



HEALTH INSURANCE EXCHANGE

The Affordable Care Act (ACA) aims to reform the American health care system and provide affordable quality health care to all Americans. The ACA Health Insurance Exchanges (HIX) are state-run online marketplaces where residents can buy health insurance from private providers. These exchanges are estimated to provide up to 23 million people with affordable health insurance.

This whitepaper discusses the profound changes in the American health care system, and how NebuLogic's customer relationship management solutions can assist HIX to operate effectively.

NEED OF THE HOUR

Spending on healthcare in the United States has been increasing for decades, surpassing \$2.3 trillion in 2008. This is more than three times the \$714 billion spent in 1990 and almost nine times the \$253 billion spent in 1980. In 2008, U.S. healthcare spending was about \$7,681 per resident, and accounted for 16.2 percent of the nation's Gross Domestic Product (GDP). Statistics for 2012 show that healthcare spending per person grew to \$8,233 per year. U.S. health care costs now comprise 17.6 per cent of the U.S. GDP. What is driving this increase? Let's look at some key factors.

Medical and Technological Advancement

The U.S. leads the world in health care research and advanced treatment. New tests and treatments are constantly being developed, and new drugs are being invented. These advances have enabled doctors to prevent, cure, or manage a variety of medical conditions. But they are often extremely expensive; this has been a major component of cost increases.

An Aging Population

Life expectancy at birth has increased by almost nine years between 1960 and 2010. We cannot ignore the fact that the over-65 age bracket of the U.S. population has grown dramatically, and that older people need more medical care than younger people. They frequently suffer chronic diseases that require ongoing treatment, medication, and therapy, and they often need nursing home care or home healthcare. A substantial portion of healthcare spending goes to people in their last few months of life, when longer hospital stays (often in intensive care units), multiple operations, and the use of advanced technology are common.

This increase in the elderly population will only accelerate with the aging of the Baby Boom generation, those born in the two decades after World War II. Birth rates were high in those years; there are far more people in this age group than in younger and older generations. These people are now in late middle age. In the next few years, the oldest of them will begin to turn 65, creating a bulge in the elderly population and an increase in the need for medical care.

Fee-for-Service Approach

Another major cause of high healthcare spending is unnecessary medical services. Many physicians, hospitals, and other healthcare providers are still compensated under the fee-for-service approach by pharmacy companies or healthcare organizations. This means that the more services they deliver, the more they get paid, even when it is doubtful that these services are needed or useful.

This problem is aggravated by the fear of malpractice suits, which drives providers to order unnecessary tests and treatments just to make sure no one can accuse them of not doing everything conceivably possible. This is known as **defensive medicine**.



Other Factors

Apart from an aging population and other factors, researchers have pointed out a few other trends that contribute to higher healthcare spending. More Americans are overweight and sedentary than in the past, leading to ailments such as diabetes, heart disease, and overall poor health.

HEALTH PLANS AND PRODUCTS: A PERFECT SOLUTION

Health Plans are defined as an amalgamation of the financing and delivery of healthcare within a system that seeks to manage the cost, access, and quality of care at the same time. For this reason, health plans may also be called managed care plans or managed care organizations. The term “health plan” may be used to refer to a single organization, or to a company or state that offers several types of health insurance or health plan products. Just as it is difficult to perfectly define a health plan, it is an equally complex task to describe and distinguish among the different types of health plans and health plan products. In some cases, the same term may be used to describe both a type of health plan and a type of health plan product.

Major Government Health Benefit Programs:

Medicaid is a federal-state program that pays for healthcare for low-income people who meet certain set criteria.

Currently most recipients are children, pregnant women, and elderly and disabled persons, but under healthcare reform all people with income below a certain level will qualify.

Under the Federal Employees Health Benefits (**FEHB**) Program, the federal government, as an employer, sponsors health coverage for its employees and their dependents.

TRICARE is the health plan of the Department of Defense for members of the uniformed services, retirees, and their dependents.



The Children’s Health Insurance Program (**CHIP**) is yet another federal-state program. It provides health coverage for children whose families are not poor enough to qualify for Medicaid, but too poor to buy private-sector health insurance.

Examples of types of health plan products are:

- **Health Maintenance Organizations (HMOs)** — Plans that typically utilize physicians as gatekeepers.
- **Preferred Provider Organizations (PPOs)** — Plans that usually contract at discount prices with physicians.
- **Point-of-Service (POS) Products**— Plans in which members do not have to select how to receive services until they use them.
- **Consumer-Directed Health Plans (CDHPs)** — Plans that combine a health savings account with a high-deductible health insurance plan.

INFORMATION MANAGEMENT FOR HEALTH PLAN OPERATIONS AT HIX

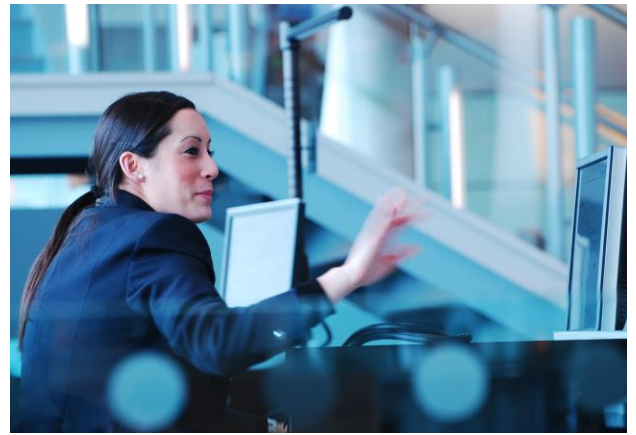
Information management basics include having current and correct information available to the right person, at the right time, and in the right format. This is critical to the success of health plan operations. Therefore, a health plan needs an accurate, efficient method of information and data management.

Customer Relationship Management (CRM) implementations smartly cater to health plans that need capabilities for information exchange among internal functions and with external entities. Common information needed by a health plan personnel include the following:

- N** Descriptions of benefit structures of the health plan's products to the qualifying individuals/ families
- N** Member eligibility lists
- N** Existing information about network providers
- N** Reimbursement arrangements with participating providers
- N** Information to support the authorization process,
- N** Reports on utilization and quality management programs
- N** Information on member and provider satisfaction with the health plan
- N** Information on claims and claims processing
- N** Premium billing and payment information for various purchasers
- N** The results of performance measurements for various health plan departments

CRM Implementations to Handle Information System Capabilities

An **information system** is an interactive combination of people, computer hardware and software, communication devices, and procedures joined together to provide a continuous flow of information to the internal or external entities who need it to make decisions or perform activities. CRM Implementations can assist health plans in three ways:



A critical element of information management is ensuring the security of health plan information—to ensure that only authorized personnel have access—and to facilitate the exchange of information. NebuLogic offers CRM solutions that are the undisputed choice for secure, dependable information management.

- N** Systems to assist personnel on planning and recording day-to-day operations and transactions (such as processing claims or billing purchasers for premium payments)
- N** Systems to support the analysis and interpretation of accumulated data and/or information and to report the results of that analysis
- N** Systems to support electronic transactions and common information-sharing points between itself and others—members, providers, and other individuals and organizations that work with the plan

In addition to general transaction and reporting systems, our CRM Implementations support some or all of the following specialized system capabilities to sustain various activities in the organization:

N Contract Management for health plans can be complex, particularly under capitation. A contract management system incorporates membership data and provider reimbursement arrangements and analyses transactions according to contract rules. It may also include features such as decision support, modelling and forecasting, cost reporting, and contract compliance tracking.

N Utilization Management: Automated systems incorporating authorization requirements can facilitate the processing of requests for authorization. To monitor the actual use and costs of care, health plans require systems that track the utilization of services by type of service and provider. Many health plans also want systems specifically designed to manage access, utilization, and quality of care under case management or disease management programs. Our CRM implementations adhere to the required structures to ensure an optimum utilization management.

N Quality management: Health plans need information systems that can store, analyze, and report on large amounts of clinically significant data over time to support the development of quality indicators, outcome measures, and clinical protocols and guidelines.

N Provider profiling is critical to managing the quality and cost of the care provided by scheme providers. Profiling helps a health plan detect overutilization, underutilization, and inappropriate utilization of medical resources. The implementations, through graphical and visual analysis enable the personnel to identify those providers whose costs of care or whose treatment patterns deviate significantly from the norm.

N Marketing: The ability to communicate information about plan membership, benefits, and services is critical to the survival of a health plan. Health plans need to convey information to purchasers and members (both current and potential) concerning plan performance and effectiveness. There are common measures of plan performance in place.

N Sales: To facilitate sales through brokers or direct channels, health plans need CRM systems that automate quoting, contracting, and enrolment functions. They may provide information to other entities for incorporating into their e-commerce systems.

N Claims processing depends on the accumulation and analysis of a vast amount of information about plan members, providers, compensation arrangements, fee schedules for specific types of services, authorization requirements, and plan structure and benefits available at just a click away. The information gathered by the claims department is also used by other functional areas within the health plan, including member services, marketing, finance, medical management, contracting, and provider relations. The implementations ensure that the information collected and disbursed is accurate, complete, and up-to-date.

According to a new Gartner report, global CRM revenue grew 12.5% last year to \$18 billion, a rate three times that of all enterprise software segments on average as companies look to acquire more business and serve existing customers better.

CHALLENGES THAT NEBULOGIC HAS OVERCOME IN MANAGING INFORMATION AND DATA

N A High Volume of Data from Multiple Sources: NebuLogic's CRM Implementations are able to manage a large volume of data from both internal and external sources. Health plans generate tremendous amounts of internal data, including documentation of business operations and detailed records of the services it delivers to purchasers, providers, and plan members.

The plan also receives external data from purchasers who maintain records on plan members, and from a wide variety of state and federal agencies. Our implementation effectively handles more than 21,000 calls per day, and processes data inflow from other channels.

N Different Types of Data: Providers generate clinical data related to healthcare services and outcomes. Regulators and accrediting agencies provide operational information about legal requirements and quality standards. The application generates provider and member satisfaction data and financial data related to revenues and expenses. The health plan must be able to interpret all of these types of data and the relationships between them to enforce it in their business processes.

N Quality of Data: Health plans often experience difficulties acquiring data that is complete, accurate, and consistent from one source to another. Inaccuracies in data often result in inconsistencies.

Our CRM implementations are developed to ensure that quality parameters are met and exceeded for data processing and migration.

N Usability of Data: The data that are readily available and easy to collect may not be the most relevant for the health plan's transaction processing or reporting needs. NebuLogic's implementation processes it through additional analytic tools so that it is appropriate for plan operations.

N Security and Privacy: The security and privacy of sensitive medical information is of special concern for health plans, members, providers, and purchasers alike. The Department of Health and Human Services (HHS) has established federal regulations to protect the confidentiality and security of members' medical information. Other regulations, such as the Medical Records Confidentiality Act of 1995 and the Fair Health Information Practices Act of 1995, specify severe sanctions for healthcare organizations that fail to guard the privacy of medical information. Our CRM Solution strengthens the privacy safeguards for patients' protected health information.

N Different Formats: A health plan must be able to manage different data formats. Data from providers and plan members are frequently in paper documents. Much of the data generated by a health plan are in electronic formats, but it is often distributed in separate databases, such as a provider database, a member database, and a claims database, each of which may have different organizational structures and use different software.

In many cases, the approach to information management varies among different programs within the same health plan function.

The lack of coordination and compatibility among information management processes can typically result in higher costs and less efficiency. Our CRM implementation can effectively control it.

Benefits of NebuLogic's CRM Implementation

N Our CRM implementation offers both tangible and intangible benefits to the State or healthcare organizations.

Through self-service ordering, reduced capital investment, and an abundance of performance metrics, healthcare programs can both improve the quality of service and reduce their costs.

A move to our implementation also offers intangible benefits to long-suffering program managers struggling with more mandates than available resources.

N Process, investment, value, and intangible benefits can be achieved. A seasoned technology partner like NebuLogic Technologies with strong capabilities in solution development through integration of new and existing assets is essential.

<p style="text-align: center;">Process</p>	<ul style="list-style-type: none"> N Interactive portal used as a web-based service catalog triggers a service request and subsequent automated work flow N Improved scalability to meet mission/business demand and surges N Improved mission/business agility through rapid provisioning
<p style="text-align: center;">Investment</p>	<ul style="list-style-type: none"> N Buy only as much as you need when you need it, using a metered subscription (pay-as-you-go) model N Reduced management and maintenance for existing information services
<p style="text-align: center;">Value</p>	<ul style="list-style-type: none"> N Measurable services N Proactive service continuity in the event of an outage or disaster N Improved accessibility and portability through open and simplified architecture N Security custom tailored to the business need
<p style="text-align: center;">Intangible</p>	<ul style="list-style-type: none"> N Focus intellectual capital on core business activities N Transfer of service responsibility to an external party N Reinvest IT expertise and capital on improved service and emerging issues N Improve the reputation and influence of the organization

About NebuLogic Technologies

NebuLogic Technologies, LLC is a leading System Implementation and Integration Information Technology company that specialize in delivering comprehensive Service and Sales Automation solutions. NebuLogic provides solutions and services using SaaS/Cloud based as well as enterprise class applications. Our definition to deployment services include but not limited to: 1) Conducting requirements discovery and analysis (RFI, RFP review and response); 2) Conducting master requirements workshops; 3) Developing Business Requirements Documents (BRD) and Technical Requirements Documents (TRD); 4) Building prototypes, mockups and pilot solutions; 5) Configuring core Customer Relationship Management (CRM) applications; 6) Enhancing and/or developing integration components; 7) Developing use cases based on client requirements; 8) Implementing data and application security requirements; 9) Conducting Quality Assurance and User Acceptance Testing (QA and UAT); 10) Developing user and administrator training guides and related documents; 11) Delivering hands-on user and administrator training; 12) Analyzing risk factors and implementing risk mitigation processes; 13) Conducting system stress testing and developing pre-production checklists; 14) Enabling successful Go Live/production rollouts; 15) Providing post-production support and maintenance services; 16) Providing hosted services and more.

To find out more about NebuLogic's Services and Products please reach us at: www.nebulogic.com



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