



## Regional Health Plan: Improving the Coordination of Benefits Process

### The COB Challenge

Coordination of benefits (COB) has long been a time-consuming, manual process causing frustration for health plans, providers and patients. Previous estimates put the industry cost of inaccurate benefits coordination at more than \$800 million annually.<sup>1</sup> Health plans are now turning to CAQH for a better way to get COB right the first time and reduce administrative costs for COB claims denials and resubmissions.

### The Situation

The plan is the largest health insurer in their state providing coverage for 91 percent of the commercially insured population.<sup>2</sup> In addition to being the dominant health plan, approximately one-third of its members reside outside the state.

Continuously seeking ways to improve operations and customer service, the plan began to focus more on COB outcomes. Their initial goal was to improve the match rate for secondary COB—instances in which the plan was not the primary payer.

At that time, they were only able to identify members with additional health insurance coverage through phone calls to providers or surveys mailed to members. While these methods had always been cumbersome, an increasing number of individual health plans in the marketplace made it even more difficult to gather accurate COB information. Member surveys proved an especially unreliable source of coverage information. Some participants did not understand what they were being asked, did not know the correct information or did not return the surveys. As a result, staff had to contact other health plans by phone to investigate their own members' COB status.

The claims payment process usually involved an expensive “pay and chase” model. The plan would pay the claim on the assumption that they were the primary payer, flag the payment for an investigation, and then work to recover the overpayment if it was determined later that they were, in fact, the secondary payer.

### Realizing the Value of COB Smart

The plan wanted to be able to identify instances of COB among its members using a more efficient method and pay claims correctly the first time. With the goal of increasing known instances of secondary coverage and potentially lowering recovery costs, the plan turned to CAQH because of its positive experience with other CAQH Solutions<sup>®</sup>.

<sup>1</sup>Source: Booz & Company Analysis; Stakeholder Data Requests, 2010. Claim Payment includes EOB review (for secondary billing) and claim payment assessment.

<sup>2</sup>“Market Share and Enrollment of Largest Three Insurers—Large Group Market, 2013,” The Henry J. Kaiser Family Foundation, accessed July 7, 2016, <http://kff.org/other/state-indicator/market-share-and-enrollment-of-largest-three-insurers-large-group-market/>. EOB review (for secondary billing) and claim payment assessment.

COB Smart is a CAQH Solution that enables health plans to identify when a member is covered by health insurance from more than one plan. The solution uses a registry of information submitted weekly by participating health plans to find members with overlapping coverage, and—when possible—determine payment primacy. This information is then shared with the relevant health plans so they can confirm coverage and determine claims payments accordingly.

Even with their strong market position, the plan wanted to determine if they had missed instances in which members had primary coverage from another health plan. They decided to validate the COB Smart data in order to help inform their decision about whether to use COB Smart.

The team that validated the data included a programmer, a COB operations subject matter expert, a senior business consultant and a processing manager. The staff resources from both the plan and CAQH for the two-month validation period were identical to what would be required for a live implementation. The plan sent CAQH a full data file of their active membership to compare against the COB Smart test database. Plan staff then used data returned from the solution to validate the information in their own system, helping them determine their members' coverage overlap.

## Results

The validation exercise yielded results that were positive and significant:

- Secondary COB identification increased by 23%. Before COB Smart, the plan was aware of 50,603 members for which it was the secondary payer. The COB Smart validation identified 11,389 new, previously unknown instances of secondary coverage.
- More than 4,700 of the 11,389 new secondary COB events came from their fully insured membership, a population for which the plan was fully at risk for claim payments.
- The plan estimated savings of between \$1.7 and \$2.6 million annually from the identification of new instances of secondary coverage identified during the validation.

COB Smart also enabled the plan to bypass some manual processes because the solution replicated part of their current workflow, saving time and effort.

## The Path Forward

Based on the positive results of the exercise, the plan fully launched COB Smart in 2016. They look forward to the ongoing improvement of their COB claims operations, including further reductions in the cost associated with claims rework and outbound calling. They anticipate that their FTE staff count will be reduced by automating how COB Smart information is entered into their own system, ensuring claims are paid correctly the first time and lowering recovery costs. The plan also believes the solution will continue to significantly reduce member and provider abrasion caused by the outreach necessary to determine overlapping coverage.

*“COB Smart is a great solution. The CAQH team was very accommodating and worked with us throughout the process.”*

— COB OPERATIONS DIRECTOR

## COB Smart—Getting COB Right the First Time

COB Smart is a forward-thinking, solution developed collaboratively with health plans to correctly identify which members have overlapping benefits that should be coordinated. The solution provides access to the most complete source of information for members' health insurance coverage, determines primacy when possible and streamlines investigative processes—enabling corresponding claims to be processed correctly the first time. As a result, health plans save money from the reduction in costs associated with claims denials, resubmissions and recovery.

### Learn more.

Find out how COB Smart helps health plans coordinate benefits right the first time. Visit [www.cobsmart.org](http://www.cobsmart.org) or contact [sales@caqh.org](mailto:sales@caqh.org).