

Large Dental Benefits Provider

Integrated Operations and a Platform for Growth.

Experience and an accelerated approach help a leading dental payer advance and implement a critical transformation initiative.

The Challenge

A foundation for its future operating model

The client's Government and Commercial business units operated almost entirely independently and used disparate core membership, provider, and claims processing systems. In early 2008, the company initiated a business transformation initiative that would replace the two business units' separate legacy claims processing systems.

The client wanted a foundation upon which it could design and build its future operating model. Implementing a single system would allow the company to drive toward key business objectives:

- ◆ Improve operational portability
- ◆ Increase electronic and self-service capabilities
- ◆ Increase efficiency and optimize the supply chain
- ◆ Grow market share through additional sales opportunities
- ◆ Prepare effectively for healthcare reform and for capturing opportunities in a changing environment
- ◆ Extend into new products and lines of business effectively
- ◆ Improve business intelligence/ analytics capabilities
- ◆ Enhance its brand
- ◆ Position the enterprise for future mergers or acquisitions

THE BOTTOM LINE

40% REDUCTION IN CORE BUSINESS PROCESSES

1.2 MILLION CLAIMS AND PRIOR AUTHORIZATIONS PROCESSED PER MONTH

IMPLEMENTED IN JUST TWO YEARS

The client administers dental benefit programs for more than 12 million members in 24 states plus the District of Columbia, making it one of the largest dental benefits companies in the United States.

This system selection and implementation project would require enterprise-wide process and system standardization and redesign across multiple business units in an aggressive time frame of approximately two years.

The Solution

An experienced, collaborative partner

For assistance with reviewing progress toward its strategic plan and developing a comprehensive claims platform solution, the client turned to West Monroe Partners. West Monroe Partners offered healthcare industry, business process optimization, project management, change management, and system implementation experience. In addition, West Monroe Partners previously demonstrated its ability to:

- ◆ Collaborate effectively with the client's business owners
- ◆ Maintain the objectivity necessary to drive toward industry standard practices
- ◆ Offer guidance for the tactical execution of merging business operations

An accelerated approach

Given the emphasis on speed to implementation, West Monroe Partners and the client chose to use an accelerated, process-driven approach that emphasized the adoption of the new system's native functionality wherever possible. System enhancements were designated as the option of last resort.

Using a custom blend of packaged software implementation, software development, and business process engineering methodologies, the program team developed a repeatable approach and work plan to drive process standardization across the client's business units and limit system modifications. Execution of this plan required focused collaboration among West

Monroe Partners and client team members, while remaining nimble to adapt to necessary changes. The work plan comprised five phases.

The Approach

Phase 1: Development of the target business model

To facilitate the client's urgent need to envision its future operating model, West Monroe Partners conducted a Target Business Model (TBM) exercise designed to capture current-state and target future-state business processes. The project team organized the TBM exercise around West Monroe Partners' Healthcare Process Classification, a breakdown of the standard functional areas and associated processes for the healthcare industry.

To capture current-state processes and design standard future-state processes, the team conducted one TBM session per function over a period of six weeks.

Phase 2: Requirements gathering, gap analysis, and future-state design

The TBM effort confirmed that the client's business requirements were not fully understood, and that its future-state design needed further analysis. For the next several months, West Monroe process architects and client business analysts worked with the client business leads to understand their processes and their business requirements, some of which were contractually mandated. Once the project team cataloged this information, the requirements were tested in the new system to identify gaps where the system did not meet business needs. West Monroe worked with business owners to analyze these gaps and elect whether to change the system or adapt processes so they would work in coordination with the existing software.

Phase 3: Development of core claims system and reporting

Where system changes were deemed necessary, West Monroe Partners' business analysts developed use cases detailing those changes. This ensured that the requirements and processes needed to sustain business operations were built and incorporated correctly. With system changes identified, West Monroe used the future operating model (developed during the TBM exercise) to model (developed during the TBM exercise) to create future-state processes and detail how each of the clients' functional areas would operate with the new system in place.

This stage of work also involved business intelligence and reporting, extracts and interfaces, and a web portal, as well as associated integration with external systems that connect to the core claims system.

Phase 4: Validation of the business model

West Monroe Partners then walked through the future-state solutions designed for the client. The project team created test activities and scenarios to validate the newly designed processes and system enhancements for "functional acceptance" by using a "model office" to simulate real-life use. By having business users validate end-to-end transaction processing, the project team was able to accelerate user acceptance and make minor adjustments prior to the "go-live" date to produce a system that would process claims effectively, as the client desired.

Phase 5: Claims platform transformation

Finally, with all future-state processes and system changes finalized, the program team (comprised of client and West Monroe team members)

launched the new practices and procedures and implemented the new claims platform for more than 10 million members.

Program governance and structure

The impact and aggressive time frame of this project left little room for delay. It was imperative to establish a governing body to manage project resources, communications, time lines, and reporting to key stakeholders. To accomplish this, West Monroe Partners established a program management office (PMO) that provided program leadership, methodology, tools, and templates to support program-wide status reporting, timely decision-making, risk mitigation, and execution of quarterly program quality reviews.

Driving adoption through change management

An integral part the project's success was incorporating an organizational change management function that provided the program with methodology, tools, and proactive direction for the change effort across internal and external stakeholders. West Monroe Partners managed the work executed by the client's corporate communications team and human resources groups in support of formal communications, job impact assessments, stakeholder management, and knowledge transfer.

The result was a high level of understanding and engagement across internal and external constituents, allowing the client to absorb changes resulting from the "go-live" process and accelerate towards the benefits of the new system.

The Impact

Transformation on course

By working with West Monroe Partners to implement a new claims processing platform and processes, the client has taken significant steps toward transforming its operations and realizing its business objectives. Results to date include:

- ◆ Reducing core business processes by 40 percent via standardization
- ◆ Increasing auto-adjudication across the enterprise at the rate of approximately 1.2 million claims and prior authorizations per month
- ◆ Reducing headcount through implementation of optical character recognition (OCR) and off-shore OCR repair and key from image (KFI)
- ◆ Increasing process efficiency by improving claim turnaround time, transaction throughput, and scalability
- ◆ Achieving paperless workflow for claim processing

Overall, this effort has positioned the client's business well for future growth and acquisitions.



WEST MONROE PARTNERS' WORK POSITIONED THE COMPANY FOR FUTURE GROWTH and ACQUISITIONS.

THE NEW CLAIMS PROCESSING PLATFORM WILL IMPROVE EFFICIENCY and INCREASE MEMBER SELF-SERVICE CAPABILITIES.