

ORACLE

A DEEP DIVE INTO MEDICARE

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# Optimizing Pricing and Billing for Medicare Plans



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## Medicare eligible recipients are growing in the U.S. and enrollments in Medicare Advantage (MA) plans continue to rise

The demographic data of the United States demonstrates an aging population—1 in 5 Americans are baby boomers and this is expected to increase further over the years. This tsunami of baby boomers is disrupting many facets of the USA economy and specifically the healthcare system. All stakeholders, be it CMS, private players, providers, PBMs and other suppliers, is on a mission to manage the load to smoothen the healthcare delivery for baby boomers. While CMS is working towards resolving concerns around price transparency, data interoperability and other privacy laws, payers are aiming to provide the best healthcare delivery experience by engaging patients over the entire care journey.

To do so, payers are heavily investing in attracting, educating and training the potential Medicare beneficiaries. Such accelerated demand will eventually create a need for reliable, scalable, and process intelligence enterprise-grade systems with the right provisions. Oracle Insurance Revenue Management and Billing for healthcare payers is a one-stop shop designed to help healthcare payer institutions achieve their goal of unified operations, simplified processes and amplified experiences.

With an aging population in the US, nearly four in ten **(39%) of all Medicare beneficiaries or 24.1 million people out of 62.0 million Medicare beneficiaries**<sup>1</sup> overall are enrolled in Medicare Advantage plans. Between 2019 and 2020, total Medicare Advantage

enrollments grew by approximately 2.1 million beneficiaries or 9 percent. Moreover, enrollment in Medicare and Medicare Advantage (MA) plans has been snowballing over the past several years as consumers seek reduced costs and improved outcomes. And, COVID-19 has accelerated interest—**45% of original Medicare enrollees are switching to a MA plan for 2021**.<sup>2</sup>

Customers are choosing MA for the telehealth benefits, as well as COVID-19 supplemental benefits offered by the private plans. According to a **recent study**<sup>3</sup>, 35% of consumers enrolled in a MA plan for 2021 chose this plan because they've had it before and prefer it. 29% like the prescription drug coverage, 16% like the affordability, and 9% like the supplemental benefits. Of those who decided on a MA plan because of supplemental benefits, 35% cited COVID-19 supplemental benefits specifically, while 27% cited telehealth benefits. Even the Centers for Medicare and Medicaid Services (CMS) promoted the benefits of MA plans just before open enrollment.

While the growing interest in MA plans presents a unique opportunity, many healthcare payers are relying on legacy systems that are not designed to deliver the agility, flexibility, and insight that today's MA plans require. Additionally, as payers seek to optimize billing reconciliation and make better use of their data, they must first address their growing pain points.

1 <https://www.kff.org/medicare/issue-brief/a-dozen-facts-about-medicare-advantage-in-2020/>

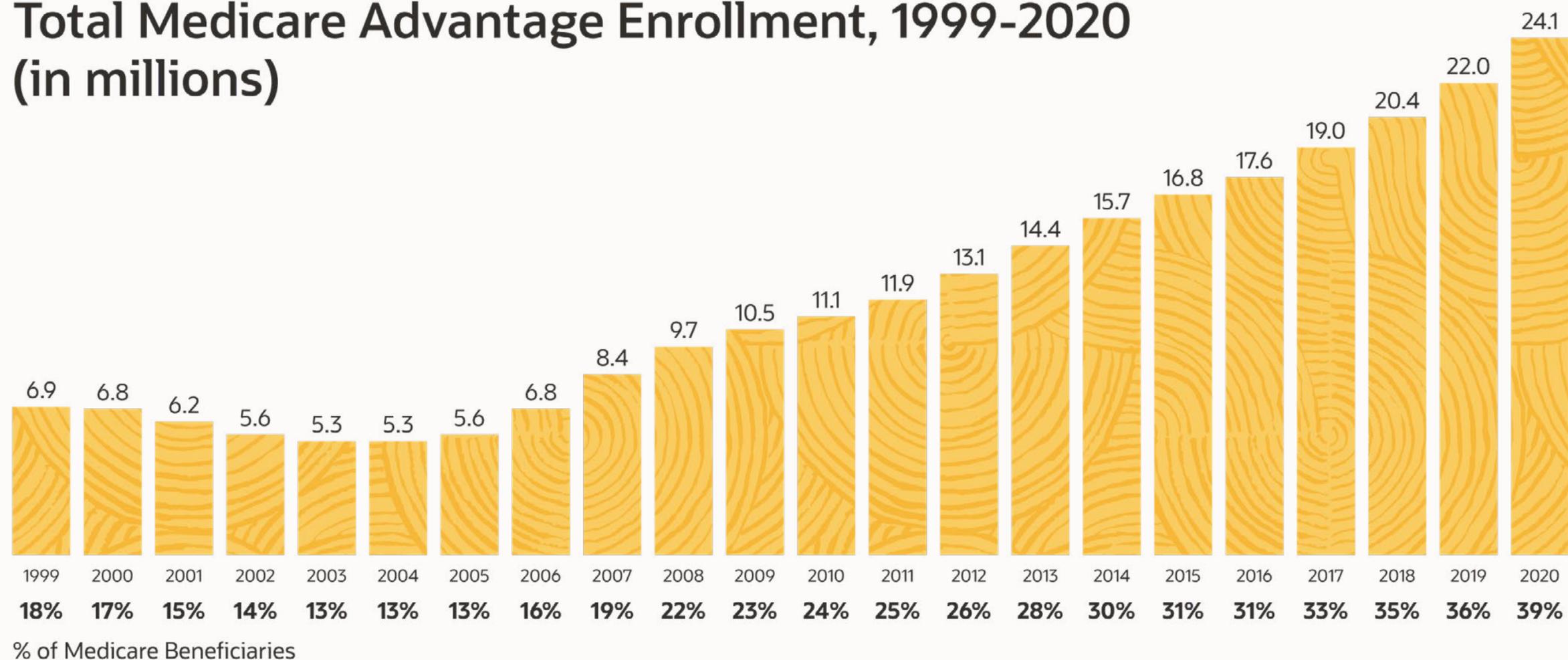
2 <https://www.medicareadvantageplans.org/medicare-advantage-plans-2021-coronavirus-survey/>

3 <https://www.medicareadvantageplans.org/medicare-advantage-plans-2021-coronavirus-survey/>



## The healthcare market continues to witness robust growth fueled by demographic factors for MA plans

### Total Medicare Advantage Enrollment, 1999-2020 (in millions)



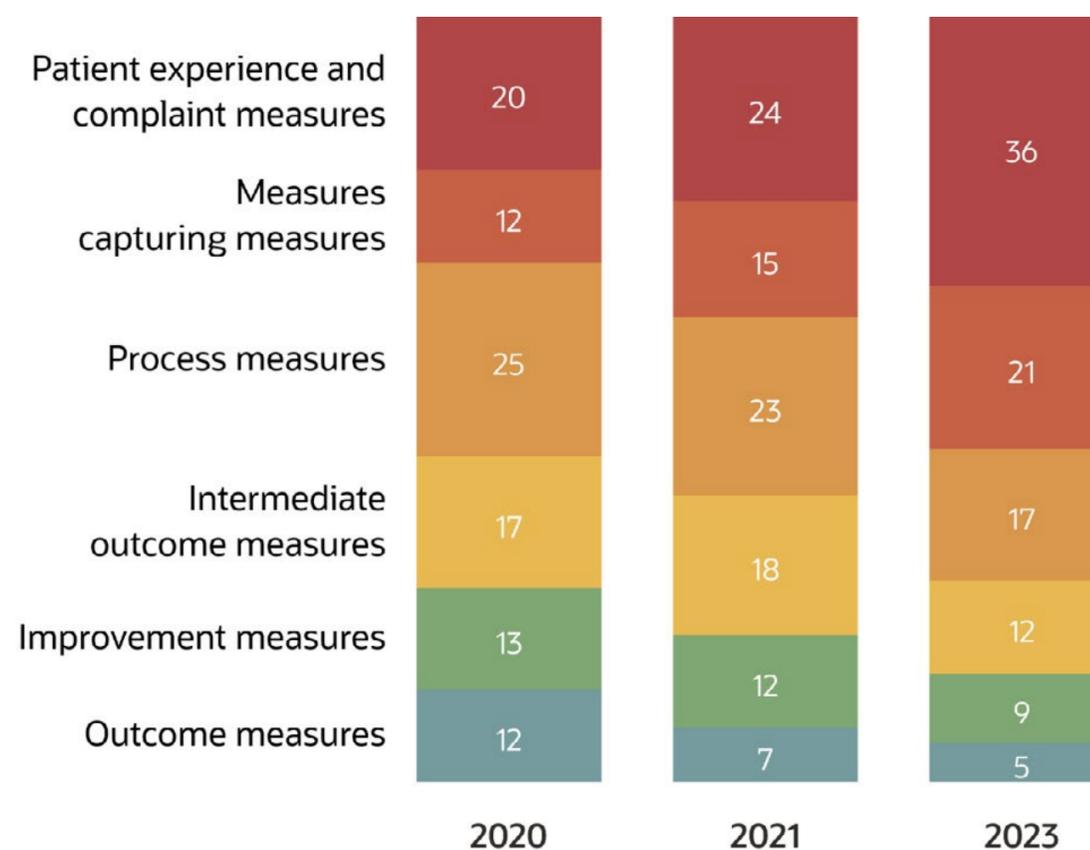
Enrollment in Medicare Advantage program has more than doubled over the past decade fueled by an aging population. By 2030, more than 20% of the U.S population will be over the age of 65.

**As many as 14 new plans entered the market in the year 2021**

## CMS has emphasized how essential member satisfaction is for the Medicare Advantage star ratings program

According to J.D. Power's 2020 Medicare Advantage Study<sup>4</sup>, only 15% of Medicare Advantage plans meet key performance indicators that help drive satisfaction and trust with members, which are drivers of the CMS advocated Medicare STAR ratings program.<sup>5</sup> Moreover, members want a better experience as they are choosing 4+ star rated Medicare Advantage plans.

For 2021, more than 77% of the members enrolled in plans with STAR ratings of 4+. This is especially significant in the context of the new ruling from CMS in May 2020 around the STAR ratings methodology. The revised method will increase the overall weightage of the member experience measure from 1.5x to 4x progressively in the upcoming survey periods. Therefore, it is imperative for health plans to put in place long-term strategies to improve overall member engagements, enhance focus on all member touchpoints, and go beyond traditional engagement channels to deliver a better member experience. But, despite the rapid growth of the market in the last several years, are health plans still missing the mark on member engagement and experience?

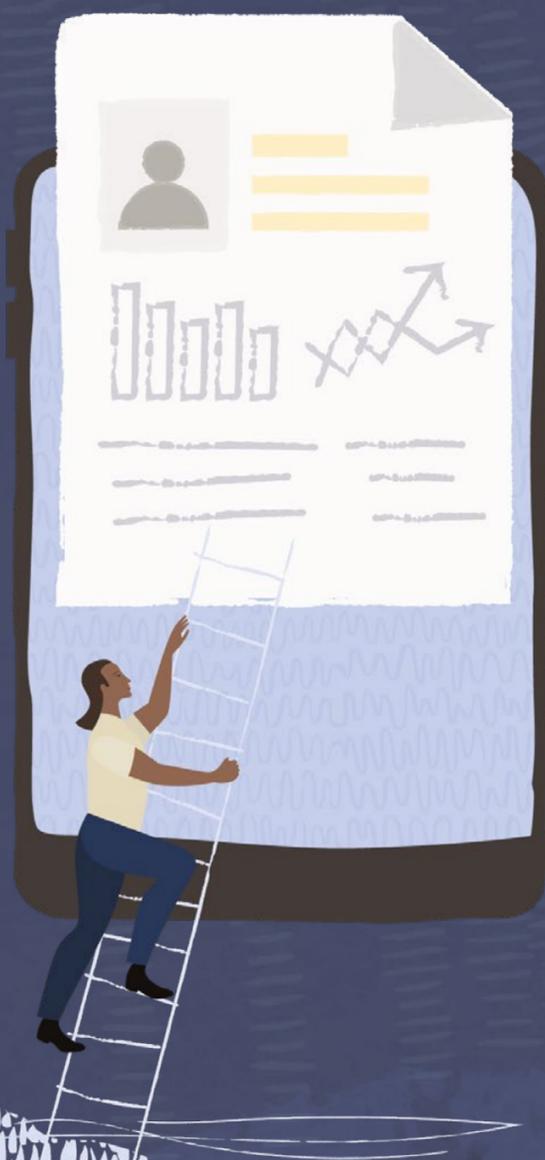


The revised STAR rating method will increase the overall weightage of the Member Experience measure from 1.5x to 4x. Health plans need to improve overall Member engagement by focusing on key member touchpoints like Enrollment and Billing, Care Delivery and Contact Center Operations

<sup>4</sup> <https://www.jdpower.com/business/press-releases/2020-us-medicare-advantage-study>

<sup>5</sup> <https://www.cms.gov/newsroom/press-releases/high-quality-care-medicare-beneficiaries-continues-medicare-health-and-drug-plans-receive-star>

## What do members want?



Members want accurate discounts on their billing, not just ‘digital initiatives.’ Premium pricing and billing are key member touchpoints that have the potential to offer a differentiated consumer experience. Members may not care much about a health plan’s ‘digital initiative’ like an attractive website or a multi-functional mobile app if the bills they receive are untimely or inaccurate.

They may prefer not to spend hours on the phone with a call center representative, seeking clarification on a subsidy amount from the government that was not posted on their previous bill. Medical Advantage plans cannot risk such experiences with their members that could decrease the overall satisfaction scores.

**A big step forward to solve these problems is deploying a unified pricing and billing platform that helps improve the member experience.**

A unified pricing and billing platform across multiple payer lines for Medicare and Medicaid goes a long way in offering a unified view of the member across programs, including all membership and financial details spanning the entire period of the plan. This not only offers more personalized communication but improves overall engagement as well.

Another key requirement for a best-in-class pricing and billing solution is the ability to offer a holistic perspective of the member through a dedicated Member 360 feature. This functionality should ideally offer insights into membership details like hierarchy and dependent information and financial details—including bills, payments, adjustments and refunds. Moreover, the ability to drill down on a bill and view all charges, including Low Income Subsidies (LIS) and Late Enrollment Penalties (LEP), would also offer better billing transparency. Having access to all member details on a single portal will significantly improve First Call Resolution Rates, a key performance metric for call center operations and member satisfaction surveys.

# Operational challenges that Healthcare Payers face with Medicare and Medicaid plans



## Operational Challenges

Increasing administrative costs for government plans—maintenance of multiple legacy systems and support processes

Data mismatches between healthcare payers and CMS enrollment records

Lack of real-time data sharing, delays due to retroactivities, manual processes, and payment discrepancies between CMS and payers

Vast variation across states and counties to manage Medicaid plans

Meeting member expectations for empowerment and transparency and CMS rating requirements



## Desired State



A single pricing and billing platform that supports all lines of business for payers and sponsored government plans



Seamless data exchanges between multiple systems, payer's enrollment platforms, and CMS Medicare record system to ensure there are no differences



Automated billing reconciliation and dispute management system coupled with a single dashboard to view, track and drill down on specific payment and discrepancy



Flexible platform that is largely driven by configurations over coding for Medicare and Medicaid plans



A modernized billing system that enables payers to meet new generation expectations in terms of multiple plans offering, accurate and transparent billing, and enabling real-time payment from any device and anytime etc

## Our approach: Revenue Management and Billing with Member 360

Oracle focuses on addressing these issues with an enterprise-wide revenue management and billing solution to help healthcare payers deliver transparent billing and provide a better member experience. We have designed a Member 360 view that enables access to all billing information, including member hierarchy, pricing rules, bill and payment history, and member contact timelines. Oracle aims to deliver a complete solution for healthcare payers with the capability to drill down to the individual bill line level for Medicare Advantage plans.

### Oracle Revenue Management and Billing for Medicare and Medicaid plans

A comprehensive premium calculation, billing, accounts receivable, and collections solution that offers end-to-end capabilities for government plans

#### Member 360

Complete, cross-product, Member 360 dashboard to view Medicare and Medicaid billing statements and payments

#### Configurable Pricing and Billing

A single solution for Medicare group and individual billing with retroactive billing and flexible rules for state Medicaid plans

#### Payment Reconciliation

Automated reconciliation framework for matching CMS payments and SSA/RRB withholds

#### Financial Accounting

Integrated sub-ledger with deferred revenue recognition for government plans

# A dedicated Member 360 portal for a one-click view of a member at any point in the billing process

Summary of all customer contact info and account details for the Employer Group are on one portal

Pricing information and policy details are available on the Member 360 portal

**Oracle Insurance Revenue Management and Billing**

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### Customer 360 Information: Umbrella Corporation

Person Account Policy Pricing Information

**Person Information**

Main  
PERSON INFORMATION Umbrella Corporation  
PERSON TYPE Parent Customer

**Contact Information**

COUNTRY United States  
ADDRESS 1 4058 Geraldine Lane  
ADDRESS 4 c/o John Smith  
CITY Charlotte  
STATE North Carolina  
POSTAL 28202  
EMAIL ID info@umbrellacorp.com

**Person Names**

NAME TYPE PERSON NAME  
Primary Umbrella Corporation

**Person Identification**

PERSON IDENTIFIER  
Global Customer  
Tax Identifier No.

**Phone Details**

PHONE TYPE  
Primary

**Person Characteristics**

EFFECTIVE DATE	CHARACTERISTIC TYPE	CHARACTERISTIC VALUE	DESCRIPTION
01-01-2020	Group administrator name	Carrie Williams	

**Child Person**

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1 2 3

**Person Billing Hierarchy**

Bill Group Derivation and Pricing Parameters

**Oracle Insurance Revenue Management and Billing**

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### Customer 360 Information: Norris, Matthew, In Force/Active, 01-01-2020 - 12-31-2020, Oracle Health Insurance, 9900004, 75063411308027

Person Account Policy Pricing Information

POLICY NUMBER	POLICY INFORMATION	POLICY TYPE	STATUS	START DATE	END DATE
9900004	Norris, Matthew, In Force/Active, 01-01-2020 - 12-31-2020, Oracle Health Insurance, 9900004, 75063411308027	Individual	In Force/Active	01-01-2020	12-31-2020

**Policy Information**

Main  
POLICY INFORMATION Norris, Matthew, In Force/Active, 01-01-2020 - 12-31-2020, Oracle Health Insurance, 9900004, 75063411308027  
POLICY TYPE Individual  
SOURCE SYSTEM Oracle Health Insurance  
POLICY NUMBER 9900004  
STATUS In Force/Active  
START DATE 01-01-2020  
END DATE 12-31-2020  
RENEWAL DATE 01-01-2021

**Policy Characteristics**

EFFECTIVE DATE	CHARACTERISTIC TYPE	VALUE	DESCRIPTION
01-01-2020	State of Issue	NC	North Carolina

**Policy Persons**

1 Results. Page 1 of 1 (1 records).

PERSON NAME	POLICY PERSON ROLE	START DATE	END DATE
Norris, Matthew	Policy Holder	01-01-2020	12-31-2020

**Policy Plans**

2 Results. Page 1 of 1 (2 records).

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## Improving operational efficiency and the member experience

Amid growing enrollment, payers are facing increasing competition. New players are entering the market, and healthcare payers are under pressure to deliver an exceptional customer experience and continue improving their Star rating. Above all, payers need a billing system that is seamless, simple, and designed with the member in mind to create a unified customer experience.

### A transparent Member 360 portal

We offer a real-time view of all member data, including bills, payments, adjustments, and customer contacts. In addition, with the Member 360 platform, there is a single record of the member across multiple lines of business, increasing efficiency and eliminating inconsistent member data.

As the healthcare industry continues to evolve and customers expect more from their insurers, payers must innovate to efficiently process large numbers of claims, effectively manage billing and pricing, and continue to grow enrollments for a transparent, connected customer experience.



## Reimagine configurable pricing and billing with automated workflows

Oracle Insurance Revenue Management and Billing (ORMB) provides a streamlined billing, payments, and collections process that enables seamless, automated reconciliation and accurate, timely access to billing information.

### Billing visibility and agility

Automated workflows lead to more accurate billing and simplify the reconciliation process for payers. Through rules-based billing, payers have true business agility and revenue recognition. ORMB enables payers to segment bills, increasing productivity through automation and error-free outcomes. The solution consolidates billing for a variety of health plans, enables a simplified experience across multiples lines of business/groups/individuals, and supports complex transactions with centralized control for systematic refunds and adjustments.

### Configurable pricing and billing for LEP and LIS

With Oracle Revenue Management and Billing (ORMB) solution, payers can have flexible billing schedules and incorporate Medicare split billing. They can add Low Income Subsidy (LIS) reductions to any member's Medicare plan and tag on a Late Enrollment Penalty (LEP) charge to Part D premium plans. Moreover, payers can utilize retroactive billing and add flexible rules to meet Medicaid state-specific mandates.



# Payers can add low-income subsidy reductions and late enrollment penalty charges to Part D premiums

Oracle Insurance Revenue Management and Billing

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Bill Segment

Bill Segment Information: Period: 01-01-2020-01-31-2020, Harris, Matthew, 9900004, H0306-137, Medical Premium, \$25.00, Pay By SSA

SEQUENCE	DESCRIPTION ON BILL	CALCULATED AMOUNT (PRICE CURRENCY)	CALCULATED AMOUNT (INVOICE CURRENCY)
1	Full Premium	USD0.00000000000000000000	USD21.00000000000000000000
2	Premium with Inflation Factor (321.00%)	USD0.00000000000000000000	USD21.00000000000000000000
3	Low Income Subsidy	USD0.00000000000000000000	USD-5.10000000000000000000
4	Individual Responsibility Premium	USD0.00000000000000000000	USD15.90000000000000000000

LIS charge billed as a separate line item and reduces the overall premium amount

Oracle Insurance Revenue Management and Billing

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Membership

Membership Contracts

START DATE	END DATE	BILL TO	CONTRACT ID	ACCOUNT INFORMATION	DELETE	EDIT
01-01-2020	12-31-2020	Individual	8737879821	Johnson, Gal, Individual Medicare, GOV, \$25.00, 8737879237		

Billable Charges

START DATE	END DATE	BILL PERIOD	PRICE ITEM INFORMATION	CONTRACT ID	BILLABLE CHARGE INFORMATION	AMOUNT	STATUS	LAST BILLED COVERAGE
01-01-2020	12-31-2020	Monthly Prospective - Day 1	Alt_BundledFee	8737879821	Start Date: 01-01-2020 Amount: \$25.00 Status: B/Bable	\$25.00	B/Bable	Period: 02-01-2020-02-29-2020, Johnson, Gal, 9900005, 58884-133, Rx Premium, \$25.00, Pay By
01-01-2020	12-31-2020	Monthly Prospective - Day 1	LEP_Alt_BundledFee	8737879821	Start Date: 01-01-2020 Amount: \$2.60 Status: B/Bable	\$2.60	B/Bable	Period: 02-01-2020-02-29-2020, Johnson, Gal, 9900005, 58884-133, Late Enrollment Penalty, \$2

LEP charged to the member along with the premium amount

# Complete suite of revenue management and billing solutions for Medicare and Medicaid plans

## Member 360

### Configurable Pricing and Billing

- Medicare split billing
- Low Income Subsidy (LIS)
- Late Enrollment Penalty (LEP)
- Flexible bill schedules
- Retroactive billing
- Flexible rules to meet Medicaid state-specific mandates
- Workflows and exceptions

### Payment and Reconciliation

- Automated rule-based reconciliation for LIS and LEP with SSB and RRB payments
- EDI 820 processing
- Retro change management
- Real time visibility of all member data, including bills, payments, adjustments, customer contacts, and subsidies

### Receivables and Dispute Management

- 360 Dashboard for CMS payments
- Manage SSA and RRB payments
- Automated rule-based discrepancy resolution for write-offs, disability gaps, etc.
- Configurable workflow for discrepancy routing, pre-defined templates for letters, and reminders to beneficiaries etc.
- Auto-payments and reconciliation for Medicare plans
- Track multiple charge lines including Medicare Subsidies

### Financial Accounting

- Integrated sub-ledger
- Deferred revenue recognition
- GL Extract
- Pre-integrated with Oracle Fusion Financials and Oracle EBS

# Oracle Revenue Management and Billing is the platform of choice for leading healthcare payers



At one of **the largest U.S based payers**, **5 legacy billing systems** across various lines of business were consolidated onto Oracle Revenue Management and Billing (ORMB), **reducing the overall infrastructure support costs by approximately 50%** while improving efficiency, simplifying operations and elevating customer experience.

Oracle powers

**4** of the **top 5** healthcare payers



in the U.S as well as

**2** of the **top 2** dental payers



Across many valued customers  
in the health insurance industry

**USD 300B+**

worth premium billing revenue  
generated annually and counting...

“ A big benefit in consolidating  
down to one single billing system  
was the ability to report internally  
and externally, so we are able to  
track delinquency, unbilled and all  
other types of metrics to show we  
are billing timely and accurately.”

**Rick Misch,**  
VP of Commercial Billing and Collection  
Services at Anthem

Understand how Oracle Insurance Revenue  
Management and Billing can help.

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