The Case for Modernization of Enrollment and Billing Capabilities

Why driving core competencies in Billing and Enrollment systems is the Future

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Introduction

Historically, Healthcare Payors have used monolithic software systems to manage all of the functions of Enrollment and Billing within one system. As integration technology has advanced, Payors are moving away from this model toward one where they choose separate best-in-class systems for Enrollment and Billing and integrate those together, typically taking advantage of an integration layer that removes the inherent risks in point-to-point integrations and also manages the formatting of the data for the receiving system(s). This model provides industry-leading functionality for each component while the integration layer provides the additional advantage of ensuring that the data is always the same across systems because it is all being formatted by and provided via the same pathway.

Now that the market is moving towards componentized systems, however, an interesting debate has emerged: when you separate Enrollment from Billing, which capabilities should each consider as its core competency?

Enrollment Systems Today

The Enrollment platform capability needed in the market today covers a wider range of functionality than ever before. No longer is it enough to be able to accept enrollment files, have days or weeks to process them, and then finally provide Member IDs and hard copy ID Cards for the entire population. Many Groups are now insisting on digital and near real-time experiences when onboarding to their new health plan, while others still insist on sending in enrollment files via paper, Excel, or other formats.

If a Healthcare Payor participates in the Exchanges the complexity grows exponentially; data mismatches between CMS and Payor enrollment records are common and are the largest factor causing rejections for premium subsidy payments. There is the additional expectation that a Payor must be able to provide access to care as of Day One of the contract, even if the sales cycle runs right up to the renewal date, as well as provide all of this no matter how many and frequent the enrollment updates are as employees enter and leave their employment. A best-in-class Enrollment System must consider all of the above items as core competencies.

Some argue that pricing should also be done within the Enrollment System because that system already holds and manages all of the membership records, including both initial onboarding files and all updates throughout the life of the contract. With the addition of a pricing engine, the Enrollment System can apply the corresponding rates to each membership record, perform the pricing calculations to derive the Premiums and Administrative Fees and send pre-priced transactions to the Billing System to add to a bill.

Advocates of this method state that for these items Enrollment and Billing are so tightly coupled that they should not be split, and that the addition of an integration layer to feed every enrollment record and all of the subsequent changes over to a Billing System adds unnecessary complexity and a risk of data synchronization issues across systems. They also argue that near real-time creation of the billing segments, a capability now deemed critical to Payors to meet market demand, is more achievable with this method.

Modern Billing Systems Today

Payors' expectations of their modern Billing Systems have also expanded rapidly. Health Insurance is a highly competitive business with a limited market and more market-savvy buyers than ever, so that gaining or even maintaining market share and Op Gain is extremely difficult. In order to compete, Payors are constantly designing innovative new programs and offerings, many of which require the integration of enrollment data into the Billing System. A best-in-class Billing System must have core competencies with the ability to adapt quickly to these innovations, efficiently handle large enrollment loads that happen with onboarding a Group as well as the continual updates, and be able to price all transactions efficiently enough to provide the required near real-time billing.

As for pricing, Enrollment Systems *could* price Premiums or Administrative Fees, however, pricing is best handled within the Billing System for the following reasons.

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Modern offerings in Healthcare require very complex yet configurable and agile pricing engines for faster time-to-market of constantly evolving products; many pricing engines require integration of enrollment data into Billing Systems, reducing gains associated with pricing in an Enrollment System.

- **Self Funded** is the fastest growing segment of the Healthcare Payor market, but provide the least Op Gain because the Payor is providing administrative services only. In addition, this market is extremely competitive and historically the Payor could only compete on Administrative Fee rates. In order to be more competitive, Op Gain Payors are constantly developing innovative new programs like Discount Arrangements, a suite of offerings in which the Payor offers to share with the Group some or all of the significant network discounts they have negotiated with providers in order to offset the base Administrative Fees.

  o The main Self Funded offering that requires enrollment data is Stop Loss, a coverage that allows a Group to control its risk, where that data is used to set the Stop Loss Limits.

- **Level Funded** programs are a subset of Self Funded arrangements created to help Groups unable to accommodate the potentially extreme variations in the dollar amount of claims incurred by their employees in a given month, for which they are expected to reimburse the Payor on very short terms. These Groups are tied to rigid budgets (i.e. state and local government agencies like jails, schools, etc.) and need a way to ensure that the monthly billed amounts do not exceed those budgets. Level funded programs are a way to bill the Group a level amount each month while tracking all of the true charges behind the scenes and then doing a settlement at the end of the contract.

  The premiums for these groups are calculated, but not actually billed; instead they are applied to the settlement account and the Group pays a pre-arranged amount on a monthly basis. The Billing System holds those pricing and settlement rules that determine how to handle each transaction. In addition, the following parameters for Level Funded programs require enrollment data in the Billing System.

  o Some Level Funded arrangements require the system to calculate the premiums for the initial enrollment load and then use that total aggregated premium amount to calculate a level amount to bill monthly across the life of the contract.

  o Maximum Liability Limits use enrollment counts to calculate the maximum liability a Group would be held responsible for at the time of settlement.

  o Claims Funds and Claims Runout Funds use enrollment to calculate the amount the Group must pay into these funds to cover projected claims, with a true up at the end of the contract.

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Integrating pricing into a single system leads to improved traceability, easier auditing, and a better Member experience.

- **Pricing** for Self Funded Groups goes beyond Administrative Fees and Premium pricing, which includes Claims, Stop Loss, Discount Programs, Level Funded arrangements, Capitated and Ancillary Products, as well as many other products and programs. This means that if Premium and Administrative Fee pricing was done in an Enrollment System, while the others were done in the Billing System, a Healthcare Payor's pricing would be split across systems, making it difficult to manage.

- **Reporting** is a critical addition to a bill as it provides the backup documentation showing why a customer was charged the amount they see and provides validation that the Payor has all of the correct subscribers, members, plans, rates, coverage periods, etc. In addition, for Self Funded Groups there are many reports that must be delivered along with the bill, including reports that support the Stop Loss and Level Funded offerings mentioned above. All of these reports require enrollment details to be present within the Billing System so that it is available to pull into reporting.

- A critical downstream integration for any Billing System is the **Customer Service System**. Many of the inquiries into Customer Service are initiated because the member believes their bill is incorrect. In order to investigate, a Customer Service Representative (CSR) needs all of the information in one tool so they are not searching multiple systems trying to figure out what happened, or worse transferring the member to another area for help.

  Bringing Enrollment records into the Billing System and allowing pricing to happen there means that a CSR can see the actual invoice, including all items billed (enrollment-based or not) plus any manual adjustments that may have happened, as well as payments or credits applied to the account; all of the activity that went into producing that final billed amount is available in one place. The enrollment records are within the system, so if any of the enrollment-based pricing is in question the CSR can see exactly what was used to calculate those premiums or fees. This provides One Touch Customer Service, meaning the CSR can answer any questions without transferring or putting the member on hold – a key capability by which Customer Service is judged.

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Pricing within Billing Systems simplifies the billing process for companies that have undertaken M&A activity and future-proofs companies against possible future M&A growth.

- For the largest Healthcare Payors and many mid-size and small enterprises, their business grew through Mergers and Acquisitions, which means they are dealing with multiple Enrollment and Billing systems. Historically, consolidating Enrollment Systems is extremely complex due to the data differences across systems. While much of the format of an enrollment record adheres to industry standards there are often wide variations in the values used in each field of those records, and many files contain additional fields that are custom to a specific Payor, so an acquiring entity must reconcile those differences before data migration and consolidation can occur. Many Payors choose not to consolidate and for those who do, it is a large, multi-year undertaking. *

  Therefore, if a Payor wants pricing done within the Enrollment System this capability would need to be built out in each of those systems, an effort that would need to be repeated each time a merger or acquisition was completed, and every change in those pricing rules would need to be performed across every system every time, a daunting maintenance task. It is far more efficient to build out pricing in one Billing System, with upstream Enrollment Systems sending across records which are then all formatted by the integration layer and passed on.

Enrollment and Billing Systems for The Future

The Enrollment and Billing landscape has changed significantly over the last few years, adapting to the increased complexity of enrollment methods, eligibility requirements, number of products, and variations and innovations in pricing strategies. Because of these advancements, Payors have found the most success in splitting out Enrollment from Billing and maintaining each in its own system, with each system concentrating on its core competencies. In addition, many of the new offerings coming to market require the integration of enrollment data into the Billing System, making it redundant to do the reverse.

At the same time integration technology has advanced as well, so that the additional integration between systems, once viewed as an unnecessary introduction of a potential point of failure in the process, is now viewed instead as adding value through centralized management and formatting of data across systems. For these reasons, most believe that pricing of transactions for billing is a core competency for Billing Systems rather than Enrollment Systems.

The Oracle Revenue Management and Billing (ORMB) system is a best-in-class Billing System with an extremely robust pricing engine that can provide all of the above capabilities.

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Oracle Revenue Management and Billing Benefits

Oracle Revenue Management and Billing for Healthcare Payors is built on adaptive, configurable business rules that allow a Payor to quickly change their billing operations as business needs dictate. The system provides the flexibility to keep pace with dynamic market shifts, support new products, and comply with new regulations as they arise. In terms of pricing Oracle Revenue Management and Billing provides the following capabilities:

- Supports a wide variety of Fully Insured premium pricing methods for both Group and Individual customers that defines and stores those calculated premiums for a policy plan

- Supports Self-Funded Groups via the pricing of Administrative Fees as well as the highly complex pricing for Self-Funded products such as Stop Loss, Discount Arrangements, and Level Funded programs that require the pricing engine to price every transaction as well as designate the handling method for each while tracking that across the life of the contract to support settlements

- Supports parameter-based billing of transactions founded on multiple variables such as age, geographical location, SIC codes, tobacco use, etc.

- Supports high volume, near real-time pricing, including the repricing of premiums and transactions based on member life event changes as well as retroactive repricing

- Provides an extremely robust yet highly configurable pricing engine that can support the constantly evolving business needs for Healthcare Payors

Beyond pricing, other core competencies of the Oracle Revenue Management and Billing System include the following capabilities:

- Provides workflow-based abilities to setup customer structures - billing hierarchy, billing accounts, policies, plans, rates, and customer demographic information via inbound messages that deliver complex setups in just seconds

- Supports high volume billing

- Improves billing accuracy for very large Group bills

- Creates a single, consolidated bill showing all of a member's coverage

- Supports multiple methods of generating bills including automated and manual ad hoc bills as well as providing the ability to have pro forma and trial bills if desired

- Provides member reconciliation capabilities for self-billed customers

- Provides revenue optimization through AR consolidation across coverage multiple lines of business

- Provides robust support for refunds and write-offs

- Provides a Bill Information Portal with visibility into bill details and drills down into the transaction and/or member level for research purposes

- Provides an Audit Event Portal that enables the viewing and tracking of audit events, while also providing a facility to drill down to the pricing request and corresponding calculations; the Repricing Request Portal enables the same for repricing requests.

*Note the Billing is historically much easier to consolidate and is therefore usually done first, with enrollment undertaken later.

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