



WHITE PAPER

Best Practices for Healthcare Cost Containment in the Cloud

Increase your savings with an analytics-based cloud solution

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Introduction

Whether you're thinking of adopting cloud or software-as-a-service (SaaS) solutions for your recovery organization or you've already begun, you're in good company. Many healthcare payer organizations are starting to understand and trust in the value of this approach. After all, the cloud offers fast access to enterprise-class solutions that help streamline cost containment efforts and increase savings and recoveries, while protecting data and maintaining compliance with HIPAA regulations.

Cloud and SaaS solutions allow you to provide your business stakeholders with top-priority solutions they need to be successful in their jobs, while keeping IT resources focused on strategic initiatives and high-profile reforms such as ICD-10 and Affordable Care. If your business stakeholders are looking to increase recoveries, reduce costs, enhance control, and achieve greater insight into the recovery process, then it's an approach worth considering.

Today's cloud-based cost containment solutions are information-driven and built on modern, scalable technologies. By combining advanced technology, such as data mining and cloud computing, with information analytics and improved business processes, this new generation of "intelligent" cost containment solutions offer a quick, simple way to overcome the burden of outdated legacy applications and semi-manual processes that are typical of current solutions. They easily grow with the business and adapt to fluctuating demands and changing healthcare regulations – without a large investment in people, hardware, and software.

In this paper, we discuss how you can enable your business community to increase savings and simplify its approach to cost containment through the use of cloud and SaaS applications – applications they can access on-demand via the internet. Read on to find out:

- How to cost-effectively access enterprise-class solutions that leverage data mining, business intelligence, and analytics to multiply the outcomes of your cost containment solutions
- Why cost containment is a perfect candidate for cloud and SaaS delivery models
- How data privacy, security, and reliability concerns can be overcome with confidence
- Best practices for adopting cloud technologies within your organization

CHAPTER 1: Information-driven Solutions Increase Savings, Recoveries and Revenue

Healthcare payers losing out on millions of dollars

Through no fault of their own, healthcare payer organizations are leaving millions of dollars on the table each year across cost containment activities such as subrogation, coordination of benefits, Medicare Secondary Payer validation, eligibility, and overpayment. The complexity of the healthcare system exceeds the ability of current cost containment tools and processes to root out and pursue every possible case for cost avoidance or recovery. As a result, many cases go unnoticed or ignored, dimming recoveries and even revenue for health plans. But advances in information management and analytics technologies are changing this dynamic and paving the way for newer, more innovative approaches to healthcare payer cost containment.

Data mining, business intelligence, and analytics are core to today's most successful cost containment strategies. With these information-driven solutions, recovery specialists find the opportunities to save or recover much more quickly. And because they identify cases with more accuracy, they can focus on cases with the highest likelihood of saving or recovering costs.

The value of an information-centric approach includes:

- Identify more workable cases quickly and accurately (eliminating false positives): These technologies quickly mine cases using sophisticated algorithms and automated business rules that align with contract language, business processes, and relevant regulatory requirements. You can automate identification and investigation with more accurate investigation results. As a result, recovery teams avoid false positives – cases that *seem* erroneous, but are not. This saves time to go after more workable cases, even low dollar cases, for increased recoveries and revenue.

Health Plans Save Big

Trailblazing healthcare payers are embracing cloud cost containment with eye-catching results:

- A regional health plan is projected to achieve a total of **\$17 million** in recoveries across COB, Subrogation, and MSP Validation and Premium Restoration revenue over 3 years
- The same health plan achieved MSP Validation and Premium Restoration revenue of **\$2.8 million** in just 60 days
- Another community health plan increased savings from Subrogation and COB recoveries by **\$5 million** in 18 months.

- Streamline the recovery process: Online case management and workflow automation can help simplify recovery efforts. Recovery teams can manage cases with all the required documentation and information at their fingertips in one easily accessible location. Centralized case management increases the productivity of existing staff.
- Achieve visibility and flexible reporting: Interactive analytical features built into these solutions can quantify recovery efforts and provide a complete view of case inventory with the ability to drill down to individual case detail. The increased insight helps forecast future recoveries, plan more accurately, and manage and improve metrics such as medical loss ratio.
- Simplify compliance and audits: Healthcare organizations are subject to a number of audits for compliance with regulations such as Sarbanes Oxley and HIPAA. Perhaps your IT organization has been called upon to help pull together the data for these audits. With an automated, cloud-based solution, you have a complete history of information about your organization's recovery/cost containment program, which is readily accessible. This allows business stakeholders to gather required data for audits much more quickly and easily than they can collect it today.
- Accelerate and increase recoveries: By giving your recovery teams the power to identify cases faster, pursue more workable cases, eliminate false positives, and consolidate and automate workflow/case management, you enable them to speed up the recovery process and collect more money sooner.
- Increase revenue: By simplifying cost containment efforts using a single platform that maintains case data over time, you give recovery teams the ability to correct misclassified records so Medicare revenue for MSP Validation and Premium Restoration is preserved.

Quick access to cost-effective enterprise-class solutions

This may sound well and good, but if you're worried about how to convince management to invest in the expertise and infrastructure required to pull this off, you're not alone. These solutions represent a level of sophistication usually reserved for the largest enterprises with big budgets and massive IT organizations.

The good news is this approach is accessible and affordable even to community and regional healthcare payers through cloud and SaaS models. In other words, rather than invest in expensive software and hardware or build and manage your own internal solution, you can

access leading-edge web-based cost containment applications with pay-as-you-go pricing. Not only do you minimize your upfront costs, but they are quick to implement. The right vendor can have you up and running within 8 to 12 weeks, as opposed to developing a homegrown solution, which could take 18 months or more.

CHAPTER 2: Shifting Cost Containment to the Cloud

Why cost containment strategies are perfectly suited to Cloud and SaaS models

If you're thinking of adopting cloud or SaaS solutions within your organization, you may be pondering your first move. How do you prioritize which applications should go first and what drives these priorities? For your first foray into the cloud, choose a focused application that will cause minimal disruption to the rest of the organization. The application should have a specific set of users, needs and data sets. It should be managed outside of core healthcare applications and have light integration needs.

Looking at these criteria, you can see why cost containment functions are particularly suited to a cloud solution. Here are three reasons why cost containment is a good place to start:

It contains the cost of cost containment

The saying "do more with less" applies perfectly here. You have to balance the need to do cost containment programs (and do them well) with budgetary limitations. Naturally, IT budgets are allocated first to initiatives that are critical to the business and those that are mandated or legally required. When it comes to discretionary expenses, you have to be wise about how you spend what little is left over.

That's why cloud-based applications for cost-containment make so much sense – the cost to get started is minimal and the potential ROI more than pays for the cost of using the applications. It does not require any capital outlay for hardware or software. You pay only for what you use and scale up or down as needed. The access to modern, sophisticated information technologies, leads to increased recoveries in less time and at lower cost.

3 ways SaaS improves healthcare recovery results

- SaaS increases in-house recovery efficiency and insight
- SaaS delivers greater access, a highly scalable and secure environment, and ease of use
- SaaS lets you do more for less

It's an easy first step

Cost containment solutions are focused, departmental functions that have fewer integration points or dependencies on other applications across the enterprise. For this reason, it's easier than you think to shift cost containment functions to cloud applications. In most cases, the only real point of integration is the exchange of information between your claims systems and the web-based application. This can happen easily through highly-secure secure bi-directional data exchange protocols such as FTP or EDI. Additionally, these applications make use of data sets you already have, such as CMS, eligibility, or claims files. They are essentially turnkey services that "turn on" in an instant. No programming or installation is needed and they are ready to use. There is little to no disruption across the enterprise to run these applications.

It is easily measurable

When you choose a solution that allows you to manage and track all actions from identification through recovery in the same tool, all the data you need to measure your success is available in one place. In this case, it is very easy to track and measure the performance of your program and justify ongoing activity and added cost containment efforts. After all, more solutions equal more savings.

IT maintains control, but offloads support burden

A cloud solution for cost containment doesn't get IT off the hook entirely. But it does help offload much of the day-to-day responsibility, while providing new or improved functionality the business may be demanding. And it does so safely, securely and with manageable risk (see best practices below).

In the case of cost containment, your business users might be asking to pull more data sources into their current COB or subrogation application. They might want faster queries or more detailed analytics about their case inventory. Or they're trying to reduce the occurrence of false positives in identification results. Rather than devote a resource to the task for weeks or months – or worse, saying no - you can acquire much of this functionality simply by subscribing to a cloud-based cost containment application on the market today. And when users need more customization, more drill-down, faster results – that's where the cloud vendor comes in. IT should maintain responsibility for governance, but the cloud vendor provides support for more of the stack, including support, updates, infrastructure, and scaling.

Healthcare payer organizations engage in cloud solutions

In a recent report on healthcare payer trends, IDC projects that "by year-end 2013, 50% of the healthcare payer market will be engaged in cloud initiatives."

-- IDC Health Insights, February 2013:
U.S. Healthcare Payer IT 2013 Top 10 Predictions: Embracing Innovation

Addressing concerns of security, reliability, and privacy

Few other industries are subject to the same level of regulatory standards and scrutiny as the healthcare industry when it comes to protecting customer (patient) privacy. Because of this sensitivity, healthcare companies often shy away from cloud computing models, citing security, privacy and reliability as top concerns. After all, unique architectural features of cloud, such as location independence, multi-tenancy, and service-oriented architecture, present special data security challenges.

The good news is cloud security has come a long way. In many cases cloud vendors can match the high security standards provided by internal IT organizations. Because cloud computing has grown dramatically since the late 1990s and early 2000s, early cloud adopters already have dealt with the inherent challenges. In a 2012 Perspectives paper, IDC reassures healthcare organizations about the safety of cloud deployments: “Early pitfalls including security, downtime, and data access challenges have been experienced and addressed by other industries, enabling the later entrant healthcare market to benefit from lessons learned and a more rapid market evolution.”¹

If you’re the IT director of a healthcare organization, then you certainly want to be proactive about examining the security protocols of your cloud provider. That won’t be difficult if you are working with the right vendor. A provider that is focused on healthcare-specific applications will easily demonstrate that it has taken appropriate measures to protect data according to HIPAA requirements. Look for a company that has taken a layered, or “defense in depth,” approach to security – each layer in the cloud services stack provides a set of security controls. You’ll see this in network firewalls, access control mechanisms for authentication and authorization, storage and archiving mechanisms, and total encryption, among others.

Follow best practices to make it work for you

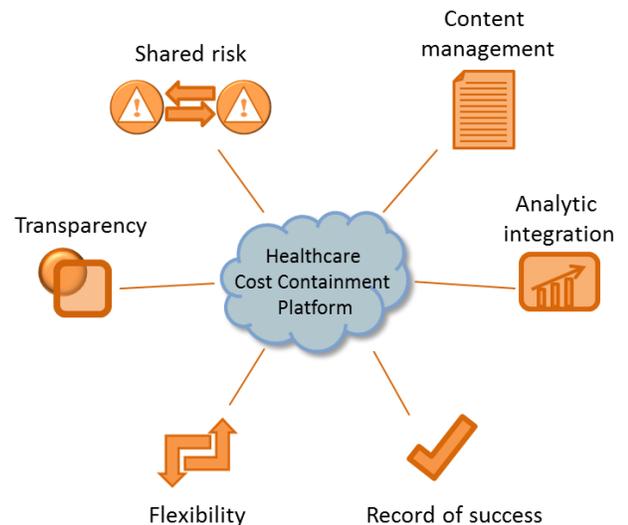
Managing healthcare data in the cloud presents a variety of challenges and risks, but if it’s managed properly, the payoff can result in enormous benefits to the business. The best practices outlined below will help you plan for the challenges and manage the risks of shifting to a cloud strategy for cost containment. By following these best practices, you can prepare for a successful experience that enables your recovery team to multiply its results.

Risk management – take a layered approach

When you engage with a cloud vendor, the responsibility for risk management and compliance are no longer an internal matter – it’s now shared with partners. When you build or engage in a cloud service, be sure you have a clear understanding of where the responsibilities lie and how they are divided and/or shared between the providers and partners. The 2013 Health Information Technology for Economic and Clinical Health (HITECH) Act helped to clarify some of this by directing that any business associate (or its subcontractors) that has access to protected health information (PHI) is now accountable to HIPAA security rules and are subject to HIPAA enforcement. In any case, you need to eliminate any gaps in your risk management approach. As a best practice, work toward a “defense in depth” approach with shared responsibility.

- Clarify who has responsibility for meeting service level agreements (SLAs). For example, some providers offer “best effort” cloud, but no guarantee. Who picks up the slack? You can be clear about responsibilities through:
 - Indemnity
 - Service level agreements
 - Contracts
- Identify gaps and overlaps (layered is often good). Do you eliminate, accept, or share the risk? Determine how you’ll close the gaps with additional resiliency and safeguards:
 - Redundant copies of data
 - Insurance (against a problem)
 - Implementing a technical system

Best Practices for Healthcare Cost Containment in the Cloud



Transparency – insight is better

Transparency relates to the visibility you get into the layers of the delivery of the service. An opaque model gives you no visibility into the levels of the process. You only see the end result – that a subrogation case resulted in a recovery, for example. A transparent model, on the other hand, allows you to see what is happening throughout the delivery of that service.

Transparency is in part a cultural issue. The model that works best for your organization will depend on how much visibility you want and are comfortable with as an organization. With an opaque, or hands off service, you might pay less, but it requires you to put full trust in the service provider. With transparent services, on the other hand, your staff will be more involved, but it might cost more.

In the context of healthcare cost containment, a transparent model is a best practice. Your reputation is at stake. Cost containment activities directly impact your clients and their impression of your organization, so you'll want to maintain a higher level of control. Cost containment deals with protected data. You're better off having insight throughout the process of a case so you can ensure security and privacy protocols are being followed correctly and you can catch and manage any issues early.

Flexibility – go configure

Flexibility refers to the ability of an application to accommodate changing business models, new products, and new regulations. The problem you may be experiencing with legacy applications is that they are rigid and are nearly impossible to re-program to support changes in your business. When you engage with a cloud provider for cost containment solutions, be sure you don't run into the same problem. Beware of vendors who have repackaged an existing solution to look like a new, more flexible cloud solution. Make sure the solution is configurable to accommodate business rules as they change. For example, does it allow you to easily reconfigure different state regulations, corporate policies, and contract provisions?

Analytic integration – information at their fingertips

A big complaint among recovery specialists is inflexible reporting. Among existing solutions, there is a general lack of analytics and inability to customize reporting to meet their needs. Recovery organizations need interactive analytical features that quantify recovery efforts and provide a complete view of current case inventory as well as individual case detail. This stronger analytical capability allows the organization to report, analyze, and track performance.

As a best practice, provide users with access to the information they need in a way that is secure and compliant. Look for a solution that can easily integrate analytics with desktop tools that users are familiar with, such as SharePoint and Microsoft Excel.

Content management – fresh is better

One benefit of cloud services is the ability to manage cases online and automate workflow – for example, recovery teams can record activities, manage by calendar diary system, and prioritize cases based upon status. The solution may allow you to catalog health plan language by group

and view it at a case level. You can upload all documents that are relevant to case management, including printed manuals, business rules, plan language, contract terms, case management documents, regulatory requirements and policy, and much more.

This centralized case management capability allows recovery teams to accomplish more with the staff they have in place. But it only works if the content in the system is current, accurate, and complete – and available where and when it’s needed. As a best practice, pre-populate content and designate someone to be responsible for editing and maintaining content so it remains fresh and useful for the people who need it.

Track record – a partner that has gone the distance

When choosing a partner, select one that has gone the distance. Look for a vendor that has built and operated its platform using cloud technologies from the ground up, as opposed to rebranding an existing platform. Your vendor should have delivered its solution in the cloud for at least five years and should have a focus and record of success in the healthcare industry. Ask for references. In addition to successes, talk to them about any problems that came up and how the vendor handled them.

CHAPTER 3: Why It Works

The new approach to cost containment addressed in this paper can help your cost management organization multiply recoveries in a very short time. While cloud and SaaS models make this approach accessible and affordable to companies of all sizes, it is the access to modern infrastructure, new information technologies, and analytics that really drives the improvements. Here’s why this information-driven approach leads to dramatic improvements in recoveries and savings.

Business rules

In a modern information-centric approach, a data-driven business rules engine is used to configure rules, such as state and federal regulations, contract language, and corporate policies – content that changes frequently, yet dictates the course of a business process. Most new cost containment applications use a business rules-driven approach so that as the language in these provisions changes over time, the application can easily be configured simply by changing or adding business rules. This is in stark contrast to many of today’s legacy applications, in which

business rules are coded into the application or database and are very difficult and time-consuming (if not impossible) to reprogram.

In the context of cost containment, business rules allow claims to be analyzed against the language in contracts, policies, and regulations to identify anomalies that indicate a potential recovery opportunity. The business rules engine gives the organization much more flexibility to add new products, adapt to changing regulations, and expand the business.

Sophisticated data mining technologies

Rather than cast a wide net for potential recoveries, sophisticated data mining enables organizations to pinpoint the ripest recovery opportunities. Data mining analyzes multiple factors to identify and classify claims associated with accidents, plan provisions, applicable laws, and other relevant conditions that make certain claims worthy for recovery pursuit. Data mining also factors in customer-specific business rules, sensitive conditions, and patient populations. There's a difference between good data mining and superior data mining. You'll see such differences in whether data mining goes beyond just diagnosis and dollar amounts to identify potential cases; it should also utilize intelligence based on a member's prior claims data to improve algorithms and results over time.

Analytics

Information analytics for healthcare recovery and overpayment have come a long way. Analytics are no longer the exclusive domain of IT, and should not be mistaken for a few limited reports about what's happened in the past. Today's analytics are real-time and on-demand, and deliver instant views into operational status and overall performance directly to business users.

For claim recovery specialists, this means new levels of transparency for better decision-making. From any device, entire case inventories and corresponding trends can be easily visualized via customized executive dashboards. Individual cases are accessible with a single click through case management applications that house all data, activities and even plan language. Such advancements empower recovery professionals to take action faster and more confidently. But while analytics have innovated both in form and function, they alone cannot

Intelligent Data Mining for Member Sensitivity

If a health plan learns that Jane Doe has a persistent condition (such as chronic back, knee or shoulder pain), this information can be applied to all data analysis about Jane Doe's future claims. This helps to avoid opening new cases for charges related to Jane Doe's existing chronic condition – minimizing disruption to her and driving improved member satisfaction.

deliver improved healthcare cost containment results; recovery professionals must interpret these insights and take appropriate action.

For IT, the impact of robust web-based analytics is just as transformational. With a next-generation hosted analytics solution in place, IT teams essentially are freed from tedious tasks such as managing claims data capture and internal and regulatory reporting, as well as time-consuming legacy system maintenance. Instead, IT can take a more strategic role focused on competency areas such as governing IT policies and long-term planning. As a result, IT resources can be streamlined or re-allocated, and savings can be reinvested in the business where needed.

The right cost containment expertise

We've addressed how many technology advancements are changing the state of healthcare cost containment as we know it. Not to be forgotten, however, is the crucial human element that must be coupled with these tools and technologies. For optimal recoveries and savings, you need to rely on experts who are skilled in healthcare law and regulation, and can navigate the healthcare system as an advocate on your behalf. Such experts might be available already on in-house teams, and they also can be sourced externally. Look for people who are knowledgeable about healthcare law, healthcare data, cost containment and analytics to harness the best program results.

Conclusion

For all but the largest healthcare enterprises, the cost to develop this kind of capability in-house is simply too much. It requires collective expertise in healthcare, business intelligence, information management technologies, and analytics. It would take years and millions of dollars to build internal capability with the power that is available today through cloud-based solutions. The solutions that are available now are leveling the playing field in the healthcare industry. Today, even mid-sized regional and community healthcare organizations can acquire enterprise-class cost containment solutions that deliver significant increases in savings and recoveries.

What is healthcare Cost Containment in the cloud?

The use of internet-based pay-as-you-go applications to manage cost containment functions such as coordination of benefits, subrogation, Medicare Secondary Payer validation and premium restoration, overpayment and more.

Why it matters to IT

Because it matters to the business customers you serve. Healthcare payers are losing millions of dollars each year relying on legacy applications and business processes to manage cost containment efforts. Recovery teams need faster access to better and more information to make smarter decisions about recovery efforts and rein in their losses. With a cloud-based analytic solution, you can quickly, easily, and cost-effectively provide business users with the modernized capability they need, while preserving your team's strategic focus.

Low cost, high payoff

The cost to get started is minimal and the potential ROI more than pays for the cost of using the applications. It does not require any capital outlay for hardware or software, or expensive development efforts. You pay only for what you use and scale up or down as needed. The access to modern, sophisticated information technologies leads to increased recoveries in less time and at lower cost.

Security, privacy, compliance

Cloud security has come a long way. In many cases, cloud vendors can match the high security standards provided by internal IT organizations. Our Intelligent Cost Containment Platform features a built-in virtual private cloud with comprehensive application, data, and infrastructure security controls designed to facilitate security governance and manage ePHI data security. It is fully HIPAA-compliant, meeting rigorous standards for technical, physical, and administrative security.

Rapid implementation

Discovery Health Partners can have you up and running with improved capability within 8 to 12 weeks. Custom development could take 18 months or more. Cost containment is a focused, departmental function that has very few integration points across the enterprise. For this reason, it's easy and minimally disruptive to shift cost containment functions to cloud applications. With Discovery Health Partners, you will have a Client Advocate who will shepherd you through every step of the onboarding process, from training your staff to ensuring your data extract process is up and running. Your business users could start seeing increased recoveries in as little as 60 days.

Adaptable, flexible, scalable

A cloud-based solution gives you ultimate flexibility. On-demand scalability means you can quickly ramp up (and down) to match your use of services. You pay only for what you use. Cloud solutions should be configurable to accommodate business rules as they change – for example, changing regulations, corporate policies and contract provisions. Regularly scheduled system enhancements and updates ensure your application continues to improve and evolve, without disruption to your day-to-day operations.

Multiple delivery options

Choose the level of support you need. Outsource your recovery and overpayment programs on a full service basis or manage your own program by “renting” cloud applications with a pay-as-you-go SaaS model. A SaaS model works well if you want to manage operations in-house, but want to access advanced capabilities of cloud applications. Alternatively, choose a hybrid approach with elements of both.

Learn more

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Sources

¹ IDC, *Perspective: Cloud Adoption and Deployment in the Healthcare Payer Market in 2012*, September 2012

About Discovery Health Partners

Discovery Health Partners helps organizations reduce and contain healthcare spend through intelligent cost containment solutions. We specialize in technology, services, and solutions for Subrogation, Dependent Eligibility Verification, Coordination of Benefits and more. We enable health plans, self-funded employer groups and government agencies to manage more efficiently and with less risk and cost by integrating advanced technology, information analytics and modernized workflow for superior identification and transparency. Working with Discovery Health Partners, clients realize improved recoveries, reduced cost, better control, and new levels of insight. Discovery Health Partners is a division of LaunchPoint, a provider of information-centric services and solutions for healthcare enterprises.

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