

Balancing 1 Million Lives

THE PROBLEM: How to validate and reconcile policies in a compressed timeline

A major financial services company with a statutory surplus of over \$2B in 2008 sold their group health insurance business, including the associated Facets administrative system license, to a third-party administrator (TPA). The life, AD&D, STD, LTD, dental, and some health business was retained, forming a third-party administration agreement allowing the originating company to continue group administration processing on the TPA-owned Facets system. The originating company retained approximately 5,000 policies with roughly 1 million member lives, of which approximately 1,300 policies were to be non-renewed. The objective was to convert the remaining 3,700 life, AD&D, STD, LTD, and dental policies to a new COMPASS administration system. Upon completion of the conversion and non-renewal process, the third-party administration agreement would terminate and the originating company would no longer have access to the Facets administration system. Facets was scheduled to be decommissioned in the fall of 2009.

Key to the success of the conversion was minimizing impact on the policyholders. The production implementation was driven by business owner selection and policyholder readiness. The general conversion strategy was business user controlled implementation allowing business SMEs to select groups for conversion upon completion of conversion-related policyholder communications. Membership data and group data was converted internally by the carrier. For the group data, selection process for conversion and completion of conversion (including renewal processing and any significant in-progress group administration activities) was a manual determination unique to each group, dependent on the renewal timing. The conversion of group data to COMPASS was also manual. For the conversion of member data, an existing batch enrollment process was leveraged to support the conversion.

Upon completion of converting group and member data, they needed an automated process to measure the conversion success, reconcile the conversion and validate the results.

THE SOLUTION: Universal Conversion Technologies

The company decided they needed help with reconciliation and validation, and turned to UCT for a solution. UCT had a great deal of experience performing balancing and data

validation projects for other clients. The customer wanted to use UCT's automated balancing features to drive down their costs.

Conversion Goals – The carrier needed an accurate, automated reconciliation and validation process completed in a timely manner, in order to prove the expected results of the conversion. The conversion was by group and was completed internally by the carrier using two processes: 1) converting membership data using a modified batch enrollment process, and 2) manually converting the group data.

Challenges – This company had a problem. They needed an automated reconciliation of the conversion to validate the results and identify any inaccuracies for correction before group billings were mailed. They needed a reiterative, automated reconciliation process to be executed for each group's data, membership data and billing results.

Success with UCT – UCT provided extracts of key data from Facets source system. The client provided extracts from COMPASS target system. UCT provided the balance and reconciliation process. This process could be repeated as necessary to correct any inaccuracies from the conversion, especially for the manual conversion of group data.

UCT provided balance reports that show pertinent totals from the source and target systems to aid in conversion validation, as well as any clean up that might be necessary due to differences in the systems. This comprehensive balance reporting is highly beneficial in satisfying auditors and insurance examiners. Utilizing their extensive experience in the insurance industry, UCT developed a repeatable reconciliation process that allowed this company to execute their data conversion exactly as they envisioned and in a timely and cost-effective environment.

THE RESULT: Automated reconciliation processes

UCT was there to provide the assistance needed by automating complicated group, member and billing reconciliation processes. With over 25 years of experience in the insurance industry and well over 100 actual conversions, UCT had the expertise to accomplish the reconciliation process exactly as envisioned.

UCT's involvement in this project began January 2008 and ended August 2008. The conversions started in mid 2008 and were completed the first quarter 2009. UCT was available to provide debug and training assistance during the conversion execution phase. The conversion and reconciliation processes were so successful, however, that there was never a need to bring UCT back in for assistance.