Case Study:

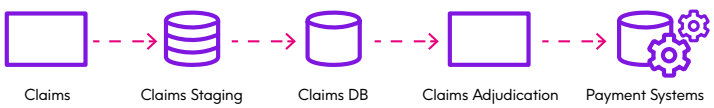
Detecting dirty data to prevent PHI breaches and fines

Precisely automates claims validation and ensures the integrity of their adjudication process within strict PHI compliance

Introduction

This nonprofit healthcare payer is a key player in multiple states along the East coast. With more than 30 years in the business, the payer employs 1,500 people and serves more than 700,000 members, offering a variety of plans including HMO, PPO, FSA, HSA, HRS and Medicare. The organization is also a leading provider of ASO (Administrative Services Only) contracts, providing third party administration services while assuming no risk for claims payments.

Original claims processing flow (Figure 1)



This figure represents the insurance payer's original flow of claims for processing.

Similar to many other organizations of its kind, this healthcare payer had a very complex and disparate flow for processing and adjudicating claims. As shown in Fig. 1, claims entering the organization landed in a staging area, and then fed into a claims database where they were sent for adjudication. During this process it was determined if claims were ready to move to the payment system or if they needed to be flagged and reprocessed.

It was critical that claims flagged for reprocessing not continue through to the payment system; however, this analysis required manual review and approval.

Business challenge

As a successful ASO provider, this organization understood that processing of client data was under strict compliance with Health Insurance Portability and Accountability Act (HIPAA) regulations for Protected Health Information (PHI). Federal and state laws require that anyone with access to PHI take critical steps to protect patient privacy, including transmission and maintenance of any "individually identifiable" information, such as a patient's identification number, demographics, physical or mental health, or payment of healthcare services.

Client

Nonprofit Healthcare Payer

Industry

Healthcare

Challenges

- A cumbersome manual alert, review and reprocessing system
- Compliance with strict HIPAA patient privacy regulations
- Concerns that errors could lead to PHI breaches and fines

Solution

Precisely Data360

Results

- Automated claims processing that is HIPAA compliant
- Dirty data detection before perpetuating to downstream applications
- User dashboard showing real-time transactions and exceptions
- Prevention of fines from PHI breaches

"Before Precisely, the payer was experiencing significant costs after each PHI breach. Since implementing Precisely solutions, there has beena decrease in breaches and associated fines because of automation."

The HIPAA Standard for Privacy of Individually Identifiable Health Information (HIPAA Privacy Rule) defines what information is protected and under what circumstances it can be used and disclosed. Healthcare organizations understand there is an inherent risk of provider information being altered during claims processing. If this were to occur, claims could mistakenly be paid to incorrect providers, resulting in a PHI breach. Significant fines have been associated with such breaches.

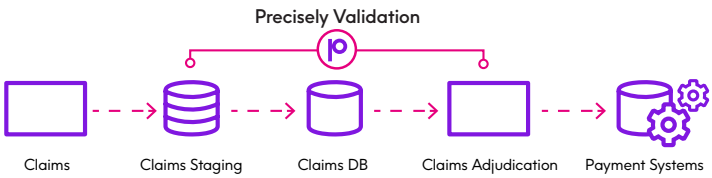
Though some homegrown data integrity analyses were already in place, this healthcare payer needed to enhance the analysis within its more complex distributed environment. When the company realized that automation would be essential to support the volume of claims being processed, they turned to Precisely.

Solution

While assessing its needs, the healthcare payer realized the solution required would need to be non-intrusive and non-disruptive to processing in a tight adjudication window. Additionally, due to the nature of the business, the solution would need to be flexible, configurable and adaptable as business rules, file formats and other elements were subject to change.

After collaborating with the customer, Precisely deployed Data360 in order to assist with the necessary validations and visibility into the organization's processing of claims. The customer stipulated that data be reconciled between the claims staging database and the claims adjudication system. Although additional validations points were prevalent in this process, the focus was on the particular issue of PHI breaches. Precisely enabled automated validations on the TAX ID, NPI and Zip Code fields (see Fig. 2), ensuring only appropriate claims headed to the payment system.

Critical extraction points (Figure 2)



The two key source systems for performing the provider data validation were the claims staging DB and the adjudication system.

> "This customer uses Precisely customized dashboards daily for real-time analysis status, and standardized reports for trending and analytics visuals."

After the initial implementation, Precisely sorted through the various claims types to perform validations for medical claims requiring additional confirmation. In doing so, thousands of exceptions were flagged, providing insight into pre-existing provider data issues that should be addressed. The Precisely platform acted as an initial analytics tool: detecting provider data anomalies and assisting to pinpoint what would be necessary for a data cleanup initiative. Precisely now performs validations down to the address level to assist in PHI breach prevention.

Critical reports include:

- **Daily Summary:** Provides details on the total number of claims that were reconciled, passed and failed.
- **Daily Pended Claim Detail:** Provides the total number of claims that were pended and not passed on for payment.
- **Strategic Reports:** Provides analytics for business and IT which highlight adjudication logic error trends and dollars impacted, as well as PHI adherence measures over time.

Benefits

The customer uses Precisely customized dashboards daily for real-time analysis status, and standardized reports for trending and analytics visuals. All relevant claims data is now validated prior to payment, providing both insurers and members reassurance that sensitive member data is being transferred appropriately and within PHI compliance

Before Precisely, the payer was experiencing significant costs after each PHI breach. Since implementing Precisely solutions, there has been a decrease in breaches and associated fines because of automation.