



National Benefits Provider Improves Coverage, Saves Millions



Problem

Regulatory audit of a large benefits provider revealed claims processing challenges for a one million member Medicare plan.

Solution

Alacer personnel investigated and mitigated immediate problem areas before creating a plan for operational excellence and improved personnel management

Results

Immediate corrective actions averted penalties and longer-term organizational changes save \$1.4m first year, \$28m over time.

Overview

An audit by the Centers for Medicare and Medicaid Services (CMS) found one of the nation’s largest prescription benefit providers delinquent in claim handling for several categories of specialty and pain relief medications. Tens of millions in revenue and nearly one million Medicare plan members were at potential risk.

Challenges

While the CMS auditing process tends to stop at operational levels, a deeper, internal review of problem areas is often necessary for long term success. Alacer conducted work studies, system review, code discussions, controls audits, and personnel reviews revealing coverage and fulfillment issues extending into other areas of Medicare coverage and non-Medicare plans. Working with regulators, citizen impact panels, and client employees from executives to front-line phone representatives, Alacer crafted a three phase plan to navigate the findings, risk of sanctions, revenue and market share loss.

A “wave” team of Lean Six Sigma practitioners, pharmacists, mainframe experts, and an executive/political briefing writer drafted and led a 72-hour plan achieving nearly full mitigation of audit findings. An operational excellence plan was deployed to consolidate, automate and simplify corrective actions into sustainable, easily measured fixes, extending into at-risk areas. During the third phase, organization design experts focused upon personnel staffing, training, assessment and engagement. Reporting and feedback mechanisms were re-engineered to measure holistic quality, shifting the client from curative and remediation efforts to a truly preventative and mission enhancing market position.

Results

As in many regulatory remedy scenarios, impact creates short and long term benefits. The client met all corrective action deadlines, satisfying all requirements set forth by CMS. With risk of penalties and sanctions abated, the second and third phases of Alacer’s plan for organizational shape and reporting efficiencies resulted in annual savings of \$1.4 million. Long-term solutions around customer support and mainframe determination settings set the stage for \$28 million in labor and fraud/waste avoidance. Most importantly, a single set of master controls providing a daily health status score has replaced disjointed data, in a new organizational structure set to pro-actively survey improvement opportunities.

