Health Service Board
City & County of San Francisco

Blue Shield of California

Post Implementation Audit of Facets Migration

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Prepared by:
Aon | Aon Hewitt | Health & Benefits

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Executive Summary

■ In November of 2015 Blue Shield of California (BSC) migrated the claims processed from their legacy system to Facets. This review assesses that migration as it compares to prior claims processing capabilities.

■ In summary:

— 90% of Health Service System's (HSS) claims are electronically submitted.

— 73% of the claims are auto-adjudicated.

— BSC was unable to maintain their financial accuracy and payment accuracy objectives.

— BSC also failed to meet the claims processing time objectives for several of the months during this transition.

Executive Summary (continued)

- In summary (continued):

  — BSC consistently met their customer responsiveness and problem resolution objectives during this transition.

  — Overall, BSC demonstrated that the processes are in place and after the first 4 months of the transition, BSC is now meeting their claims administration objectives.

  — HSS should request a status report on payment and financial accuracy in November to ensure that BSC is meeting HSS' business objectives.

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Facility Organization and Staffing

■ Claim processing and customer service functions will continue to be handled in the Lodi (California), El Dorado Hills (California) and Redding (California) facilities.

— According to facility management, the vast majority of HSS plan participants receive service through the Lodi site.

— About 5% of claims need possible medical management overview and are handled at the El Dorado Hills site.

— BlueCard claims[1] received through the Interplan Teleprocessing System (ITS) are managed in Redding.

[1] *BlueCard claims are national claims that are submitted on behalf of a Blue Cross Blue Shield plan in another state.*

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Claim Processing

- There are over 230 claim processors working at the Lodi site and approximately 75 additional claim processors are at the El Dorado Hills site. There are over 1,000 total employees working at the Lodi site.

- All performance guarantee clients, or premier business accounts, are handled by a team of 72 premier representatives with an average tenure of 12.4 years.

Customer Service Representatives (CSR)	
Years of Service	Count
Less than 1 year	9
1 to 2 years	14
2 to 4 years	27
Over 4 years	22

Claim Processing (continued)

- 49 customer service representatives, or nearly 68%, have more than two years of experience with BSC.

  — Approximately 60% of the HSS claim processing team participates in this program. At the time of the assessment, none of the HSS customer service representatives worked from home.

Offshore Processor Work Experience

- BSC subcontracts claim processing work to an offshore vendor, Hinduja Global Solutions (HGS), which has been processing claims for BSC since February 2011.

- A team of 114 claim processors at HGS located in Bangalore (India) handles approximately 57% of all manually processed claims on the HSS account.

  — Only 30 of HGS' claim processors, approximately 26%, have over two years of tenure, an Aon criteria for experienced.

Offshore Process Work Experience	
Years of Service	**Count**
Less than 1 year	41
1 to 2 years	43
2 to 4 years	25
Over 4 years	5
Total	**114**

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Claims Administration

Inventory Control Procedures

- Based on the statistics provided to the audit team, 90% of all BSC medical claims are received electronically from providers.

  — Receiving claims electronically is more efficient than the traditional paper claim receipt method and helps to reduce the frequency of keying errors that may occur during the data entry process.

  — Note that many of the claims received are submitted through Blue Cross Blue Shield's (BCBS) Interplan Teleprocessing System (ITS) system and, therefore, these claims slightly inflate the electronic submission rate. Nevertheless, BSC's electronic receipt rate compares reasonably well with industry averages.

- BSC outsources its primary mail room functions and data capture work to an outside vendor, SourceHOV (SHOV), which is located in Chico (California). SHOV has claim keying labor located offshore.

Claims Administration (continued)

Claim Adjudication Process

- BSC has an overall average auto-adjudication rate of approximately 73%.

  — Facility management advised they expect this rate to be the same for HSS.

  — The level of auto-adjudication for BSC is slightly below the rates at many other health plan administrators. Most claim systems now automatically process between 75% and 85% of claims received.

- Claim adjustments, or rework, are an important gauge of performance. Adjustments are typically initiated at the customer service level and are referred to the claim processors for handling.

  — BSC does not have a formal objective to complete claim adjustments or rework and does not track turnaround time for these transactions.

Claims Administration (continued)

Claim Adjudication Process (continued)

- Aon would suggest to HSS that BSC adopt an objective to complete 90% to 95% of claim adjustments within five business or seven calendar days.

Claims Administration (continued)

Overpayment Recovery Procedures

■ Personnel within BSC's Corporate Recovery area are responsible for overpayment recovery activities.

■ Once a provider overpayment has been identified, letters requesting reimbursement are sent to the provider at 30 and 45-day intervals.

■ If a provider's overpayment is not refunded within this time frame, the file is transferred to "bulk" recovery.

— Bulk recovery is a process whereby Facets automatically deducts overpaid amounts from future claim payments to providers.

— Automatically deducting overpayments from benefits results in more timely collection and a higher recovery rate.

Claim Accuracy

Month	Financial Accuracy	Payment Accuracy
November 2015	100.00%	100.00%
December 2015	97.50%	97.50%
January 2016	99.38%	90.48%
February 2016	98.05%	95.00%
March 2016	98.18%	97.62%
April 2016	99.10%	97.44%
Average	98.70%	97.44%
Objective	99.0%	97.00%

■ Based on the statistics furnished during the audit, the CSRs struggled to meet the contract objectives for Financial and Payment Accuracy.

— Facility management attribute the lower than average quality results to the transition to Facets.

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Claim Processing Time

- The results on the following page show that BSC struggled to meet both turnaround time objectives.

  — Facility management should consider adding additional resources to ensure the team is adequately staffed to meet the self-reported objective.

    - In addition, BSC should provide HSS with quarterly updates to show if the turnaround time results have improved.

Claim Processing Time (continued)

Month	Percentage of Claims Processed within 14 Calendar Days	Percentage of Claims Processed within 30 Calendar Days
November 2015	77.05%	96.42%
December 2015	92.04%	97.38%
January 2016	86.16%	88.63%
February 2016	96.56%	98.92%
March 2016	95.52%	97.78%
April 2016	94.12%	97.03%
Average	98.70%	96.34%
Objective	90% in 14 days	98.0% in 30 days

Customer Service

- HSS participant telephone inquiries are handled by BSC's customer service operation. The department is available from 7:00 a.m. to 7:00 p.m. (PST), Monday through Friday. Lodi is the main service center responsible for the account whereas El Dorado Hills and Redding are backup facilities.

- Members can also access claims and eligibility information 24 hours a day, seven days a week by logging on to the BSC website. Inquiries from members can also be received through secure messaging on the website.

  — The dedicated eServices team is responsibility for responding to all Web inquiries.

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Customer Service (continued)

- BSC also offers a mobile application that provides members with access to their health plan information, a resource to find doctors and facilities, download options for a copy of the member identification (ID) card, and access to a 24-hour nurse line link. HSS members have access to BSC's application on their smart phones. This application is similar to those in place with other major administrators.

Customer Service Call Resolution

- BSC has an objective to close 90% of call inquiries within one business day.

  — The open inquiry closure performance objective is rather aggressive.

  — Aon has found within the industry that many administrators have objectives to resolve 95% inquiries within five business or seven calendar days.

- Performance for the period November 2015 through April 2016 is shown to the right. It is important to note the performance results are not HSS-specific.

Open Inquiry Closure / Call Resolution Time Results	
Month	**Results**
November 2015	92.93%
December 2015	92.89%
January 2016	92.47%
February 2016	92.66%
March 2016	91.41%
April 2016	91.96%
Objective	90.00% in 1 business day

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Customer Service Responsiveness Performance

The Average Speed to Answer and Abandonment Rate statistics are shown below.

Month	Average Speed to Answer		Abandonment Rate		Telephone Service Factor	
	HSS	BSC Facility / Premier Skill	HSS	BSC Facility / Premier Skill	HSS	BSC Facility / Premier Skill
November	6 secs.	13 secs.	0%	1%	N/A	91%
December	10 secs.	11 secs.	0%	0%	N/A	93%
January	27 secs.	19 secs.	1%	1%	N/A	89%
February	23 secs.	18 secs.	1%	1%	N/A	88%
March	24 secs.	21 secs.	1%	1%	N/A	85%

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Customer Service Responsiveness Performance (continued)

Month	Average Speed to Answer		Abandonment Rate		Telephone Service Factor	
	HSS	BSC Facility / Premier Skill	HSS	BSC Facility / Premier Skill	HSS	BSC Facility / Premier Skill
April	24 secs.	22 secs.	1%	1%	N/A	84%
Average	19 secs.	17 secs.	1%	1%	N/A	88%
Objectives	30 secs.	N/A	<2%	N/A	N/A	80.00% in 30 secs.

BSC met the objectives during the six months reported.