



Health Plan Takes Control of Outsourced Functions and Reinvents Itself to Improve Service, Reduce Costs



Customer

Health-system-owned health plan

Challenge

After relying on a third-party administrator for key business operations since its inception in 1999, the plan sought to bring essential front- and back-office functions in-house to improve member and community services, boost provider relations, and strengthen financial performance.

Products

Change Healthcare Consulting: Large-System Implementation and Modernization

Results

- Insourced care management, appeals, and grievances; provider relations; provider contracting; member outreach; IT; and reporting
- Deployed a new System as a Service (SaaS) core system
- Fully integrated third-party vendors to support core system
- Successfully passed state-readiness review
- Seamlessly transitioned from incumbent TPA
- Significantly increased membership and revenue

“Change Healthcare played a central role in helping us through an important evolution in our organization’s history.”

Health plan chief executive officer

The Customer

In 1999, the community health plan was created by the parent health system to connect communities with meaningful health and wellness experiences and to extend the organization’s overall mission of providing uninsured residents with high-quality, low-cost care.

The plan offers Medicaid-managed care to mothers, children, newborns, and pregnant women through state programs and Medicaid’s Children’s Health Insurance Program (CHIP).

From the plan’s inception, a national third-party administrator (TPA) had executed virtually all of the plan’s operational functions in conjunction with a small, internal staff.



The Challenge

By late 2018, the health plan was struggling financially and had lost about 25% of its membership over the previous four years. Key problems included limited engagement with community members and providers. Also, state regulators were expressing concerns about the plan’s level of service and its long-term stability.

It was clear the plan needed to improve accountability and transparency to help ensure the organization could be sustained over the long term.

In early 2019, a new chief executive officer was brought in to help stabilize and reinvigorate the organization. After weighing various options, a decision was made to change TPAs while pulling a significant number of member and provider departments in-house.

“Our number one goal was to ensure the viability and sustainability of the organization for years to come,” the CEO said.

Multiple consultants capable of providing assistance in planning and executing the complex transition were interviewed before Change Healthcare Consulting was selected. The decision was based on cost, experience, and Change Healthcare's flexibility in helping address the needs of an evolving organization.

"I laid out our vision and listened to the depth of their answers, and it became clear to me that Change Healthcare could complete the necessary tasks at a reasonable cost," the CEO said.

The Solution

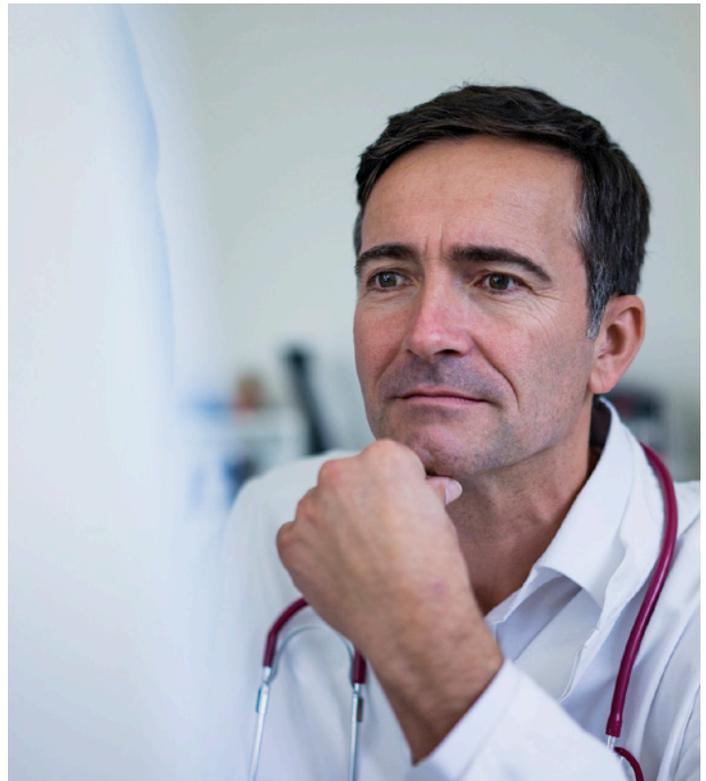
The consultants immediately developed an organizational structure to help manage the project, including the identification of appropriate tools, the creation of governance guidelines, and escalation channels. Workflows, roles, and responsibilities were defined, along with communications channels.

Among the first tasks was to identify a business-services provider that could deliver the core system functionality the health plan needed to handle key business operations, including claims management. Change Healthcare assisted in developing an RFP that reflected the level of assistance the plan would need.

After multiple demonstrations from two finalists, the health plan selected Cognizant Technology Services, a business-process outsource firm. The decision was driven in large part by the flexibility of Cognizant's offering and their willingness to customize their solution to deliver only the elements the health plan needed.

"We looked closely at the two finalists, and the consultants were very helpful in articulating the risks and rewards of both and how they aligned with our vision," the CEO said. "They never said choose A over B. They simply provided information that helped us make the decision."

In addition to assisting in developing contract language for the Cognizant engagement, which included multiple service-level agreements, the consultants also helped the plan select a handful of other third-party vendors to meet needs like coordination of benefits, claims payments, and disease management. Identifying outsourced



requirements was complicated by the fact that much of the incumbent's services had been provided through third parties. Hence, establishing the scope of the previous solution and identifying existing contracts proved a challenge.

Throughout the engagement, Change Healthcare brought in expertise to assist in key tasks as the health plan ramped up its internal staff from less than 20 employees to more than 140.

"Change Healthcare's specialists were important to our success," said the plan's chief operations officer. "It was clear the entire Change Healthcare team was ready to step up and go above and beyond."

Although the pandemic shut down face-to-face meetings shortly after the initial kickoff, the parties adapted, and an enormous amount of work was done virtually, both in the planning and implementation phases.

All told, more than 20 separate Change Healthcare health-plan teams pursued various phases of the implementation, from regulatory compliance to refining provider and member policies. The workstreams advanced under the shadow of a fixed cutover date set for early spring 2021.

There was no flexibility in the deadline: The TPA contract would expire and could not be extended, so the health plan would have to be ready to take full control without disruptions in member and provider services.

Among the most arduous tasks to be completed ahead of go-live was the creation of a new data warehouse and the transfer of the TPA's data files, which included member files and medical and claims histories.



“It was extremely challenging. You have to understand what you want, where it’s going to go, how it’s going to come over, who’s going to get it, and what interface is going to be set up,” the COO said.

Ahead of the go-live, the plan also prepared for a readiness review by the state. The in-depth investigation would determine whether all critical systems met state standards and were set up to perform satisfactorily. Change Healthcare helped prepare staff for the review with mock audits, interview preparation, and necessary documentation and workflows.

Results

The readiness review initially had been scheduled for early February 2021 but was postponed until mid-March due to a major weather event.

The health plan passed the assessment. Following multiple interviews and extensive technical reviews, the state deemed all major operational areas ready to perform. Regulators, in fact, were complimentary of the work that had been accomplished.

The go-live cutover followed two weeks later and, similarly, came off without a hitch as operational control was transferred without significant problems or delays.

The COO recalled one glitch that jeopardized the plan’s pharmacy-benefit capabilities.

“One of the consultants from Change Healthcare immediately stepped in and got ahold of our subcontractor, as well as all other points along the workflow, and worked the problem until it was resolved,” he said.

Today, the health plan is effectively a new organization. Membership has increased by 29% since 2018, largely due to the pandemic, and revenues have climbed by 16% over the same period. Member-provider relations have improved, and the plan has become much more visible in the community.

Thanks to its newfound independence and financial strength, the organization intends to keep looking for new opportunities to serve its members and the community at large.



Change Healthcare, meanwhile, continues to play a role for the plan by helping optimize and fine-tune existing functionality.

The CEO said the plan’s successful transition from full dependence on a TPA to independent operations—along with the benefits to both members and providers that this change produced—would have been much more difficult without Change Healthcare’s consultants.

“Change Healthcare played a central role in helping us through an important evolution in our organization’s history,” he said.

Echoed the COO: “There was a lot of risk in this. We did a lot very quickly. But from day one, the relationship with Change Healthcare was collaborative. We felt like they would be a valuable partner and could help us improve the plan for our members and the community.”



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About Change Healthcare

Change Healthcare (Nasdaq: CHNG) is a leading healthcare technology company, focused on insights, innovation, and accelerating the transformation of the U.S. healthcare system through the power of the Change Healthcare Platform. We provide data and analytics-driven solutions to improve clinical, financial, administrative, and patient engagement outcomes in the U.S. healthcare system.

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