

Blue Shield of California Saves Money and Boosts Provider Satisfaction

Data transparency and provider engagement contribute to \$129 million in annual savings



Addressing mounting pressures to reduce the cost of care, Blue Shield of California uses MedeAnalytics to improve collaboration with providers. Working in partnership with providers, the health plan has decreased denials and administrative waste, improved provider satisfaction, and effectively reduced healthcare costs.

MEDEANALYTICS SOLUTION

MedeAnalytics
Provider Engagement

GOALS

- Reduce the cost of care
- Improve transparency
- Cut claims denials and errors
- Enhance provider satisfaction
- Decrease administrative costs

RESULTS

- Reduced the cost of healthcare from 10.5% in 2009 to 5% in 2013 (\$129 million annual savings)
- Decreased claims denials from 22.9% to 16.3%
- Increased EDI submissions from 85% to 92.9%
- Reduced the claims lifecycle by six says (shortened by 19% to 26 days)
- Improved provider satisfaction

ABOUT BLUE SHIELD OF CALIFORNIA

Blue Shield of California, an independent member of the Blue Cross Blue Shield Association, is a not-for-profit health plan with 3.3 million members, 5,000 employees, and \$10.8 billion in annual revenue. Founded in 1939 and headquartered in San Francisco, Blue Shield of California provides health, life, dental, vision, and Medicare insurance and healthcare service plans in California.

Background

Today's healthcare industry is undergoing great transformation, with all players under pressure to increase quality and lower costs. While providers and health plans have often been in conflict, the need for collaboration has never been more important.

As Blue Shield of California demonstrates, improving cooperation with providers not only reduces healthcare costs, but also lowers denial rates, cuts administrative expenses, and improves provider satisfaction.

Challenge

In 2007, Blue Shield recognized that a lack of trust from providers was harming the company's reputation. Provider satisfaction polls reflected problems with billing delays, claims disputes, slow turnaround, and payment discrepancies. The lack of understanding about why claims were denied triggered finger pointing about which entity was to blame.

Often a hospital's perception of Blue Shield's performance was unnecessarily skewed. For example, providers sometimes assumed the health plan took 40 days to pay, when in fact, the data showed that it took the hospital 30 days to bill and the health plan ten days to pay. Hospitals were also submitting claims for patients who were not Blue Shield members.

Clearly, there was a disconnect. Because claims and operational data were often dispersed among multiple systems and difficult to access, Blue Shield was unable to share the information that would repair its reputation.

Meanwhile, administrative waste sent costs on the rise. Claims and network management personnel spent hours manually compiling data for providers, which only served to drain administrative resources. When claims were denied due to incomplete data, there was no efficient process to justify the denials.

Further, Blue Shield provider relations coordinators reviewed denied claims with providers on an individual basis. This required a significant amount of time and forced coordinators to work from a reactionary, defensive position.

Ultimately, the lack of transparency compromised Blue Shield's ability to address claims appeals and fueled an atmosphere of mistrust.

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- Kenny Deng, VP for provider relations, operations, and analytics, Blue Shield of California

Solution

Recognizing that transparency and collaboration would improve provider relations, Blue Shield looked to MedeAnalytics for a solution. In 2008, the health plan began implementing MedeAnalytics Provider Engagement, a web-based analytics portal that allows providers to quickly and easily access claims data. This portal serves as the foundation of an innovative provider relations program titled Partnership in Operational Excellence and Transparency, or POET.

“As a result, in addition to improving performance, we’ve also created a more collaborative and understanding partnership.”

~ Dan Martinez, Director of patient financial services, Mission Hospital

With POET, Blue Shield gives all 300 of its contracted hospitals and 38 medical groups online access to 36 months of claims data. Providers can quickly log in, review claims, identify which claims were paid or denied and understand the rationale behind the denials. The data enables providers to spot trends, monitor operational “hot spots,” and compare data against peer benchmarks to identify improvement opportunities.

“POET fosters transparency and a collaborative approach, allowing us to work with providers toward a common goal,” said Kenny Deng, vice president for provider relations, operations, and analytics at Blue Shield of California.

During implementation, the health plan partnered with providers to ascertain appropriate and useful data. Blue Shield also established internal partnerships with IT, medical management, and claims teams to ensure internal alignment.

Together, Blue Shield and providers can get to the root of denials. They can determine common reasons for denials, why claims were not sent electronically, why both parties took longer than necessary to process claims, and why eligibility was not verified, among other questions.

Blue Shield also works quarterly with providers to develop and implement best practices. Rather than working from a defensive, reactionary position, the health plan works proactively with providers to help them understand their own trends. They focus not on individual claims but on major issues and root causes.

This partnership has already resulted in accelerated payment cycles, fewer errors, and a reduced need for rework.

“The development of the POET program has facilitated stronger communications, shared performance targets, and improved efficiency,” said Deng. “The MedAnalytics Provider Engagement solution helps differentiate Blue Shield of California in the marketplace.”

In the future, Blue Shield plans to use MedAnalytics Provider Engagement to help hospitals predict when claims will be denied before they are even sent to the health plan, further reducing costs and delays.

Results

Blue Shield of California and its providers defined metrics that were important to measuring the success of the program. The health plan has seen improvements in nearly every metric since the program began in 2008, exceeding all expectations. Denials decreased from 22.9% in 2008 to 16.3% in 2013.

The American Medical Association reports that avoidable errors, inefficiency, and waste amount to \$2.36 per claim. This adds up to \$12 billion a year for the industry overall.¹ With its reduction in denials and claims numbering in the millions, Blue Shield avoided \$1.1 million in 2013 compared to 2008 denial rates.

Some individual hospitals achieved even greater improvements in denials. Mission Hospital, part of the St. Joseph Health System in Southern California, saw a 40% decrease in denials, and its appeal volume is down 40%.

“The POET program has helped create an open forum to share performance issues or processes with each entity committed to using the data to identify root cause issues and share their findings,” said Dan Martinez, director of patient financial services at Mission Hospital. “As a result, in addition to improving performance, we’ve also created a more collaborative and understanding partnership.”

¹ American Medical Association, *Administrative Burden Index*, June 17, 2013

The electronic submission rate improved as well, effectively reducing administrative waste. Previously, some of the more complex provider contracts required that claims be submitted manually. With improved provider satisfaction, contracts are simpler and enable EDI submission. Overall, EDI submissions increased from 85% in 2008 to 92.9% in 2013. This has improved accuracy and allowed for faster turnaround. The claim payment cycle was shortened by six days to 26.4 days.

The program has also helped reduce the cost of care. Due to strong provider collaboration and other factors, overall healthcare costs were reduced from 10.5% in 2009 to 5% in 2013, resulting in \$129 million in annual savings.

Blue Shield has also improved revenue through the program. With strong provider relationships, the health plan is able to encourage hospitals to send BlueCard claims from other states their way. BlueCard claims jumped from 16.6% in 2008 to 19.2% in 2013.

The POET program has enabled Blue Shield to significantly increase provider satisfaction. In 2007, the health plan ranked last in provider satisfaction polls. In 2013, 94% of hospitals rated provider relations services as excellent or good. Providers rated the value of POET with a score of 3.7 out of 4.

In a recent survey, providers indicated that no other health plan offers a program like POET. One respondent said, "Our Blue Shield representatives provide answers, not excuses."

*"Our Blue Shield representatives
provide answers, not excuses."*

- Provider survey participant

ABOUT MEDEANALYTICS

MedeAnalytics provides evidence-based insights to solve a real problem that plagues healthcare – how to use the immense amount of patient data collected along the care continuum to deliver cost-effective care and promote a healthier population. Its analytics platform delivers intelligence that helps healthcare organizations detect their greatest areas of risk and identify opportunities to improve their financial health. It empowers providers and payers to collaborate and use data to strengthen their operations and improve the quality of care. MedeAnalytics' cloud-based tools have been used to analyze more than 21 billion patient encounters in the United States and United Kingdom, providing better care to more than 30 million patients and better business for 900 healthcare organizations. For more information, visit www.medeanalytics.com.



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