

In this month's edition, we highlight two strategies to manage administrative expenses. Kaiser will be using SunGard to improve business processes and The Hartford is employing Wakesoft to automate its group benefits. We also update on our progress on the SEER studies.

Kaiser Permanente Adopts SunGard's MACCESS.exp

On April 28th, SunGard Workflow Solutions (SWS) announced that Kaiser Permanente has chosen SunGard's MACCESS.exp, a business process management solution, to implement improvements to operations under Kaiser's Claims Shared Service Organization (CSSO). Kaiser Permanente, an HMO, hospital system and medical group, serves 8.1 million individuals and is located in 9 states and the District of Columbia. SunGard Workflow Solutions, an operating unit of SunGard, provides imaging, document management, and enterprise-wide workflow solutions.


The intent of MACCESS.exp is to manage growing amounts of information without increasing the size of a firm's workforce. Through its systems MACCESS.exp is intended to improve a firm's overall business processes, in such areas as customer service and claims administration. The system integrates with existing host systems and provides rapid input of claims or document data.

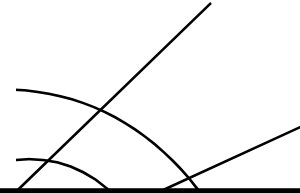
MACCESS.exp "wrap(s) around the existing workflow system" at Kaiser, according to Brent Fuhrman, Director of Marketing at SWS. Its value-added is, (1) to extract data off paper documents, (2) "scrub" the data to assure that key fields are completed and, (3) assist Kaiser employees to "set up these queues and work flows themselves." For example, simple errors like incomplete patient name fields can be segregated and distributed to separate claims processors while more complex problems can be distributed to other more experienced people. Such a structure allows for an enhanced system no matter how the user is connected, whether it is via a public internet or a corporate intranet. Moreover, the overlay structure and the flexibility of the architecture means that continuing involvement by SWS is, while available, not crucial to the success of the implementation.

MACCESS.exp employs Microsoft's SQL server, XML and a versatile Web services architecture. Fuhrman believes that MACCESS.exp is well prepared to handle the increased privacy standards, stating that SunGard's product is "a solution that will support an organization's HIPAA policies and procedures as well as the requirements for standard file transmission formats."

Kaiser will employ MACCESS.exp over the next three years to consolidate and increase its efficiency. Among CSSO's goals is to integrate six of Kaiser's geographic plans (Colorado, Mid-Atlantic States, Georgia, Ohio, Northwest and Hawaii) into a centralized payment center. Through scale MACCESS.exp is intended to reduce IT expenses by standardization and consolidation of processing systems.

This partnership between SunGard and Kaiser is an outgrowth of an existing relationship between the firms. Regional Kaiser plans have used SunGard technology in the past involving the "improvement of health care business processes." In the announcement press release, Kaiser's CSSO director Mary Vennard states, "MACCESS products have been the corporate standard for many Kaiser Permanente divisions for a number of years, and we're looking forward to this next phase of our relationship." Fuhrman also highlights the importance of a relationship between Kaiser and SWS. "There are several of the Kaiser plans that have had our products for years... They have seen their return on investment."

SWS has not quantified to us the savings during the initial stages of MACCESS.exp implementation, however, it believes that Kaiser's decision was based upon the results that it had achieved through the divisions already served. In the initial stages, a SunGard team will work with a Kaiser project team to provide implementation and training services for the new system and will work with Kaiser to see "where bottlenecks occur" before considering exact savings. During this transition process, Fuhrman states that Kaiser will receive a "set amount of hours" of implementation services from SunGard employees during each phase of the project so that "the customer won't be charged for endless consulting hours allowing the customer to better manage technology costs." 



Wakesoft's Server to Support Hartford's Group Benefits

On May 12th, Wakesoft announced that its Architecture Server would be used by Hartford Life to ease the automation of its new Group Benefits system. Wakesoft is a 12-person, San Francisco-based software company that develops a packaged Architecture Server to assist its clients in the management of service applications as used on the internet, including claims and enrollment. Hartford Life, a division of Hartford Financial Services Group, provides financial and insurance services and sells investment products, individual life insurance, group benefits and corporate-owned insurance.

Wakesoft's emphasis is service-oriented architecture (SOA). Their goal is to improve client's "competitive advantage," by aligning the ability of a company to respond rapidly and efficiently to changes in the market. Its products are designed to address the gap between the application server and the application's business logic.

According to Wakesoft spokeswoman Melissa Kolbe, the Architecture Server "isolates the technical complexities from the business requirements. This loose coupling of the technical complexities from the business logic creates an application that not only can be designed in parallel, (by) architects and developers, but it is also able to embrace change as the business changes."

The Architecture Server is a Java-based framework that solves a set of problems arising from creating a Web-enabled application. Java software is the trend in e-commerce and e-business but is difficult to master at first. Wakesoft's packaged architecture increases the speed and minimizing the cost of the implementing changes to Web-enabled applications. Other Wakesoft clients include Ensera, Great American Insurance Group, One Harbor and Fisher Scientific International.

Hartford Group Benefits is a national leader in group life and disability insurance and provides a wide range of insurance products to employers and associations for their employees, members and affiliates. Its principal products are group disability and group life and accident coverage. While the company does not provide health insurance, some of its products are

health related including rehabilitation and counseling costs under its disability products, and health care expenses under its Living Benefits Options of its life insurance.

Wakesoft believes that their product is quite versatile and can readily be applied to health insurance. Kolbe comments that Wakesoft is poised to enter the health insurance market. Kolbe states, "The rapidly changing aspects and the competitive nature of the insurance industry are well suited to what Wakesoft has to provide. Because of the loose coupling of the technical and business concerns, changes to applications can be easily made with minimal recording efforts. By providing loose coupling, these decisions do not become hardwired in the business logic, reducing the risk of making the decisions up front. While we don't have other health care provider companies, we do have other insurance companies as customers, Great American Insurance Company and Mitchell International." ✿

Progress on Three SEER Studies

Sherlock Company has made substantial progress in all of our benchmarking studies. We are now receiving data from two universes, and have distributed questionnaires to a third.

We have begun to receive completed questionnaires on financial metrics from our universes of Blue Cross Blue Shield Plans. We are compiling these into our models and will be returning drafts to the respondents for verification. Survey forms for operational metrics will be due in early June.

Our new survey for the universe of provider sponsored health plans is proceeding nicely. (A provider-sponsored plan is one that is owned or otherwise closely affiliated with a health system, such as a medical practice or a hospital.) These firms may have somewhat unusual cost structures to the degree that their costs and provider networks are integrated with that of the health system. In the past month we completed a draft of the survey instrument, refined it for the needs of this population, achieved their approval of the refined document and have circulated the final form to the respondents. At this juncture, eight plans have agreed to participate, and several more are considering participation. ✿

