

USE CASE

Rocket® Process Automation Brings RPA to IBM® i/Z

Automating IBM® i/Z processes drives millions of dollars in savings.

The medical claims process

Medical insurance payers are a key part of the healthcare value chain across the United States and beyond.

For doctors and hospitals to get paid, patients to get reimbursed, and companies to get billed for premiums, millions of transactions funnel through the back-end systems of health insurance companies every month.

Those transactions happen largely on IBM i/Z applications, built and refined over decades to address the business processes of that particular company. They are the core operational system in any insurance provider.

Insurers process hundreds of thousands, or even millions, of claims per year. The goal of the Vice President of Claims Operations is to maximize auto-adjudicated claims—claims that require no human intervention and are thus managed exclusively by the software. Typically, insurance companies have auto-adjudication rates of about 75%, meaning 25% of claims require human intervention.

The catalyzing factors

Manual claims often exit the automated system for trivial reasons, chief among them mismatches in provider data or pricing, relative to Medicare and Medicaid tables. Human intervention takes time, slowing the claims process down, and introduces more opportunity for new errors. Customer satisfaction and doctor/hospital satisfaction drops as claims take longer to be paid. And, in some instances, compliance regulations can be violated when a delay exceeds a set limit.

In addition, even for straightforward claims operations, the cost of manual intervention on 1% of claims can be upwards of \$1M/annually. For leaders in Claims Operations, maximizing auto-adjudication rates means faster, cheaper, more accurate, and more compliant claims processing. Just a few percentage points improvement on the auto-adjudicated rate can dramatically lower costs for insurers.

The historical path to achieve that—with internal IBM i/Z development against the core application—takes time and is not nearly nimble enough to capture the ongoing changes that occur in the claims process. Add to that the trend that complexity and pace tend to increase over time, especially as new legislation forces changes in the market, internal resources quickly become overwhelmed trying to keep up.

Claims adjudication at a typical provider

- ▶ Volume: 1,000,000 claims/year
- ▶ Auto-adjudication rate: 82%
- ▶ Manual claim volume: 180,000 claims/year



The alternative: RPA for IBM i/Z

For many health insurance companies, Robotic Process Automation, or RPA, is a rapid, flexible and extremely effective solution. While integrated into other parts of the infrastructure, standard RPA offerings are unable to work with legacy-based applications to efficiently automate their functions. With Rocket® Process Automation, health insurance companies can tackle inefficient processes they were unable to automate before.

The mechanism of the RPA technology is quite simple. An intelligent script—or robot—is written to engage directly with the mainframe application through its existing 3270 or 5250 protocol routines and interfaces.

Mimicking the behavior of a human, the robot can execute a set of actions, just as a human would, following the conditional logic used to remediate an exception in a claim.

For example, if a claim is suspended due to an error in the provider data, like “Ave” instead of “Avenue” in the address, the robot would:

- 1 Identify the reason code for the suspension
- 2 Locate the provider within the insurance company's preferred provider directory
- 3 Assess whether the discrepancy fits a set of pre-defined “correctable” errors, or escalate more significant discrepancies that may require manual intervention
- 4 Fix the error
- 5 Re-submit the claim for processing

While there are many well-known RPA tools on the market today, none understand IBM i or IBM Z well enough to properly connect, thus limiting the value of adding the RPA tool in the first place and causing more problems. Often businesses find not only is the traditional RPA tool slower than it typically is on a distributed platform, but that there's also a high robot-error rate from their “screen scrape” approach.

Most users of Rocket Process Automation begin with these

prevalent, repeated errors, building the logic to automatically triage and address them with their initial sets of robots. After a short 1-2 week training period, most customers are comfortable writing and testing the robots themselves. And, after building fewer than a dozen, they see auto-adjudication rates rise into the mid-90s. The solution pays for itself right away.

The future of automation

For companies who have adopted Rocket Process Automation, the first robots are just the beginning. Some have established a cadence of meetings between Claims Processing and the business to help identify emerging categories of claims that could benefit from automation. Some might be short-term issues that could be sidestepped rapidly with the right scripts, and others are longer-term optimizations that will continue to improve on the auto-adjudication rates, processing times, and customer satisfaction their company delivers.

For all, the Rocket Process Automation solution has become a key operational tool in their claims processing environment, and one whose role will continue to grow over time. Rocket Process Automation customers confidently rely on Rocket Software for the mainframe expertise and personable engagement Rocket has been known for for over 30 years.

Rocket Process Automation Outcomes

- ▶ Volume: 1,000,000 claims/year
- ▶ Auto-adjudication (AA) rate: 82% → 94%
- ▶ Drop in manual claims: 120,000 claims/year
- ▶ Cost savings: \$12M (\$1M per percentage increase in AA rate)