Measuring CORE ROI:
an IBM Study Update

CAQH Administrative Simplification Conference
September 25, 2008
Agenda

• Goals and Objectives

• Anticipated Benefits

• Approach

• Target Market Areas

• Status
Objectives of CORE Measures of Success

1. Quantify benefits of CORE Phase I rules
   - By stakeholder type that can receive CORE certification, measure specific impact
     - Financial
     - Non-financial
     - Unanticipated outcomes

2. Develop objective case studies

3. Share experience and benefits realized by early adopters of CORE

Goal:
Promote market adoption of CORE rules
IBM recognizes CORE’s value in promoting administrative efficiency in the healthcare ecosystem

As a large employer with a self-funded benefit plan
- Need to keep costs down to maintain global competitiveness
- Desire to maintain high quality, appropriate care
- Recognize administrative simplification as a method to achieve these goals

As a corporate citizen
- Promote and encourage innovation in healthcare
- Support administrative efficiency and transparency in the US healthcare market

As a healthcare solutions vendor
- Work with clients from all segments of healthcare industry to streamline processes and modernize systems
- Look for leading practices and point solutions that can be leveraged
- Seek partners and alliances with compatible organizations so that together we can help our clients achieve their goals
Benefits may be realized in verification and downstream processes

**Eligibility and Billing Process Flow**
(Examples of Alternate Flows)
CORE Phase I: Expected Impact

**Decrease Administrative Costs**
- Call center
- Registration
- Claims processing/billing
- Mail room
- EDI management

**Increase Satisfaction**
- Partners
- Patients
- Staff

**Meet Patient Expectations**
- Wait time
- Personal financial responsibility

**Improve Financial Measures**
- Reduced denials
- Improved POS collections
- Decreased bad debt
- Reduced cost
CORE Benefit Measure Examples

**Health Plans**
- Cost savings from provider shift toward less costly electronic eligibility verifications
- Decreased call center volumes
- Reduced claim denials and rework related to eligibility/benefits
- Improved member and provider satisfaction

**Clearinghouses/Vendors**
- Increased transaction volumes
- Decreased call center volumes
- Revenue enhancement due to new customers and/or increased transaction volumes
- Improved customer and staff satisfaction

**Providers**
- Quicker registration and lower costs due to increased use of electronic eligibility verification and real-time transactions
- Improved cash collection at time of service
- Decreased customer service calls and due to missing/incorrect insurance info
- Reduced claim denials and rebilling due to incorrect insurance info
- Reduced bad debt and collection expenses
- Improved patient and staff satisfaction
  - Simpler, predictable process
  - More accurate and timely estimates of patient financial responsibility
  - Less rework
CORE Measures Study Approach

• Perform cost / benefit analysis

• Capture and analyze performance metrics for 3-month periods prior to and following CORE Phase I adoption by the health plan
  – Expenses of adoption
  – Administrative costs
  – Customer/partner/staff satisfaction
  – Financial results

• Gather data from participating CORE-certified health plans and their selected providers and clearinghouses
  – Three health plans
  – Three clearinghouses
  – Three or more providers (still recruiting)

• Supplement quantitative data with qualitative experience and interviews
Target Market Areas

Target market areas were selected based on several criteria

• Required Criteria
  – Health plans participating in the study are active in the market
  – Market is served by CORE-certified clearinghouses

• Desired Criteria
  – Market share of CORE-certified health plans is 40% or greater
  – State or regional initiatives to lower healthcare costs or improve efficiency and effectiveness of healthcare transactions

Selected markets represent diverse regions

• California
• North Carolina
• New York
• Texas
Status

• Data gathering is underway

• Analysis is beginning now with early data submitted via agreed-upon MS Excel data collection tool

• Some preliminary results
  – Substantial adoption of real-time verifications
  – Steady/declining cost of electronic eligibility requests while cost of phone requests are rising in concert with wage rates
  – Some RFPs to vendors are including qualification questions about CORE certification

• Results will be available in 4th quarter
  – CAQH website
  – Reach out to CORE participants
  – Present at conferences
  – White paper