



SCION DENTAL

A SKYGEN USA COMPANY

A CASE STUDY

## HIGHLIGHTS

## THE CLIENT

- Large Medicaid managed health plan in the northeastern U.S
- Serves more than 300,000 Medical Assistance recipients
- Part of larger organization serving an overall population of more than 6 million

## THE CHALLENGE

- Dental benefit management costs were increasing, however member access to care was static.
- The client was experiencing inefficient manual processes and outdated technology.
- The client wanted more interaction with the dental provider community as they had a lot of provider complaints directly to them. Part of their challenge was that they were not directly contracted with the dental providers; instead, their vendor was contracted with the dental providers and owned those relationships via their Provider Agreement.

*Medicaid Plan Lowers Administrative Costs, Improves Member and Provider Service with Scion Dental*



## HIGHLIGHTS

# THE SOLUTION



- Develop a hybrid dental benefit management model that enables the client to leverage its own internal capabilities as well as Scion Dental's world-class technology and expertise
- Integrate Scion Dental's platform, built by sister company, Wonderbox Technologies, with the client's systems to drive state-of-the-art claims processing, utilization management and business intelligence reporting
- Build a provider network the client will always own and retain as an asset, and facilitate efficient, direct communication between the client and its providers through technology

## HIGHLIGHTS

# THE RESULTS

- Reduced administrative costs by approximately **\$500,000 per year**
- Generated annual benefit cost savings of approximately **\$6.0 million**
- With cost savings, created a dedicated dental department inclusive of a Chief Dental Officer and key support staff to manage the overall dental budget and ensure proper cost control
- Drove benefit management costs down and increased access to care. Achieved **HEDIS scores in 75th percentile**, earning significant pay-for-performance revenue from the state
- Improved claims processing accuracy to 99.9%, with **14.2 days from receipt to payment**
- Achieved pre-authorizations with **0.68 days turnaround time**
- Client is now contracted with the dental providers via Provider Agreements between client and provider and will in-source all network development and provider relations functions

*The initial implementation, which took just 90 days, incorporated 300,000 members of the client's core business. The program achieved its primary objective within the first year, reducing administrative costs by an estimated \$500,000 per year.*



# THE STORY

## The Challenge

One of the effects of the passage of the Affordable Care Act (ACA) in December 2009 was the extension of Medicaid and Children's Health Insurance Program (CHIP) benefits to an additional 7 million Americans. While viewed as a positive from many aspects, the prospect of a sudden influx of new members caused this client, a large Medicaid managed health plan in the northeastern U.S., to take a long, hard look at how its dental benefits were being administered.

The client was outsourcing the entire operation to a third party administrator. It was a typical vendor relationship, where the vendor managed all aspects of the program and issued periodic reports. As the client looked at the cost, they didn't like what they saw. The per member per month (PMPM) cost of the benefits had skyrocketed over the last few years, hurting profitability; the addition of new members as a result of the ACA would only make that situation worse.

They also didn't like how far removed they were from their members; the company has excellent member service capabilities yet those services were not being used for the dental program. All member services were instead being managed by the vendor. In addition, since they didn't own the provider network and outgoing communication was on the vendor's letterhead, there were problems. If an issue arose, the client wouldn't have direct communication about it with the provider, but they would still be held responsible by the state.

In 2010, all of these converging factors caused the client to issue an RFP to find a new Medicaid dental benefits manager. Because of the many differences between commercial and Medicaid dental benefits, such as the need to check the eligibility of patients before they come to the office for services and the lack of deductibles or co-pays, they knew they had to find an organization that had deep expertise in Medicaid dental benefit management, which narrowed the field considerably.

The immediate priority was lowering their administrative costs through the application of leading edge technology; what they actually achieved was so much more.



## The Solution

After a lengthy selection process that included on-site meetings with executives from the corporate parent, the client made the choice to change to Scion Dental. One of the most significant reasons for the decision was Scion Dental's vast experience, knowledge and expertise in Medicaid dental administration. In addition, Scion Dental's approach with state-of-the-art technology, coupled with being a "trusted partner and advisor" to the client became a stronghold.

Scion Dental worked with the client to develop a hybrid model that enables the client to outsource some aspects where the economics make sense while moving others back in-house. It was essentially an à la carte offering customized to the client's needs. For example, since the client has a world-class member services organization, those activities are now administered internally rather than being outsourced. In an innovative move, however, all calls are taken and data is entered directly into Scion Dental's proprietary technology platform, called the Enterprise System, built by sister company Wonderbox Technologies.

When it came time to build the new dental provider network, the arrangement was made so that Scion Dental built the provider network between the dental provider and the client.

## THE STORY - *continued*



### The Solution *continued*

This way, the client owns the relationships with the providers and all outgoing communications to providers was printed on the client's letterhead. If the client decides to change benefit management partners in the future, then they will not have to build a new network yet again. Instead, the network will move with them. This is an asset retained forever that will eliminate all member and provider disruption.

The client now manages member servicing, provider relations and quality-related activities through the establishment of the dedicated dental department, which is also responsible for managing the bottom line. Scion Dental provides claims processing, utilization management, reporting, grievances and appeals, IT-related activities, etc. This arrangement provides the best of both worlds, allowing the client to take advantage of the investment it has made in its member services organization while still realizing the efficiency and cost savings from the technology.



### The Results

The initial implementation, which took just 90 days and went live in June 2011, incorporated 300,000 members of the client's core business. The program achieved its primary objective within the first year, reducing administrative costs by an estimated \$500,000 per year. In addition to administrative costs, Scion Dental was able to save the client approximately \$6 million in its first year and millions over the last few years while improving member access and experience.

Other quantifiable benefits of the program include:

- HEDIS score increases in 2012 and again in 2013 (the first two full calendar years), raising the client to the 75th percentile for quality of care and service. These increases resulted in significant additional pay-for-performance revenue from the state in which they operate.
- Nearly 90 percent of claims are now electronic (compared to the industry standard of 60-70 percent), and receipt to payment has been reduced to 14.2 days.
- Claims are now being processed with 99.9 percent accuracy, with 100 percent of the claims being clean.
- Turnaround time for pre-authorization of services is now just less than half a day (0.68), and nearly two-thirds of pre-authorizations are now handled electronically, reducing costs while ensuring members have access to dental services when they need them.

Another benefit of the hybrid program has been increased access to benefits such as oral exams and cleaning for children ages 3 - 21 (HEDIS) in 2012 and 2013 over what the client's previous administrator was delivering. This resulted in the state granting additional pay-for-performance revenue to the client.

Finally, now that the client owns its relationships with the providers, this has enabled them to create strong relationships with this very important segment of community.

# THE STORY - *continued*



## The Results *continued*

These relationships allow them to have direct conversations with providers to solve issues, eliminating a previous source of contention. It has also future-proofed the payer against disruptions to their network. In fact, this element of the program has been so successful it is being incorporated into all contracts with the client's sister companies.

It was these results that led Scion Dental to begin working with the client's sister companies in the hopes that they can replicate that success over time. After seeing the initial success, the client's sister companies became interested and in 2014 another approximate 200,000 members from within the organization were added to Scion Dental's platform. After completion of another scheduled implementation in March 2015, the total will be more than 600,000 members with expectations that more will be added later in 2015.



Through it all, the key to success has been the relationship developed between the client and Scion Dental. Rather than being vendor-customer, as are most such arrangements in the industry, it has evolved into a true partnership. Scion Dental is viewed as a trusted advisor, and is the first place the client turns when they have a question or a need. Through this process, Scion Dental is helping the client establish many new best practices and in many ways, is acting as an extension of their organization. All of which bodes well for both organizations.



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