



## Summary

### Organization

BayCare Health System  
and Blue Cross and Blue  
Shield of Florida, Inc.

### Industry

Health Care

### Business Problem

Large number of late and  
incorrectly paid managed  
care claims

### Methodology

DMAIC

### Solution

Joint project that identi-  
fied multiple opportunities  
for improvement

### Benefits/Results

- More than 15 percent  
increase in automated  
first pass throughput
- Improved A/R cycle time
- Improved case manage-  
ment process
- Reduced rework for  
BayCare and BCBSF
- More understanding and  
cooperation between  
BayCare and BCBSF

With nine hospitals, BayCare Health System is the largest community-based health system in the Tampa Bay, Florida region. The organization prides itself on continually enhancing patient care, as well as improving efficiency and cost savings by consolidating a variety of systems including purchasing, human resources and financial services.

Such an undertaking is often easier said than done. However, BayCare has succeeded where others have failed thanks in part to a system-wide Performance Excellence initiative, and 17,000 "team members" who are dedicated to the common mission of improving the health of everyone they serve.

Similarly, Blue Cross and Blue Shield of Florida, Inc. is the largest and most recognized health plan provider in the state. The organization's mission is to make a constructive contribution to the well-being of its customers and all Floridians by providing access to affordable, quality health care. This is a meaningful but challenging goal, and each day BCBSF's dedicated team of employees work to ensure they are delivering on this mission.

## The Challenge

For many health care providers and payers, optimizing the claims payment process is a common Six Sigma project. Such an endeavor is especially challenging, however, when trying to ensure consistency across multiple departments and facilities, as BayCare hoped to do.

BMG proposed a joint project that would help both BayCare and BCBSF optimize the electronic claims payment process from end-to-end. After a joint chartering session between leadership from both organizations, Black Belt Angi Jennings (BayCare) and Black Belt Stephanie O'Neal (BCBSF) were tapped to co-lead the project.

The primary objective was to reduce the end-to-end cycle time for electronic claims, including reworked claims. The project also aimed to increase the number of claims automatically adjudicated and paid (first pass throughput rate).

"The significant challenge we faced is there were so many departments in so many facilities, and they each had their own culture."

— Angi Jennings  
Black Belt  
BayCare Health System

## The Process

The DMAIC methodology offered a common improvement framework for team members from both BayCare and BCBSF. Jennings says the joint team spent significant time during the Define phase clarifying the scope of the project, as well as understanding the sub-processes of the electronic claims submission and payment cycle.

Almost immediately it became apparent that the team would have to reconcile a few organizational differences. For example, BayCare assigns one claim number to all expenses associated with a patient encounter, even if the expenses are submitted on separate claim forms. BCBSF, on the other hand, assigns a different claim number to each claim form submitted, even if the expenses are incurred during the same encounter. The team quickly realized that the additional BCBSF claim numbers were causing issues in the BayCare system.

Jennings is quick to point out, however, that her mission was not to change BCBSF's system. "What we did is understand their system and realize what we needed to do differently in order to get the result we were looking for."

During the 13-month project, the Black Belts and core team members held weekly phone meetings, as well as occasional in-person gatherings. At one session during the Measure phase, the team reviewed the affinity diagrams and process maps that each organization had created. They merged both maps into a six-page swim lane process map that stepped through BayCare Admitting, Case Management and Billing, to BCBSF Processing, then back to BayCare Accounts Receivable.

Next, the team entered the resulting 250-300 process steps in a cause-and-effect matrix.

(continued)

## Key Tools Used

### Define

- Affinity Diagram
- Macro Level Process Map

### Measure

- Process Flow Diagram
- Fishbone Diagram
- C&E Matrix
- Capability Analysis

### Analyze

- FMEA
- Regression

### Improve

- Affinity Diagram
- Pilots

### Control

- Control Plan
- Transition Action Plan
- Updated FMEA

Although this took nearly five hours, Jennings recalls it was the most helpful tool for narrowing down the huge number of inputs to the most critical ones. An individual value plot for the top tier of inputs narrowed the list even further.

The Six Sigma tools applied so far had led the team to closely analyze the BayCare admitting and central billing processes, and the BCBSF claims adjudication systems for PPO and HMO claims. When the team performed statistical and graphical analysis on data from both BayCare and BCBSF, the data verification highlighted several types of claims contributing to the problem of late and/or inaccurate claims payment.

Fixing the issues, however, required a continued commitment to compromise. "Our Y's were not going to be changed by any one thing I did at BayCare," says Jennings, "or any one thing that they did at Blue Cross. It had to be a combination of improvements between us. That was frustrating because what we had hoped at the beginning of the project is, 'here are the 10 things that you do wrong, you go change them.' 'Here are the 10 things that I did wrong, let me go change them.' And magically they would fix themselves and we would see a difference in our Y's. And that wasn't the case."

For example, to improve the adjudication of corrected claims, which are submitted on paper, BayCare began rubber stamping the claims to indicate that they were being resubmitted as corrections. But the claims processors at BCBSF had to review the claim manually to detect the actual correction – if they had not agreed to do this, the stamp would have been useless.

On the flip side, BayCare agreed to hold late and additional charges for 30 days. This better enabled the BCBSF claims processing system to distinguish between original, corrected and duplicate claims submitted by BayCare. Now, the

BCBSF system processes the original claim within 30 days and any late or additional charges are submitted after that.

In addition to these and other improvements suggested by the joint project team, Jennings had her work cut out for her when advising the various BayCare departments about the project. "The significant challenge we faced is there were so many departments in so many facilities, and they each had their own culture – culture relating to quality and to change," she says.

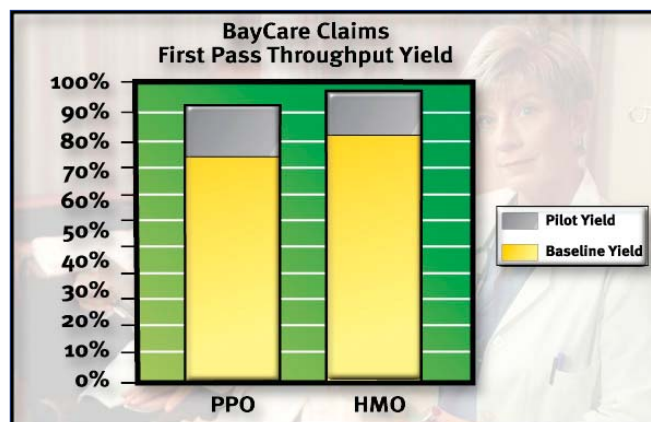
To help get everyone on the same page, several pilots were held during the Improve phase, each focused on a different improvement. The preliminary results were promising, including a decrease in claims payment cycle time, and an increase in the number of automated claims resolved on first pass throughput.

## The Results

The initial project forecast estimated \$500,000 in benefits for BayCare, gained from fewer late claims and a decrease in denied and unpaid claims. However, because the improvements touched so many areas across the BayCare system, the organization found it difficult to track hard benefits.

There is no doubt, though, that BayCare's A/R cycle time has improved for BCBSF claims. Also, the project has resulted in less rework for claims processing staff at both organizations, as well as increased communication and understanding between the two companies.

BayCare is pursuing a similar project to improve claims processing with another managed care provider. Additionally, the Florida Hospital Association is using this project as a model to help other payors and hospitals improve their claims processes. ■



The First Pass Throughput rate for automatic claims between BayCare and BCBSF increased by more than 15 percent for both PPO and HMO claims.