



# CREATING A BETTER MEMBER EXPERIENCE THROUGH BETTER COORDINATION OF BENEFITS

## Why COB is a strategic imperative for health plans

**T**he ability for health plans to accurately determine primacy is becoming even more important as the number of individuals eligible for multiple health plan coverage grows.

CMS reports that [12 million people](#) were enrolled in both Medicaid and Medicare in 2017, and 35% of dually eligible individuals were enrolled in Medicare managed care in 2017, compared with just 11% in 2006.

This brings increased potential for primacy errors and incorrectly paid claims. Medicaid is by law the payer of last resort, and Medicaid agencies are required to take every reasonable measure to identify and recover payment from health plans that have liability for a beneficiary's care.

Unfortunately, many health plans have odious, manual processes for coordination of benefits, resulting in primacy errors, provider abrasion and a negative member experience. When COB is handled poorly and health plans rely on members to fill in the blanks or help correct errors, it puts the member "in the middle of the operational function, whether through data collection, billing or claims adjudication and adjustment," says Morgan Tackett, a senior product manager for the Council for Affordable Quality Healthcare (CAQH). "Sadly, many members grow dissatisfied with their member experience." This is a significant problem for health plans of all sizes, as improving the member experience is a key goal. A better member experience means that



“ Good customer experience is an important factor in whether members would recommend their health plan to others. ”

not only are current members more satisfied, but [Navigant has also found](#) a 1-star improvement correlates to an 8% to 12% enrollment increase.

## IMPACT ON MEMBER EXPERIENCE

Good customer experience is an important factor in whether members would recommend their health plan to others. This affects the health plan's Net Promoter Score, which for Blues plans is a metric of member loyalty and satisfaction. A [Qualtrix survey](#) found that 92% of customers who rate their health plans as having a good customer experience and 85% of those who rate their health plans as having very good customer experience say they would be very likely to recommend the health plan to friends or relatives. However, if members lose faith in their health plan to reliably and accurately administer the policy and benefits, it can lower a health plan's NPS.

In addition to NPS scores, poor COB can affect Star ratings and First Call Resolution scores. For Medicaid managed care organizations, [Star ratings](#) measure plan performance in various categories, including quality of care and customer service. Meanwhile, FCR scores measure how well plans can resolve customer issues during the first interaction. Blues plans are required to meet FCR metrics for handling operations issues, and the health plan's FCR score can be negatively affected if it cannot effectively estimate and manage COB.

As these scores and ratings reflect the plan's performance, keeping them high is a key strategic goal for plans of all sizes. They allow health plans to demonstrate value to stakeholders as well as track plan performance in the eyes of their customers.

The consequences of lowered scores are likely to be felt by health plans with ineffective COB, as members quickly become confused and frustrated when they can't determine their claim status, how much they owe or when payment is due. The uncertainties are compounded by the fact that they often occur at a difficult time for the member, when they should be focusing on their recovery rather than medical bills.

## WASTED RESOURCES FOR THE HEALTH PLAN

Ineffective COB also brings significant financial costs for the health plan. Operations associated with benefits








# COB Smart Case Studies

## CASE STUDY:

### PREMERA BLUE CROSS


 **PROBLEM:** Premera Blue Cross found COB letters to members were expensive, had a poor response rate, created a poor member experience and failed to prevent overpayment or incorrect payments that were costly to recover.

 **SOLUTION:** COB Smart allowed Premera's team to conduct more efficient, cost-effective COB investigations that did not require member involvement.


 **RESULTS:** Premera members enjoy a better health plan experience and the company had a 26% increase in recoveries and 21% increase in overpayments identified within the first six months. Premera also avoided adding two more full-time equivalents to its operations team. Mitzi Charlton, operations team lead at Premera, said COB Smart yields high returns and results without member abrasion and "allows us to be more present for our customer by providing the service they expect behind the scenes."


## CASE STUDY:

### A REGIONAL BLUES PLAN

 **PROBLEM:** A Regional Blues plan was lacking comprehensive, accurate data, which led to missed COB savings. Further,


the health plan could not correctly pay claims because of slow, incomplete or nonexistent member responses to COB letters.


 **SOLUTION:** With COB Smart, the health plan began matching data to claim amounts, enabling it to work the highest-dollar claims in-house and minimize commission costs by using a vendor to work lower-dollar claims.


 **RESULTS:** COB savings went from \$230,000 in year one to \$11.3 million in year two and \$27.7 million in year three.

## CASE STUDY:

### FAST-GROWING HEALTH PLAN

 **PROBLEM:** A fast-growing health plan's recovery process was labor-intensive and costly, with a team of 30 full-time representatives calling other health plans for COB information.

 **SOLUTION:** With COB Smart, the health plan submits data and receives a weekly report with data from other health plans that it can use for COB identification, investigation, recovery and loss-prevention efforts.

 **RESULTS:** The health plan can automatically upload 85% of the full file received each week and can contact other health plans through COB Smart, allowing it to reallocate staff to other projects that support growth. ■



Premera also avoided adding two more full-time equivalents to its operations team.



coordination contribute [almost \\$800](#) million in unnecessary administrative costs for payers and providers, according to CAQH estimates.

In addition, health plans incur administrative costs from letters for data collection attempts and from increased call volume to member service lines, with [just 5% of health plan members](#) in the US accounting for nearly all the unnecessary costs associated with COB.

These costs add up because member communications can cost plans more than \$1 per member. Therefore, better COB identification and recovery efforts can help plans save nearly 50% on member letters, more than 60% on provider calls, and about 50% on claims adjustment costs based on a membership of 1 million, according to [CAQH sample data](#).

## BARRIERS TO BETTER COB

Despite the obvious benefits, health plans face a variety of challenges in achieving effective COB. These include problems securing the right data, inefficient recovery payment models and the historical practice of judging success by the size of recoveries. In addition, ever-evolving health care policies mean new and confusing rules that differ across states, with Medicaid expanding in some states but not in others.

### 1 LACK OF COMPLETE, CURRENT DATA

The biggest barrier to effective COB and accurate primacy determinations is a lack of complete, current data on members' multiple coverages. This can be due to legacy data collection processes like member surveys, gathering information from claims, and member and provider inquiries. Instead, health plans need access to accurate, up-to-date data shared across health plans so they continually have the best information to determine primacy without involving the member.

### 2 RECOVERY PAYMENT MODEL

Inefficiencies in the recovery payment model — such as recovery vendor management, fees and in-house resources required for the “pay and chase” model — can be roadblocks to effective COB as well. Instead, health plans need a neutral, prospective solution that identifies inefficiencies and focuses on claims payment prevention by giving health plans the data they need before an event occurs.



“Health plans incur administrative costs from letters for data collection attempts and from increased call volume to member service lines.”

# COB Smart ROI

## WITH COB SMART, HEALTH PLANS CAN SEE:



Up to a 33% decrease in mailed surveys to members



A 22% increase in avoided claims expense



A 31% increase in new secondary COB identification



Within the first six-months, health plans have reported ROI from a minimum of 3:1 up to 10:1, dependent on health plan size

“ COB Smart offers access to a national registry that includes health plan data updated weekly for more than two-thirds of the nation’s covered lives. ”

## 3 GAUGING SUCCESS BY RECOVERIES

The problem with legacy data collection processes is that they are focused on retrospective data reviews. Claims have likely already been incurred and processed or paid when additional data is identified. Today, health plans gauge success by significant recoveries. However, this means errors, waste and unnecessary administrative spending has already occurred and that resources are being allocated inefficiently. Instead, health plans need to change their definition of effective COB to mean stopping payments before they happen by taking a proactive and better-informed approach.

## BENEFITS TO EFFECTIVE COB

What makes an effective COB solution? It should:

- Prospectively identify members with overlapping coverage across multiple health plans
- Use a primacy engine to determine the order of benefits
- Ensure access to current and complete COB information shared across providers and health plans

For example, CAQH’s COB Smart solution uses a proprietary matching logic to ensure accurate data and achieves a 99% match accuracy rate. Using an exclusive, built-in primacy engine, this solution determines the order of benefits. Additionally, COB Smart offers access to a national registry that includes health plan data updated weekly for more than two-thirds of the nation’s covered lives.

Data is identified for the exclusive benefit of the health plan and there is no incentive for inefficiency.

This model of effective COB brings a variety of benefits for the health plan, including:

## 1 IMPROVED MEMBER EXPERIENCE AND QUALITY RATINGS

The most important benefit of effective COB is that it improves quality ratings by improving member experience. Star ratings, Net Promoter scores and FCR scores all stand to increase if member experience and satisfaction with the health plan



improves and members no longer find themselves in the middle of the COB process.

**2 REDUCED PROVIDER ABRASION**  
A prospective, high-quality data source can reduce provider abrasion as well, Tackett says. He notes that having claims rejected or delayed can be frustrating for physicians, who are dealing with narrowing margins. Further, provider abrasion [can lead to additional member abrasion](#) if the member is negatively affected by the physician's frustration.

**3 RIGHT-SIZED MEDICAL EXPENSES**  
Perhaps the most financially impactful benefit of good COB data is rightsized medical expenses — paying the claims for which the health plan has responsibility. The health plan will also see an associated reduction in administrative expenses, more efficient use of staff and a reduction

in need for associated support, such as mailings and contact management.

As the number of members with multiple coverage increases, the ability for health plans to effectively and accurately determine primacy is taking on even more importance. It is also an essential component of member experience and satisfaction with the health plan. While health plans have historically managed COB with inefficient processes and insufficient information, there is now a better way.

Solutions like COB Smart offer health plans the opportunity to prospectively identify members with overlapping coverage, easily determine order of benefits with a primacy engine, and access complete, up-to-date information from providers and health plans nationwide. With improved COB, health plans can reduce abrasion at all levels, offer better services to their members, and create a positive, streamlined experience when their members need it most. ■

“A prospective, high-quality data source can reduce provider abrasion.”

— **MORGAN TACKETT,**  
*senior product manager,  
Council for Affordable Quality Healthcare (CAQH)*



## LEARN MORE

CAQH, a non-profit alliance, is the leader in creating shared initiatives to streamline the business of healthcare. Through collaboration with nationwide health plans, COB Smart is accelerating the transformation of coordination of benefits processes, and delivering value to providers, patients and health plans.

Get started with COB Smart. Visit [cobsmart.org](https://cobsmart.org).

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