations of a regional health plan it had acquired: the regional health plan still relied on manually processing provider claims and encounters (EDI 837) files.

Problem to Solve

In health care, as in other industries, the ability of a health plan to adopt beneficial changes can make a major difference to its bottom line – and its ability to properly serve its consumers.

A large health plan was confronted with a troubling, fundamental problem as it integrated the operations of a regional health plan it had acquired: the regional health plan still relied on manually processing provider claims and encounters (EDI 837) files. The health plan's leaders knew the many benefits of electronic versus manual claims processing, including significant cost savings, faster processing and payment, greater accuracy and reduced denials. Prior limited efforts to convert the regional health plan's claims processing to electronic had proven unsuccessful.

To meet its goals for productivity and profitability and regulatory compliance demands, the health plan decided to migrate all manual claims and encounter processing to a new clearinghouse-based, electronic platform. With this switch, the health plan sought to improve its:
Data quality and regulatory compliance

- Operational performance
- Claims/encounters processing costs
- Competitiveness and long-term growth goals

Facing a year-end migration completion date and six months behind on its efforts, the health plan engaged Freed Associates (Freed) to assess the status of this effort and get it back on track. The health plan also needed Freed to interface with more than 130 provider groups affected by this migration, as well as provide guidance for post-migration operational support.

Strategy and Tactics

With support from a client-provided work group, Freed began working with the health plan's 130+ provider groups and designated clearinghouses to ensure that claims and encounters would be properly documented and meet operational and regulatory performance requirements. This would entail establishing new business and operational processes across the affected provider network. Freed discovered that many of the provider groups were small and unsophisticated about electronic claims processing, which would entail a greater need for operational guidance and support.

Freed worked with the provider groups and clearinghouses to create a migration schedule, including a testing process to ensure EDI 837 industry and client standards compliance. Proactive problem-solving sessions with the providers and the clearinghouses were facilitated to stay on plan and create a risk mitigation alternative process in case any provider groups could not meet the schedule.

Sequentially and over several months, Freed worked with the provider groups and clearinghouses to prepare them for the migration. This included maintaining a testing correspondence log of hundreds of communications between all pertinent parties, including the results of problem-solving meetings and all other efforts associated with instituting migration readiness. With each round of submissions testing conducted, Freed worked as a liaison between the health plan, the provider groups and the clearinghouses, to ensure readiness for the client's year-end deadline.

Simultaneously, to help the health plan prepare all involved for the migration, Freed led the client in developing an end-to-end operational processing support model. This work, which would specify expectations for reporting, roles and responsibilities, staffing and unified system flow, entailed leading cross-team work sessions and documenting process outcomes from work sessions to define a new claims and encounters operational processing model.

Results

A month prior to the client's migration go-live deadline, 95 percent of the health plan's provider groups were completely ready to have their claims processed through the designated clearinghouses. Mitigation steps were

taken with the remaining provider groups to ensure readiness, and all provider groups were ready for the migration by year-end. The new operational processing support model proved to be a success, and was ready to support the client's operations at the migration go-live date.

All engaged organizations – the health plan, the 130+ provider groups and the designated clearinghouses – were pleased with the handling and outcome of the work performed. Freed had successfully reoriented the client's migration project at a time when its success was in doubt, and expedited the collaborative efforts of all involved well enough that the project was completed well before the client's deadline.

Conclusion

By successfully migrating away from an outdated, manual claims and encounters processing system to an electronic-based clearinghouse system, the health plan was able to meet its standards for data quality and performance, address regulatory compliance expectations, and better-position itself for future financial success. The clearinghouses' tools enable the health plan's provider groups to more quickly and accurately submit their claims encounters and be paid faster. The health plan is now enjoying a more harmonious and productive relationship with its provider groups.