



Healthcare case study

Robotic automation saves PacificSource over \$5 million

PacificSource chooses Cognizant® Robotic Automation Services to improve quality of care and meet rigorous compliance requirements.

The challenge

PacificSource is a not-for-profit health payer operating in the Pacific Northwest that serves members through highly regulated lines of business, including Medicaid. Due to a manual process for claims transactions that was slow and resource-intensive, the payer found it difficult to keep up with increasingly fluid changes among members, plans and providers. PacificSource required a solution that could adapt quickly to frequent regulatory updates and contain processing costs, while enabling the company to deliver high-quality experiences to members, providers and state regulators.

The high cost of compliance

The speed of reimbursing providers and responding to member care hinges on four important processes: timely, accurate processing of claim adjustments; duplicate claims; Medicaid below-the-line (BTL) claims and coordination of benefits (COB). Meeting the regulatory standards for these critical, time-sensitive processes takes significant human effort and budget dollars. PacificSource estimated the cost of processing these four transaction types at nearly \$1.8 million per year with 29 full-time employees (FTEs). Even with those resources, however, PacificSource was still interested in efficiency improvements.

At a glance

Industry

Healthcare

Location

US

Challenge

Reduce costs and maintain high member service as frequent regulatory changes increase administrative burden

Products and Services

Cognizant® Robotic Automation Services

Success Highlights

- Saved over \$5 million in labor costs
- Returned over 180,000 hours to business

To pinpoint not only costs, but where issues were arising, PacificSource documented the time and labor expenses for the four transactions:

- **Adjustments.** Averaging 12,000 claims monthly, adjustments can take up to 10 minutes each for a team of 20 claims audit specialists for both commercial and government programs. The time and labor are 24,000 hours and \$763,200 annually.
- **BTL claims.** The BTL process checks Medicaid claims against the Oregon state prioritized benefit list. Processing a monthly volume of 3,000 claims takes three FTEs 500 hours at a cost of \$190,800 annually.
- **Duplicate claims.** Identifying and dealing with possible duplicate claims requires accuracy and speed. A monthly volume of 6,000 claims takes two FTEs 500 hours and costs \$150,000 annually.
- **Coordination of benefits (COB).** The COB process is time-intensive and intricate, requiring four FTEs 2,700 hours annually at a cost of \$67,500.

The approach

As an existing client of Cognizant, PacificSource chose Cognizant® Robotic Automation Services because of our experience as a fully managed RPA solution. The decision was also based on our ability to facilitate cost savings, build a team to manage the new solution and provide it all in line with the payer's budget. The payer's process owners and subject matter experts worked together with our automation specialists to develop bots that could address the key operational pain points.

The capabilities of the robots address the challenges around speed and accuracy of reimbursing providers and responding to member care, including the ability to process work in a fraction of the time humans require, achieve accurate results and eliminate manual intervention. These improvements give PacificSource employees time back to work on other high-value projects. The bots also offer stopgap automation such as connecting two systems until an IT change can be implemented.



“The RPA team has been very easy to work with during the implementation of all our existing projects. The team is quick to respond and resolve issues. The implementation of our robot workflows has made a significant difference in our claims processing turnaround times and staffing needs.”

Kristen Awmiller, Director of Facets Business
Support and Commercial Claims, PacificSource

Business outcomes

PacificSource has greatly improved the accuracy of its key transactions, reducing the risk of delays and regulatory penalties. These changes have improved member and provider relations by speeding additional related transactions, including claims adjudication and reimbursements. The benefits provided by the bots continue to accrue, as the following performance statistics demonstrate:

- **Adjustments.** Time per adjustment has dropped to approximately two minutes from 10 and the annual labor cost savings is \$691,200, or 91%. Since implementation, the adjustments bot has saved PacificSource more than \$4.1 million in direct cost savings and given 144,000 hours back to the business.
- **BTL claims.** Bots now process a claim verification in four minutes or less as compared to 10 minutes per employee. The average annual cost savings is \$163,800, or 86%.
- **Duplicate claims.** PacificSource now uses a bot to go from a daily backlog to a daily fully automated clearing, saving 33,000 manual processing hours and \$825,000 since its implementation. The labor cost savings is 52%.
- **Coordination of benefits (COB).** While it was not immediately clear that COBs could

About PacificSource

Founded in 1933 as Pacific Hospital Association by a group of physicians and hospitals, PacificSource's vision is to be the lifelong trusted partner of our members and communities—helping improve their health and well-being, healthcare experience and access to affordable care.

be automated, we developed and implemented a bot ahead of schedule that has provided an average labor savings of \$43,200 annually, or 64%. The bot continues to help PacificSource avoid spending five minutes per transaction. With 2,700 monthly transactions, the bot has returned nearly 3,000 hours to the business since deployment.

We are working with PacificSource to identify more opportunities to expand its automation initiative. The next robot in development, called “6FE Possible Duplicate Claim,” identifies and adjusts duplicate claims and eliminates the need for employees to spend hours on this time-consuming process.

Going forward, PacificSource intends to automate as many processes as possible to maintain efficiency, improve accuracy and deliver high-quality services and experiences to all its members and stakeholders.



Cognizant (Nasdaq-100: CTSI) engineers modern businesses. We help our clients modernize technology, reimagine processes and transform experiences so they can stay ahead in our fast-changing world. Together, we're improving everyday life. See how at www.cognizant.com or [@Cognizant](https://twitter.com/Cognizant).

World Headquarters

300 Frank W. Burr Blvd.
Suite 36, 6th Floor
Teaneck, NJ 07666 USA
Phone: +1 201 801 0233
Toll Free: +1 888 937 3277

European Headquarters

280 Bishopsgate
London
EC2M 4RB
+44 207 297 7600
Email: infouk@cognizant.com

India Operations Headquarters

#5/535 Old Mahabalipuram Road
Okkiyam Pettai, Thoraiyakkam
Chennai, 600 096 India
Phone: +91 (0) 44 4209 6000

APAC Headquarters

1 Fusionopolis Link, Level 5
NEXUS@One-North, North Tower
Singapore 138542
Phone: +65 6812 4000
Email: inquiry@cognizant.com

© Copyright 2023, Cognizant. All rights reserved. No part of this document may be reproduced, stored in a retrieval system, transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the express written permission from Cognizant. The information contained herein is subject to change without notice. All other trademarks mentioned herein are the property of their respective owners.