

Reduce write-offs due to incorrect or delayed claims process

Problem:

A HMO faced the following problems.

1. HEDIS[®] 2004 Member Satisfaction Survey of Health Plans initiated by the National Committee of Quality Assurance targeted satisfaction with claims processing. "Claims Timeliness measures the rate of claims paid or denied within 30 calendar days of receipt by the health plan or its claims processing center." Respondents rated the HMO as a 60 percentile company for being satisfied with claims processing.
2. Moreover, the team perceived that
 - a. Wrong payments (due to over and under payments) that result in write-offs had an increasing trend of 31%.
 - b. At the start of the project, the team did not know how much of the delay was caused by correcting the adjustments and if this rework was the leading cause for delays in the timeliness of claims.

Approach:

A **DMAIC** project with utilization of **Lean** tools was completed. The project was approached with first establishing alignment to strategic plan. Then the root causes were screened using **hypothesis testing**. In addition to addressing all the causes, in the **improve phase** the team decided to reduce write-offs due to copayment adjustments.

Results:

The benefits were

- 75% reduction in write-offs dollars
- Reduced cycle time resulted in capacity of using 72 Call Center Service representatives in Tier 1 to be utilized for other issues and new plans
- 87%tile HMO on Claims Processing in the next survey (Includes other projects and best practice replication)