

HMOZ SUCCESS PRACTICES – EXECUTIVE SUMMARY



Have you ever thought that in an era when discord between health plans, brokers and member companies is common, it is refreshing to hear success practices that help managed care organizations to increase sales and marketing productivity, sharing a vision for improved care and communication.



NO CONTROL OVER PROSPECT PROCESSING, LOW SALES NUMBERS, HEAVY PROFIT LOSSES

Select Care HMO had thousands of new leads each month. Often, those leads were forwarded to internal sales or brokers, but because of an outdated sales and marketing management system, reps could not track sales stages, estimate the value of leads, or schedule follow-up activities. Customer service and sales representatives had no idea who the contacts were when they called. In addition, Select Care was overloaded with multiple Excel spreadsheets and had overflowing Outlook inboxes.

Manual reporting and forecasting was costing hundreds of thousands of dollars in man hours per year. Brokers might send in one request for a quote, but with 13 different options, which meant manual entry of 13 different quotes, so the time to prepare quotes was staggering.

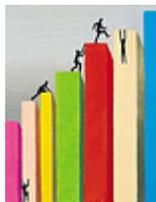
It was less than 60 days until open enrollment when sales and marketing reps realized they needed to gain control over their quote and renewal opportunities and establish consistent funnel reporting across multiple locations. Their wish list included a modifiable database with data integrity and room for future growth to meet marketing needs.

Sales and Marketing needed consolidated pipeline reports, broker commission reports, plan sales reports, effective sales reports, number of groups sold, number of subscribers all subtotaled by rep.

In short, Select Care's sales and marketing systems needed an extreme makeover—and HMOZ was ready to help, starting with an Express MCO Sales and Marketing Audit

Select Care's VP of sales and marketing believes he made the right decision to go with HMOZ. "Given our organization's goal of applying the solution within a short timeframe, HMOZ was able to come in and review the existing technology, identify the related business processes, and map the software to meet critical business requirements. What's even more impressive is that they were able to get the system live in only six weeks."

Now every one of Select Care's prospects is captured and entered into the system on a single screen; every stage is tracked and streamlined, and every rep's activity is reported on accurately. Broker activity close reports identify which brokers are wasting time. Select Care's agent and broker loyalty increased through faster accurate service.



Additional Business Results for this Healthcare Insurer include:

- **Sales quoting time cut in half**
- Achieved targeted benchmarks and Error-free quotes
- Personalized complex sales and service interactions
- Disparate, overloaded Excel spreadsheets replaced with one database
- State-wide penetration in a highly competitive market
- Number of counties served doubled
- Operational costs cut in half
- Achievement of the lowest co-pays and cheaper competitive premiums
- Ability to create and successfully promote several new plans
- Expansion into the PPO market
- Kept Medicare members and made them profitable
- Attractive interface salespeople love to use, saving time



OLD, OUTDATED SYSTEM WITH NO ABILITY TO INTEGRATE WITH NEWER SYSTEMS, LACK OF PROPER QUOTING, RENEWAL, AND ENROLLMENT PROCESSES



After conducting research into what other MCOs were doing, Northeastern Health Insurer decided to replace their outdated, malfunctioning sales system. A large generic CRM vendor gave them a quote for over \$1,000,000.00, which was too much for the cost-conscious organization.



Overloaded with other tasks, the IT department tried to build a custom system to extend their existing application and implement some additional functionality. Plan directors were afraid to innovate because the existing system was very unstable and crashed on a regular basis.



The underwriting department became another bottleneck since there was no integration between sales, marketing, and rating systems. New customers were manually retyped into the claims processing systems. Data quality dropped every time information was re-entered into downstream systems. The lack of shared integration with the Outlook calendar caused great frustration for users across multiple offices.

Further analysis showed that HMO and PPO processes were cobbled together and never fully followed or implemented. Forms were built on top of other forms by adding new, often redundant fields. Multiple copies of census information, application forms, broker documents, surveys and quotes were stored only on local machines or on paper and were not electronically trackable.

Luckily, Northeastern Health Insurer was referred to HMOZ. IT requested a standard SQL / Oracle database with the ability to run a web-based thin client.

The project timeframe was less than 12 months.

HMOZ stepped in and designed a new sales and marketing system where seven databases were consolidated into one, and five redundant group application screens were eliminated. The new, streamlined system allowed this Health Insurer and HMO to shorten its quoting cycle significantly. HMOZ prevented the loss of large accounts with more flexibility in plan design and the ability to do custom quotes for large groups.

Northeastern Health Insurer's employees working in the same office now share their work and vital customer information across all touch points. Renewals are easier and the workload is more manageable, thanks to electronic handling of documents and automated prompting of salespeople to successfully offer additional products.

HMOZ helped to outline industry best processes and automated them, increasing productivity and organizational alignment.

In the second phase of the project, integration with rating and underwriting systems was mapped out. The new quoting process ensured reps followed up on quotes immediately. The vice president of sales said, "We are a machine, and we have to follow up on every quote in less than seven days". Automated data verification and issue escalation increased performance, accountability and the quality of reports.

Now Northeastern Health Insurer can easily handle additional mergers and acquisitions and feel secure about integration with many back-end systems.

TOTAL SYSTEM FAILURE, NO VENDOR SUPPORT, DROP IN STOCK, PRESSURE FROM SHAREHOLDERS

Preferred Care's old, unreliable system was no longer supported by the vendor. Moreover, the application had no flexibility, scalability, and was impossible to customize. Preferred Care needed to introduce changes to the existing screen layouts in order to roll out a new division and to accommodate new plan designs. Eventually, the system crashed, causing the whole business unit to stop. The decision maker lost his job.

Soon after the system failure, the new CIO decided to take action. With over 25 years of experience, he knew he had to restructure account management and internal processes, assign reps to accounts to cross-sell additional benefits and riders, and enable reps to be able to see what benefit plans, renewal dates, key contacts, and brokers were involved—and just as importantly, to speak with one, unified voice.

A similar situation happened to the largest competitor of Blue Cross Blue Shield in Ohio: total system failure, massive loss of data, and a loss of at least \$430,000 on one deal alone.

The death of the Ohio provider's system was predictable since this MCO had contracted a local implementer who was not experienced in health insurance. The implementation team knew their software, but did not quite understand the

limits of the technology: they over-promised and under-performed. The team captured only management's reporting requirements, but was unable to connect with the end users and obtain real buy-in. As if the situation was not bad enough, they pushed the Ohio MCO to buy a lot of additional software and add-ons that were not needed, and made the system even more unusable and unstable in the process. Soon after the rollout, the system completely collapsed and ground to a halt.

Within days, the Ohio MCO investment portfolio and stock price went down; the organization was under pressure from its shareholders to increase profitability and dividends. The MCO assessed the current business situation and was terrified to find out that it was unable to handle membership growth, stop the snowballing disenrollment, increase its local organic penetration, promote its new plans, or establish data sharing across multiple locations.

Both Preferred Care and the Ohio MCO turned to HMOZ to solve their problems. The time savings, clear reporting and increased sales results made the project pay for itself. The success of one division caused other divisions to embrace and rollout the same platform.



Some of the benefits MCOs experienced:

- Modern, reliable technology
- Accelerating the sales cycle with instant Web-based quoting and online enrollment
- Powerful, easy-to-use system
- Purifying data, and eliminating duplicates
- Advanced, relevant and timely Crystal Reports
- Streamlining and eliminating labor-intensive, paper-based processes
- Integrating with other systems for best-of-breed operational excellence
- Automatic county entry based on ZIP
- System MapQuest connections and export to Excel
- More quotes, increased close ratio





- Plan design-change tracking
- Expanded market penetration
- Incentive tracking system for brokers
- Commission- and expense-management
- New competitor tracking, captured real-time intelligence on fluctuating market demand, preferences, and transactions
- Increased membership, customer retention and renewals with responsive, accurate, personalized sales and service.
- “Current results vs. Plan” report
- Increased security

Managed care experience is the key to HMOZ solutions. Back-end integration with Amisys provided the ability to push sold groups’ numbers to the front end; integration with MS Office applications and strong links with Outlook for e-mail and calendar sharing allowed all client e-mails to be centrally stored and backed up and connected with the appropriate accounts.

New Web-based quoting, used by prospect companies and brokers, allowed them to request quotes online, thus, eliminating an extra phone call or fax. All they needed to have was a browser. Clients’ data was automatically submitted to the underwriting department, and a workflow process was triggered to set a automatic follow-up.

Since the system was rolled out within a few months, just before open enrollment, the VP of Marketing initiated a coordinated campaign: mass mailing, emailing, and faxing brokers to gain brand recognition and mindshare. This initiative reduced the sales cycle, educated customers, created strong customer relationships, and helped these MCOs enter new markets and new states fearlessly, reclaiming old business and generating new customers.

Preferred Care and Ohio MCO have been recognized nationally in many independent studies and surveys, including “Excellent” ratings from the National Committee for Quality Assurance (NCQA)—proof that HMOZ helps drive results for health organizations. Both companies have now exceeded all previous sales and marketing numbers.

HMOZ is an ongoing process, the beginning of a journey for an MCO. At the same time, managed care organizations achieve the end results *now*. Health Plans increase enrollments and improve profits by implementing HMOZ, but they would not be able to accomplish such transformation on their own; it occurs only when an MCO is guided by a team with direct MCO experience. ◇

