



COB SMART[®]



Health Plan Strategies on Coordination of Benefits: Saving Money Through Efficiency and Collaboration

Executive Summary

CAQH[®] hosted a webinar in September 2015, in concert with Kaiser Permanente and Blue Cross and Blue Shield of North Carolina (BCBSNC), to discuss how health plans can improve coordination of benefits (COB) through greater industry collaboration. For patients covered by more than one health plan, COB determines the primary and secondary insurers.

Presenters discussed how an automated, shared solution can streamline benefits coordination. Access to a national registry with the most up-to-date and complete coverage information available helps industry stakeholders get COB right the first time.

The COB Challenge

COB has been a persistent challenge for the healthcare industry, resulting in delayed and inaccurate payments, appeals and significant recovery activities and expenses affecting plans, providers and patients. CAQH estimates that the effect on all aspects of operations associated with benefits coordination contributes nearly \$800 million in unnecessary administrative costs for payers and providers.

Research has shown that just 5% of health plan membership nationwide accounts for nearly all the unneces-

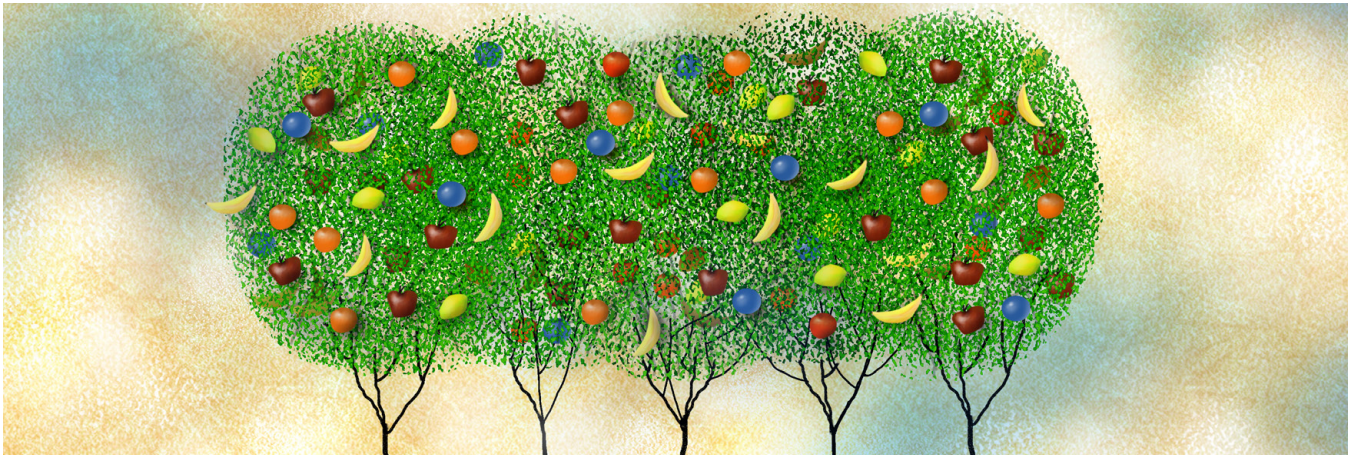
sary costs associated with COB. Without timely access to accurate data, this trend will continue. Problems with COB occur because health plans typically rely on manual processes, including:

- Time-consuming research to determine whether another insurer is the primary payer.
- Member questionnaires, which are often not completed or returned with missing information.

“We saw the value of a common COB registry to reduce administrative costs.”

— KRISTINA WELCH,
Coordination of Benefits Investigator,
Blue Cross and Blue Shield of North Carolina

The Affordable Care Act, while providing coverage to millions of uninsured Americans, has further complicated the landscape as health plans, providers and members adapt to the new law. For example, depen-



dents who remain on their parents' plan until age 26 are more likely to have more than one type of coverage. Additionally, CAQH has found that many individuals live in a state different from the plan(s) through which they are covered.

Often, it can take multiple attempts to unravel the COB mystery and pay claims correctly. A national database is crucial to correctly identifying COB.

A Nationwide Registry

The primary goal for reducing administrative costs associated with COB claim denials and resubmissions is *getting it right the first time*. COB Smart® is a collaborative, secure CAQH Solution developed in partnership with health plans to automate COB. The solution includes a national registry of member coverage information that enables health plans, providers and clearinghouses to process claims correctly the first time, reducing many of the administrative hassles and extra costs associated with the typical COB. COB Smart addresses the COB challenge in the following way:

- Each week participating health plans supply member coverage information to the COB Smart national registry.

- This information is compared across participating health plans to determine overlapping coverage and primacy.
- COB Smart then returns coverage information directly to participating health plans and clearinghouses.

CAQH is working with health plans and clearinghouses to deliver COB data to providers through the existing EDI 271 eligibility response transaction, which will help providers submit claims correctly the first time.

COB Smart Results

Since its 2013 launch, 18 health plans have signed on to participate in COB Smart. Early analysis of the data submitted by participating entities has uncovered valuable insights, including:

- On average, COB Smart is finding other coverage for:
 - 5.1% of the overall medical membership.
 - 5.5% of commercial group [ranging from 3% to 8.5%].
 - 4.3% of individual [ranging from 1% to 6.5%].
 - 4.5% of Medicaid MCO [ranging from 4% to 18%].
 - 2.3% of Medicare Advantage [ranging from 1.4% to 4.5%].

“COB Smart is the result of the healthcare industry coming together to identify membership with overlapping coverage.”

— ANN BRISK, Director, CAQH

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- One-third of health plan members included in COB Smart have resident states different from their plan's contract states.
 - Twelve percent of total matches are internal to a health plan.
 - On average, participating health plans find that primary and secondary coverage is evenly split for newly found overlaps.

Kaiser Permanente and BCBSNC have realized positive outcomes since implementing COB Smart.

BCBSNC implemented COB Smart in December 2013 and is reporting exceptional results:

- Reduction in claim denials due to COB errors.
- Fewer claims suspended for COB research.
- \$707,000 in total savings:
 - \$305,000 from proactively accessing COB Smart data to find out BCBSNC was not the primary payer.
 - \$402,000 from providers resubmitting previously denied claims to BCBSNC with correct information on the primary payer.

Similarly, Kaiser Permanente, which includes 10 million members and more than 650 hospitals, medical practices and medical facilities, has seen results that have outperformed expectations. Those results include:

- More than 90% reduction in cost to acquire a member's other coverage information.
- More than \$5 million in recovered costs, including \$25,000 to \$30,000 average return on actual COB cases.
- Incorporating COB Smart has yielded an approximate five-fold payoff compared with overall costs.

“Member data sharing is the holy grail of COB.”

— SEAN KILLEEN,
Executive Director, Claims Payment Integrity
& Cost Containment, Kaiser Permanente

Learn More

COB Smart is designed for industrywide participation. As more health plans adopt COB Smart, the benefits will continue to grow for everyone.

Get started with COB Smart. Visit www.cobsmart.org.



CAQH, a non-profit alliance, is the leader in creating shared initiatives to streamline the business of healthcare. Through collaboration and innovation, CAQH accelerates the transformation of business processes, delivering value to providers, patients and health plans.