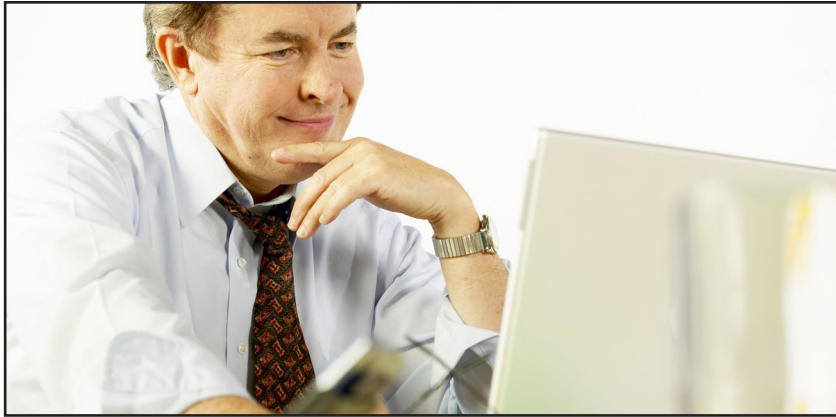


Benefits Management Group, Inc., automates claims processing, trims training costs, enables secure Web access

Solution from IBM and Beacon Technologies takes advantage of easy-to-use Web, with remote access for staff, client, members



Overview

The Challenge

Benefits Management Group, Inc., a benefits administrator, wanted to get up and running quickly and needed to have information technology resources to master extensive federal government regulations

The Solution

SpyGlass from Beacon Technologies Group, IBM WebSphere® Application Server -- Express, IBM DB2® Universal Database™ Express Edition 8.2, Linux™ and AIX® operating systems and the IBM eServer® family

The Benefit

Automatic claims processing in 95 percent of cases; costs reduced by lower training time from six months to three weeks; easy-to-use Web interface; remote access by staff, client and members

After three years as chief executive officer at a large benefits administrator in the Midwest, Jim Gallery founded his own company, Benefits Management Group, Inc. (BMGI), in 2003, with the goal of providing third party administration services for labor union health and welfare plans.

Gallery decided to use technology, standardization and the Internet to transform the error-prone manual processes normally used in employee benefits administration business. Although many in the industry saw the Health Insurance Portability and Accountability Act (HIPAA) as a burden, Gallery set BMGI on a course to turn the regulations into an advantage.

Focus on Taft-Hartley benefits processing

Administering union worker claims under federal regulations is a demanding business with extensive federal oversight. The Taft Hartley Act of 1947 provides workers, mostly in construction trades, with carefully regulated health coverage. Labor union funds typically cover workers employed by more than one employer and in more than one bargaining unit during the year. With thousands of local unions around the nation negotiating their own agreements, the variations for eligibility options and requirements are staggering.

“Our relationship with IBM has been hugely beneficial to us.”

Mark John,
Founder
Beacon Technologies Group

Solution improves efficiency and productivity, with goal to reduce claims costs

Benefits

- Superb regulatory compliance; BMGI can audit all users who view protected member information
- Highly automated claims processing virtually eliminates errors endemic to the business
- In-house client audit showed 95 percent of claims are adjudicated automatically
- Ratio of support staff to members is 1 to 1,500, about half of the current industry average
- Universal access to sophisticated applications by staff, clients and members from remote locations via easy-to-use Web screens
- Lower training costs; three-week “ramp-up time” for examiners versus six months using legacy systems

In 1996, additional rules under HIPAA turned the industry on its head. The legislation took aim at streamlining industry inefficiencies and reducing paperwork. The provisions enable workers to change jobs without “gaps” in health coverage during transitions and to gain immediate access to their records. The act also set complex electronic data interchange standards for health claims transactions. Companies are still struggling to make their legacy IT infrastructures HIPAA-compliant.

Attacking complexity head-on

Gallery attacked the complexity issue head-on. Knowing the labor requirements side of the business, he built the processes for contractor work reporting and eligibility. However, he decided he needed a partner for the claims processing technology. And he wanted a technology platform that embraced the new HIPAA regulations via the Web. Plus, headquartered in OakBrook, Illinois, and with offices in two states, BMGI core company applications needed to be based fully on Internet standards.

BMGI chose IBM and Beacon Technologies Group, an IBM Business Partner headquartered in Indianapolis, Indiana. Beacon Technologies specializes in health insurance applications and had built an entire, fully Web-based claims system around HIPAA regulations.

BMGI signed on with Beacon in October 2003. By Jan. 1, 2004, BMGI was on-line and in production. In part, that’s because the Beacon claims application, SpyGlass, runs in software as services mode, which means it provides its services over the Internet from an already-built IT infrastructure. The solution with IBM includes IBM WebSphere Application Server -- Express, a cost effective, affordable entry point to e-business, providing fast and productive development, deployment and visual management of dynamic Web sites. Other parts of the solution are IBM DB2 Universal Database Express Edition 8.2, Linux and AIX operating systems, and the IBM eServer family of servers -- xSeries®, iSeries™, pSeries® and zSeries®.

The IBM servers power the IBM Software as Services Web hosting implementation residing at Beacon Technologies. That implementation powers the customer’s solution.

Gallery's business experience and instincts for HIPAA and the Web have paid off. "I can't believe SpyGlass is this far out in front of the HIPAA curve," he said. "Now, we can marshal information with many partners on behalf of our clients much easier than ever before. Our competitors will have trouble keeping up, but our clients win big."

The IBM and Beacon Technologies solution has resulted in impressive benefits for BMGI. The solution provides automatic claims processing in 95 percent of cases. Information technology training was reduced from six months to three weeks, reducing costs. The Web interface is easy to use. Staff, client and members can access information from remote locations. All these benefits combine to provide BMGI with advantages of efficiency and productivity over its competitors.

Today, more than 7,500 active trade-workers -- members of 15 different unions, working for hundreds of different contract employers -- are getting their medical and dental benefit claims processed using BMGI systems. Claims processing channeled through Spyglass accounts for over 75 percent of overall business activity by BMGI. It's done efficiently and accurately, with each administrator handling an average of 1,500 members using Beacon SpyGlass via the Web.

Beacon Technologies Group, Inc.

Founded in 1994 by Mark John and Ernie Crawford, Beacon Technologies initially supported software from other commercially available legacy insurance systems. But after each project based on different systems was completed, the end results were isolated parts that were difficult to reuse. With the arrival of HIPAA specifications, Beacon began to plan a new system, SpyGlass, around them. Beacon and its customers committed more than \$1 million to its development.

The core is a new engine for decisions on medical claims. Users set benefit rules for how the final claim payments are to be calculated. The rules for processing claims are built into tables, not into programming, so it's easy to adapt to new benefits. And, it's built entirely for the Web, using the Java programming language.

Key Components of the BMGI Solution

Software

- IBM WebSphere Application Server --Express
- DB2 Universal Database Express Edition 8.2
- SpyGlass from Beacon Technologies Group
- Linux and IBM AIX operating systems

Hardware

- IBM eServer xSeries, pSeries, iSeries and zSeries

"Now, we can marshal information with many partners on behalf of our clients much easier than ever before."

Jim Gallery,
founder,
Benefits Management
Group, Inc.

"We wanted to do as much as humanly possible to eliminate the errors in the claims process, like overpayments and duplicate claims, which can be such profit-killers for our clients," John explained. "Our broadest goal is to maximize what excellent administration can do," he said. "That's going to do the most overtime to bring down claims costs."

IBM PartnerWorld Industry Networks

Beacon Technologies Group, Inc., is an IBM Advanced Business Partner and participates in the IBM PartnerWorld® Industry Networks, Web-based communities that integrate and organize the PartnerWorld experience for ISVs by industry. The initiative offers ISVs industry expertise, technical assistance, networking opportunities and marketing and sales support.

Beacon participates in the insurance and the healthcare and life sciences industries. It has achieved "optimized" status, which means it has developed further specialization by optimizing its applications with IBM on demand technologies, achieving success with its own on demand solutions and other criteria.

Other networks are in automotive, banking, education and learning, fabrication and assembly, financial markets, government, media and entertainment, retail, telecommunications and wholesale.

John credits IBM for part of Beacon's success. "The integrated programming and deployment model that IBM provides for our team makes our development process go a lot faster," John said. "Our relationship with IBM has been hugely beneficial to us," he said.

For more information

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To learn more about Benefits Management Group, visit: bmgIWeb.com

To learn more about Beacon Technologies Group, Inc. visit: beaconspyglass.com



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