

Auto-adjudicated claims processing jumps from 8% to 76%, using QCSI® and Microsoft



Published: April 2002

Delta Dental of Missouri revolutionized its business processes with the use of QCSI's aQDen™. aQDen is a Microsoft-based solution that automates the dental claims adjudication process. Delta cut claims turnaround to under three days from an old record of 12; boosted auto-adjudicated claims from 8% to the current 76%; decreased its claims processing department by 30%; cut operating overhead by 3%--and gained endless flexibility.

Situation

Delta Dental of Missouri, a not-for-profit dental benefits organization headquartered in St. Louis, Mo., is the state's leading provider of dental benefits. In 1997, facing Y2K, Delta Dental saw a perfect opportunity to move past the expense and limitations of its non-Y2K-compliant mainframe. Rather than retrofit the legacy system, then-CFO Steve Gaal and Chief Information Officer Karl Mudra decided to invest in a cutting-edge, flexible and cost-effective system that would help Delta meet other corporate goals. "For years, when we requested changes be made to the software, we were consistently frustrated because the requested changes were either too costly or insurmountable," says Gaal, now Delta Dental of Missouri president and CEO.

Delta wanted to boost, by at least six-fold, the percentage of claims that its legacy system was able to automatically verify and move through to payment—"drop to pay." It wanted a system that could better accommodate new members and plan permutations. It wanted to reduce operating costs from 12 percent to below 10 percent, a goal set by corporate officers. Mudra was finding ways to use Microsoft products to write applications faster and cheaper than the mainframe service bureau could—and he was convinced of the prudence of migrating to a homogenous Microsoft system.

Solution

Mudra's research led him to QCSI®, an award-winning Microsoft Certified Solution Provider based in Phoenix, Ariz. Gaal and Mudra requested a demonstration of QCSI's flagship product, QMACS®, a benefits administration application for medical payers. They were impressed. Among other functions, QMACS processes and pays claims through an automated rules-based claim system. If the QMACS system were adapted to dental payers, Gaal felt, it could revolutionize Delta's way of doing business. Only 20 percent of Delta's dental claims arrive clean, leaving 80 percent in need of either a manual or electronic fix.

In February 1998, Delta and QCSI signed a contract to jointly design aQden™ for dental claims auto-adjudication. Eighteen months later, Delta converted to the system. With aQden, Delta builds business rules and logic into the claims editing process—a sort of artificial intelligence--using the Microsoft tool set. "It allows us to set the business rules up front," Mudra says, "so if we want to automatically deny or adjudicate claims, we can." Besides auto-adjudicating claims, the solution enables Delta to offer

Solution Overview

Customer Profile

Delta Dental of Missouri, founded in 1958, is a not-for-profit dental benefits organization based in St. Louis. Delta is growing steadily, with 780,000 plan participants in 2002 versus 458,000 in 1997. The plan emphasizes technological efficiencies and leads its market in coverage of mid-size and large companies. In 2001, Arthur Anderson honored it for exceeding client expectations; the St. Louis Business Journal applauded it as a family-friendly employer.

Business Situation

In 1997, Delta was using a non-Y2K-compliant mainframe—and decided to make Y2K compliance an opportunity to meet other business goals: increasing its percentage of drop-to-pay claims, cutting operating costs to below 10 percent, increasing efficiencies that would in turn save money for customers, and switching to client/server architecture to give Delta more self sufficiency in IT.

Solution

Benefits

Delta Dental of Missouri selected QCSI®, a leading healthcare software developer, to adapt QCSI's successful QMACS® solution to dental. QMACS, three-time winner of the Microsoft Industry Solution Award for Healthcare, automates medical claims processing. With the resulting aQden™ system, in 1998 Delta's auto-adjudicated claims jumped from 8 percent to 70 percent in six months. (And hit 76 percent in 1Q 2002.) Claim processing time averaged three days in 2001, from a pre-aQden record of 12 days. Meanwhile, claims volume rose 25 percent, claims department staff dropped by 30 percent, and operating costs fell to 9 percent of group revenue.

Partners

QCSI®

Web, interactive voice response and faxback services. In May 2002, Delta will implement the Microsoft® BizTalk Accelerator for HIPAA to achieve compliance in transactions.

Benefits

When Delta took aQden live in April 1999, auto-adjudicated claims—using raw claims data entry from an outside source—instantly shot from 8 percent to 25 percent. They hit 70 percent after six months; 73 percent in 2001; and 76 percent at 1Q 2002. Meanwhile, claim volume rose 25 percent; and, through attrition, claims department staff decreased by nine, saving about \$325,000 annually.

Delta offers its subscribers more than 700 unique benefits packages—twice as many as with the old system. "And," says Mudra, "we haven't found a benefit that we can't write." aQden allows Delta to load specialty packages in one to two days (versus one to two weeks), without adding service staff. Delta processes 5,000 claims a day, up from about 3,500. Average turnaround time on claims processing—from claim receipt to adjudication—is 2.8 days, down from a record of 12 days with the mainframe. "My administrative staff has told me, 'We wish everybody was like Delta Dental,'" says Ollie Fisher, DMD, of St. Louis, Mo. "One of the biggest reasons is the turnaround from the time we submit our electronic claims to being paid is typically less than two weeks. And it can be three, four months with other carriers." Quick resolution of balances also pleases patients, he adds.

Operating expenses declined 3 percent, saving more than \$500,000 annually. Mudra built Delta's environment for \$860,000—about a quarter the cost of other solutions—and praises its scalability, reliability (99.90 percent), manageability and value. With the mainframe, Delta paid timeshare fees; QCSI bills a monthly per member fee. "With aQden, we saved about a million dollars per year in service bureau fees --a 57 percent savings," says chief operating officer Pam Martin. "That's huge."

"Managers challenge themselves to continue to do more with less, and they use technology to get there," says CEO Gaal. Gaal credits aQden and Delta staff as the keys to Delta's dominance of the dental benefits market in Missouri. "It's QCSI's software that got us there," he says. "We wouldn't be processing claims at an average of three calendar days if it weren't for aQden. We wouldn't be reducing staff if it weren't for the capabilities of that system."

The .NET Enterprise Servers are Microsoft's comprehensive family of server applications for building, deploying and managing next generation integrated Web experiences that move beyond today's world of standalone Web sites. Designed with mission-critical performance in mind, .NET Enterprise Servers will provide fast time to market as well as scalability, reliability and manageability for the global, Web-enabled enterprise. They have been built from the ground up for interoperability using open Web standards such as XML. The .NET Enterprise Servers are a key part of Microsoft's broader .NET strategy, which will enable a distributed computing model for the Internet based on Internet protocols and standards in order to revolutionize the way computers talk to one another on our behalf.

For More Information

Contact: David W. Reneer
DeniServ, LLC
9735 Landmark Parkway, Suite 16
St. Louis, Missouri 63127
(314) 543-3161 or david.reneer@deniserv.com

© 2002 Microsoft Corporation. All rights reserved. This case study is for informational purposes only. MICROSOFT MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS SUMMARY. Microsoft, BizTalk, Visual Studio, Windows, and WindowsNT are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries. Names of actual companies and products mentioned herein may be the trademarks of their respective owners.

Software and Services
Microsoft® Windows 2000 Professional
Microsoft® Windows 2000 Server
Microsoft® Windows 2000 Advanced Server
Microsoft® Windows 2000 Service Pack 1
Microsoft® Windows NT® Server 4.0 and workstation
Microsoft® Office
Microsoft® SQL Server 7.0
Microsoft® SQL Server
Microsoft Visual Studio® Developer Tools
Internet Information Services
Active Server Pages
Microsoft® Transaction Server COM+

When Delta took aQden™ live in April 1999, auto-adjudicated claims—using raw data entry from an outside source—instantly shot from 8 percent to 25 percent. They hit 70 percent in October 1999; 73 percent in 2001; and 76 percent at 1Q 2002.

Karl A. Mudra
CIO
Delta Dental of Missouri

"It's QCSI's software that got us there. We wouldn't be processing claims at an average of three calendar days if it weren't for aQden. We wouldn't be reducing staff if it weren't for the capabilities of that system."

Steve P. Gaal III
President and CEO
Delta Dental of Missouri

DENISERV

QCSI
Trust. Partnership. Leadership.