

# *One Company's Decision to* **UPGRADE** *its Technology System*

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ECONOMIC DOWNTURN AND INDUSTRY COMPETITION OFTEN CAUSE COMPANIES TO REVIEW THEIR FINANCIAL SITUATION UNDER A MICROSCOPE. MANY TIMES, COMPANIES HAVE TO MAKE INTERNAL CHANGES IN ORDER TO SUSTAIN PROFITABILITY. THE EXECUTIVE LEADERSHIP AT BLUECROSS BLUESHIELD OF TENNESSEE (BCBST) IN 2007 CALLED FOR AN IMPROVEMENT PLAN WHERE ADMINISTRATIVE COSTS COULD BE REDUCED AND EFFICIENCIES FOUND.

The Legal Division is one of the smallest in the company, but was the first one to successfully implement a plan for efficiencies that also brought money to the bottom line through enhancing the subrogation process. The Executive Committee overseeing the corporate improvement plan has recognized the subrogation

project as an example by which other projects are compared.

Competing subrogation vendors and assertive plaintiff lawyers made it increasingly apparent that we were not keeping up with the trend to recover every dollar possible. The subrogation department operates with an internal staff of 35; an average of 9K active

cases; and, an annual budget of approximately \$2.7M. Adding staff was not an option so the process itself had to be examined.

Our case management system lacked integration abilities and technologies that bring efficiencies. The potential to further develop the tool was costly; and, the amount of time

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for it to be developed would put us further behind the competition. Our outdated system did not enforce best practices or consistent methodologies. Until these issues were corrected, overall recovery potential and staff productivity was adversely affected. Additionally, our old system relied on paper based files; therefore, valuable office space was occupied by open shelves and file cabinets full of tens of thousands of paper files.

Subrogation's ten year old legacy system was supported by a variety of independent software applications for performing assorted activities. Workers had to be skilled in each separate

application and work back and forth from one to another to work their cases. All cases had to follow the same investigation and recovery process regardless of recovery potential because no prioritization or authorization functionality existed.

Alternative solutions were considered and researched. We had options to go through the cumbersome efforts to try and enhance the current system or to implement a hosted solution. A hosted system was determined to be the best avenue to pursue based on the need to have something in place as quickly as possible.

From a technical perspective, the objective was to choose a web based application to allow remote access. The tool had to be compatible with BCBST systems such as Facets (our claims processing system) and/or the data warehouse platforms. We were also interested in potential integration with an internal document management solution that already was in existence at BCBST. Financially, the new tool would have to produce a return-on-investment that would be acceptable and that would support the corporate improvement plan.

A total of three (3) vendors were interviewed based on the support services they offered, the functionalities of their system and their experience with environments similar to our own. Each vendor presented proposals and met the management staff. One potential vendor had very high ongoing cost associated with their web based software application and thus was eliminated. A second vendor determined that their software could not support the volume of claims we handle and removed themselves from the proposal process. The third vendor had

a robust product with features that suited our desire for enhancement. They had one other Blue Plan as a client so they understood our environment. The cost was appropriate and the tool offered flexibility for further development to our specific needs.

The third vendor product offered several useful features, such as; additional reporting at the employer group level for trending and analysis; automation of the quality and performance measurements of the staff; as well as, a web portal option to allow external entities to view specific case detail based on permissions that we can set ourselves. One other feature that was of special interest to us was the functionality to accumulate claims to reach a particular threshold, which allows a case to be started sooner and creates a solid foundation of associating future related claims.

Another positive outcome is that the system provided us the ability to become a paperless environment. This has reduced costs and increased overall productivity in other areas of the company as well as the subrogation department. Thousands of questionnaires processed each month used to require a high level of staff involvement both for mailing and receiving. Now

the questionnaires have barcodes that are scanned and imported directly into the application when they are returned. The appropriate departments are better utilized for outgoing mail and incoming mail instead of the subrogation staff. The barcode allows for the document to be sorted automatically into a case file. The hardcopy document is shredded eliminating the need to store paper thus reducing facility costs.

A return on investment was estimated over a five-year period although the savings and production levels have been greater than expected. Therefore, the return on investment will be realized within two years of implementation instead of the five year projected period.

Implementing a web-based technology has allowed the Legal Division, through the subrogation process, to support the corporate improvement plan by finding efficiencies and reducing administrative costs. The new tool has improved staff development and accountability by providing them with enhanced development and personal growth opportunities. The challenge to offer sustainable and affordable health coverage is daunting, however, embracing technology will give us the courage to strive for continued improvement.

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