Healthcare case study

Health plan cuts key costs by more than 50%

Leading payer absorbs a nearly 100% increase in membership in five years while effectively containing IT costs and improving scalability with Cognizant's TriZetto Facets platform.

At a glance

Industry
Healthcare

Challenge
Contain technology spend while organization undergoes extremely rapid membership and claims volume growth

Products and services
Cognizant TriZetto Facets

Success Highlights

Accomplished the following while adding more than 300,000 new members:

- Reduced costs per member by nearly 54%
- Reduced costs per claim by more than 52%
- Reduced batch errors while claims processed grew more than 128%
- Maintained steady number of IT personnel

The challenge

Our client, a not-for-profit health payer operating in the Pacific Northwest, won a bid to significantly expand its Medicaid membership. Though backed by careful planning, the growth event essentially took effect overnight: The plan was required to begin supporting more than 200,000 additional members on the first day of the new plan year. Claims volumes, member support needs and associated business process all needed to

scale very rapidly and yet continue to meet stringent internal and state quality standards. The client leaned heavily on its TriZetto® Facets® platform during this strategic period and, by doing so, was able to contain technology costs through the growth period. By holding the line on technology costs, it was also able to pursue other business strategies, including enhancements to its digital front door and the addition of a new national provider network.

Our approach

By the time it acquired the new Medicaid contract, the health plan had already fully integrated Facets as its core administrative platform across all lines of business. Leveraging the Facets platform's native potential for scalability, the plan's team put extra focus on improving annual upgrade patterns, renovating old code around the platform, improving batch job execution, decreasing reliance on customization and improving monitoring and alerting.

Establishing a Facets upgrade cadence

One important measure taken by the client was to solidify its annual cadence for Facets platform upgrades. The plan's IT team recognized that consistently executing faster and safer upgrade cycles meant better access to new features that cut down on manual work and helped reduce reliance on customizations.

New feature access and improved upgrade cycles enabled the client to rely upon Facets to support the jump in membership and claims volume. Once provisioned correctly, the Facets environment scaled readily to accommodate the newly increased workloads. Most of the tuning required involved optimizing batch scheduling, optimizing the database and simply adding compute resources speed batch execution.

Through the expansion, the payer was also able to remain consolidated on a single instance of Facets across its multiple lines of business: commercial, Medicare, Medicaid, individual and ASO. The ability of Facets to readily accommodate the client's entire business portfolio was essential to controlling technology costs.

De-customization and retiring technical debt

The client's scalability strategy also involved modernization of code around Facets, in many cases enabled by new features within the platform itself. Enhanced Facets support for accumulators, for example, enabled the plan's team to avoid the use of custom data structures and extensions and still enjoy ledger-like visibility into accumulator history.

The general drive to increase utilization of core Facets functionality has helped the client tame the need for customizations that would otherwise increase cost of ownership. Those efforts continue today and include work to move away from custom code for handling alternative payment methods and for processing Medicare enrollments. By letting Facets do as much of the work as possible, the client has been successful in controlling and reducing maintenance costs, while enabling greater focus on features that contribute directly to member and provider value.

In many cases, the move to de-customize also surfaced opportunities for retiring technical debt associated with customizations. Error metrics improved noticeably as a result. Over its three-year growth period, the client's batch processing error rate—a primary indicator of operational quality—declined steadily, even as claims processing output rose by 128%.

Change control and instrumentation

As a part of an IT-wide initiative geared to support scalability, the client's team also doubled down on code management around the Facets platform. This part of the effort had two focal points—change control and instrumentation.

Change control efforts directly reduced the frequency and impact of scalability-killing service interruptions. Similarly, by implementing monitoring and alerting on all critical systems and code, the health plan was able to make performance transparent and in many cases forestall failures that may have otherwise compromised its ability to scale efficiently.

Lightening the regulatory cost burden

While the client's membership and lines of business were growing, so too were the industry's state and federal regulations in areas such as interoperability, price transparency and prior authorization automation.

Cognizant's practice of addressing regulatory changes in Facets helped the client's team to be proactive and stay in front of the changes. Anticipating and planning helped avoid the inefficiencies and increased spend that can often result from being merely reactive to changes.

"Where Cognizant is a leader in the industry is in helping us get out in front of regulations. That's massive from a cost containment point of view and has become more important every year," said the plan's IT Director of Technical Solutions.

"Sometimes we're lucky enough to work with technology that, if we take good care of, will take good care of us. That's the way we've experienced our Facets platform from Cognizant."

IT Director -Technical Solutions

Business outcomes

Facets' performance and the client's own process improvement have helped the health plan avoid barriers that would have obstructed its growth. With Facets scaling efficiently, the client has been able to increase focus on other critical technology initiatives—while still reducing operational costs.

While membership grew by more than 97% over five years, the plan's technical team achieved these results:

- Decreased claims processing technology costs per member by nearly 54%
- Decreased claims processing technology costs per claim by more than 52%
- Reduced batch errors while claims volume grew more than 128%

A true partnership

The client's leadership challenges its IT teams to spend more than half their budgets on "go-forward" projects rather than purely

operational goals. Containing operational costs is a critical aspect of funding those business-enhancing initiatives. Through candid conversations, Cognizant's solution experts were able to understand and develop a strategy to help the client meet its growth plans of improving performance without increasing linear spend.

"We worked with Cognizant to build a win-win relationship for both organizations," the client's IT Director of Technical Solutions said. "As a partner, Cognizant delivers as much as we could expect and more."

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