

Modern Healthcare

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From the **C-Suite** >> *Juan Davila*

More than zero

Insurer-provider communication builds trust

When payers and providers sit down to talk, all too often the scene resembles gunslingers from the Old West sizing each other up. After the small talk, each side works hard to negotiate better rates from the other. Words such as “trust” and “sharing” are noticeably absent. Both parties frequently see the negotiation as a zero-sum game: One side’s gain is the other’s loss.

This is frustrating for everyone, and I always wished there was a better approach. So a little over a year ago, my company—Blue Shield of California—initiated a new program with 14 hospitals in our network. We called the new program Partnership in Operational Excellence and Transparency, or POET. Our goal was to improve our relationships with participating hospitals by bringing some trust and openness into the equation. To do it, we focused on improving claims-performance transparency. We had a hunch that all parties would benefit if information could be shared in an accessible, simple format.

We were right.

When we launched the POET program, we began with good intentions and a powerful Web-based analytics portal we built with MedeAnalytics, Emeryville, Calif. This portal allowed us to openly share claims information with our partner hospitals. We shared claim cycle time (from discharge to claim payment), submission method (paper vs. electronic), denial volume, appeal volume and outcome, and Blue Card claim volume. This enabled participating hospitals to log in to the portal to access their own claims and review improvement opportunities jointly with Blue Shield representatives during quarterly meetings. Middle management and staff who handle a hospital’s patient financial services would participate, as would executives from their contracting office. We designed it so that hospitals could go live on the portal in as little as a week.

In addition to improving claims-performance transparency with hospital partners, POET also gave us clearer insight into our own administrative performance and responsiveness to hospital complaints. With claims data dispersed among multiple systems, it was difficult for the users to access and systematically share information. POET helped

us to better understand and resolve claims disputes, payment discrepancies, authorizations, case management and practice pattern variations—all of which reduced tension and costs.

By addressing reimbursement issues at their root causes and promoting administrative efficiency through shortened cycle times and increased first-pass claims processing, we’ve reduced the time it takes to pay a claim by two days.

That adds up to real money. PricewaterhouseCoopers noted that of the \$1.2 trillion wasted in the entire U.S. health system each year, \$210 billion of that waste is a result of inefficient claims processing—the second-largest area of waste. By reducing unnecessary claim rework, POET-enabled hospitals have already experienced a 15% reduction in claims denials. One hospital in Orange County expects to see a 32% decrease in total denials and a 54% decrease in denied dollars. This is exactly what we were hoping to see.

Contract talks are going more smoothly, too. Since hospital contracting executives can now see all the data sharing and collaborative work that happens, we no longer have as much of the finger-pointing over claims disputes that we used to experience during negotiations. Plus, we’ve been able to simplify some of our contracting

language—something we can all appreciate.

Now that POET has proven itself worthwhile, several providers that initially implemented the program on a limited basis are now rolling it out to more hospitals. We expanded the program beyond the nearly 100 hospitals that are POET-enabled.

Despite all the uncertainty over the future of the American health-care system, one thing is for sure: Insurers and hospitals will continue to experience immense pressure to reduce costs. The old paradigm—of payers and providers working against each other—won’t deliver the results we need. Partnerships like POET represent a smarter way of doing business. <<

Juan Davila is senior vice president for network management at Blue Shield of California.



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5858 Horton Street, Suite 475, Emeryville, CA 94608
www.medeanalytics.com