Case Study

Improving Compliance and Reducing Penalties to create an efficient Claims Process

**Client:**
Our Client is one of the nation’s leading diversified health care benefits companies, serving members with information and resources to help them make better-informed decisions about their own health care. They offer a broad range of traditional and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, group life, long-term care and disability plans and medical management capabilities. Their customers include employer groups, individuals, college students, part-time and hourly workers, health plans and government-sponsored plans.

**Business Challenge:**
Our Client was facing huge cost pressure in their Claims Operations. In addition they were also facing considerable penalties because of delayed payments both from their customers and non-adherence to state Prompt Pay laws. There was a need to streamline the operations, reduce administrative costs as well as reduce / eliminate penalties due to late payments being caused by pending more than 13% of submitted claims.

**CLIENT**
A Leading Payer with national presence

**CHALLENGE**
- Heavy Penalties due to delayed payments
- Non compliance to Prompt Pay laws

**SOLUTION**
- Utilized Global Delivery Model
- Daily tracking of pended claims with constant feedback to associates for errors made
- Analysis to identify reasons for pended claims and sharing results/ suggestions with the client

**BENEFITS**
- Pend rates reduced from 13.8% to below 4%
- Reduced penalties and improve compliance to Prompt Pay laws
How Cognizant Helped:
Cognizant was employed to manage claims processing for this Client. The objective was to reduce overall operational cost, increase process efficiency and reduce / eliminate late payment penalties. Cognizant utilized its Global Delivery Model for the Claims Adjudication process which resulted in a significant reduction of costs and processing time by utilizing the ‘Follow the Sun’ approach.

Cognizant identified Pend Rate being one of the key delay issues and focused on it from the start. There was a daily tracking of the pend percentage by using control charts and performing a 100% audit on the pended claims, thus ensuring a thorough research of claims before pending. The processors were given constant feedback on the errors they made, and weekly refresher trainings followed by an assessment/test were conducted. This largely eliminated the erroneous pending of claims.

In addition, Cognizant also invested in an analysis to identify reasons for claims being pended in the Adjudication system. The Cognizant claims team collaborated with the Client to come up with new processing instructions. For example, Ancillary Services (X-ray, Lab) were paid only to the Group and not to the Provider. It was observed that in most cases, the Provider contract was getting loaded instead of the Group contract while adjudicating those claims. All such claims were pended with the Provider department. A suggestion was made to the Client for directly processing the claims for payment instead of pending them as the Provider is affiliated to the Group and the settlement could take place between the Provider and the Group. The suggestion was accepted and updated in the processing guidelines.

This collaboration effort resulted in the pend rate being reduced from 13.8% to its current 4%.

Passion for Building Stronger Businesses:
Cognizant helped the Client to reduce its pend rate from 13.8% to 4%, which resulted in improving the claim finalization rate, so that Providers received their payments on time. This resulted in increased savings for the Client due to streamlining of the process. In addition, penalties due to late payments were reduced by a significant amount through timely payment of claims and adherence of Prompt Pay laws.
About Cognizant:
Cognizant is a leading provider of information technology, consulting and business process outsourcing services. With more than 40 global delivery centers and over 58,000 employees, we combine a unique onsite/offshore delivery model infused by a distinct culture of customer satisfaction. A member of the NASDAQ-100 Index and S&P 500 Index, Cognizant is a Forbes Global 2000 company and a member of the Fortune 1000 and is ranked among the top information technology companies in Business Week's InfoTech 100, Hot Growth and Top 50 Performers listings.

About Healthcare:
Cognizant has a strong Healthcare business segment with over 11000 associates and it represents approximately 24% of our total revenues. Healthcare is an area of strategic focus industry for Cognizant. Cognizant is ranked as the 11th largest healthcare service provider by Healthcare Informatics magazine and is also the largest offshore service provider in this industry. Cognizant has over 60+ clients including 8 of the top 10 Health Plans and 8 of the top 10 Pharma companies. Cognizant provides services across Sales & Marketing, Member Management, Claims Management and Medical Management.

About Cognizant BPO:
Cognizant BPO currently serves over 40 clients across multiple industries. These engagements are being serviced by more than 4100 associates with more than 40% of them having specialized skill sets such as Healthcare Professionals ((Doctors, Nurses, Pharmacists, etc.), Lawyers, PhD’s, CPA’s and other Industry Specialists. The focus centers around 'Domain Knowledge' and 'Intellectual Arbitrage' rather than pure cost and labor arbitrage and the aim is to deliver 'Business Impact' by delivering significant operational improvements through process reengineering and analytics.

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