

## Tuality Health Alliance

### In-house Processing Pays For Itself In 17 Months

#### Executive Summary

Rising costs from a third-party administrator caused Tuality Health Alliance to look at processing Medicaid claims in-house. After examining alternatives, THA found that Plexis CM streamlined their processes, reduced costs, increased accuracy, and achieved a return on investment (ROI) in seventeen months.

#### Background

Located outside Portland, Oregon the Tuality Health Alliance (THA) is a partnership of Tuality Healthcare, its physicians, and the community to secure "managed care" health insurance contracts for the benefit of local residents. While not an insurance plan, THA contracts with existing plans to ensure that local residents can choose Tuality providers and services for their health care.

Through its two hospitals and various medical plazas and outpatient facilities, Tuality Healthcare serves a population of about 250,000, with THA providing Medicaid benefits to 5,000 members.

#### Problem

THA had been outsourcing their claims processing and provider payment processing, as well as encounter reporting, to a third party administrator for the past seven years. Prior to implementation of Plexis CM, THA was paying approximately \$5 per member, per month (PMPM) to a third party administrator.

Faced with the mounting costs of outsourcing and limited access to claims payment data, THA decided to bring their business processing in-house. This meant purchasing a system and adding staff to manage the system. This was a substantial challenge because THA had limited IT capabilities and had never handled these processes in-house.

#### Results

"The key objectives for bringing benefits processing in-house were to gain better control of data and to ensure payment accuracy," according to Anne Price, THA's financial analyst.

To achieve these objectives, Plexis focused the early stages of implementation on developing a system that wrapped around THA's business. For example, prior to their implementation, THA found that Coordination of Benefits (COBs) was not properly collected. COBs account for approximately 60% of Medicaid volume, so the collection of COBs offered a substantial cost savings for THA.

In the first year of implementation, THA's total capital outlay included Plexis CM, maintenance, implementation services, three new staff members, equipment, third-party software and outside consultants.

Based on their annual outsourcing expenses prior to the implementation of Plexis CM, THA realized a complete ROI at 17 months. In the 18th month, THA began realizing an annual savings of approximately 30 percent.