Evaluation and Improvement of Hospital Empanelment Process at Max Bupa Health Insurance Company

By

Pralit Prasannan, BDS

Dissertation submitted in partial fulfillment of the requirements of the Degree
MBA Hospital and Health Management

Academic year, 2018–2020

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ABSTRACT

Background: Healthcare purchasing department is a significant part of an insurance company and concerned with establishing a connection between the insurance company and the hospital establishment. It helps in developing and managing an interconnected network with the capacity and competency to meet the assessed service needs of each member within the network. The healthcare purchasing department monitors and manages the expenditure of the company across all the provider networks. Empanelment of the non-network hospitals is one of the required steps undertaken by the department. The need for empanelment is identified by thoroughly analyzing the previous year's trend and understanding the urgency to include the non-network hospital. Upon identification, written communication is sent to the point of interest non-network hospital for the empanelment, requesting them to provide the necessary documents for analyzing the quality and charges for the services offered by the hospital. After comparing the rates and types of services offered by other hospitals in the same region, the insurance company proposes the rates. Once an agreement is signed, the hospital is included in the integrated network of hospitals where a policyholder bearing the insurance company policy can avail cashless services, including pre- and post-hospitalization services. **Methodology:** A 3-month long descriptive observational study was conducted in Mumbai, Maharashtra, evaluating five hospitals for empanelment that were selected using the convenience sampling technique, and primary qualitative data was collected. The empanelment process for each hospital varied from 15–31 days. A root cause analysis was done and causes for delay were broadly categorized into information technology, manpower, process, and environmental issues. Recommendations were proposed to minimize the causes of delay and improve the empanelment process. **Results:** Hospital D required 15 days for the entire process of empanelment, which is the least number of days while Hospital B required 31 days to get on board with MBHI among the hospitals observed in this study. The total days for completing the empanelment process of hospitals for Hospital A, C, and E were 23, 29, and 25 days, respectively. **Conclusions:** The process of hospital empanelment can be improved by improving negotiation strategies with the hospitals, reducing unnecessary file transfers to other departments, Head of the department approvals done right after the negotiations by account managers, and correcting the existing system issues.

TO WHOMSOEVER IT MAY CONCERN

This is to certify that Dr. Pralit Prasannan, student of MBA Hospital and Health Management from the IIHMR University, Jaipur has undergone internship training at Max Bupa Health Insurance Company Limited from 12-02-2020 to 15-05-2020.

The candidate has successfully carried out the study designated to him during internship training and his approach to the study has been sincere, scientific, and analytical.

The internship is in fulfillment of the course requirements.

I wish him success in all his future endeavors

Dean, Academics and Student Affairs
IIHMR University, Jaipur

Professor
IIHMR University, Jaipur

The certificate is awarded to

DR PRALIT PRASANNAN

In recognition of having successfully completed her Internship in the department of

HEALTHCARE PURCHASING/ PROVIDER CONTRACTS

and has successfully completed his Project on

"EVALUATION and IMPROVEMENT OF PROCESS OF EMPANELMENT
AT
MAX BUPA HEALTH INSURANCE"

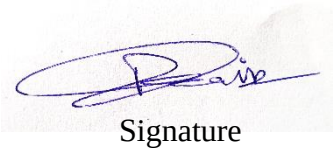
He/ She comes across as a committed, sincere and diligent person who has a strong drive and zeal for learning

We wish him/her all the best for future endeavors

MentorTraining and Development Zonal Head-Human Resources

CERTIFICATE BY SCHOLAR

This is to certify that the dissertation titled **"Evaluation and Improvement of Hospital Empanelment Process at Max Bupa Health Insurance Company"** and submitted by **Dr. Pralit Prasannan** and Enrollment No **IIHMR-U/01/2018-20/0799** under the supervision of **Dr. Anshuman Sewda** for award of MBA in Hospital and Health Management of the University carried out during the period from 12/02/2020 to 15/05/2020 embodies my original work and has not formed the basis for the award of any degree, diploma associate ship, fellowship, titles in this or any other institute or other similar institution of higher learning.



Signature

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I express my deepest gratitude to **Mr. Gopal Dutt** (AVP and HOD of Healthcare Purchasing) for giving me the opportunity to carry out my Internship at **Max Bupa Health Insurance Company Limited** which has given me deep insight into the working of a private insurance company. I have gained knowledge of how different departments of the insurance company works in an integrated and coordinated manner to bring high levels of customer satisfaction. I was interested in various factors that affect the quality of operations in a private insurance company and finding means and measures to improve the quality of services. I perceived this opportunity as a challenging and significant milestone in my career development and strived to gain skills and knowledge in the best possible manner.

I am grateful to my mentor **Dr. Rajesh Sutar** (Zonal Manager-West) Healthcare Purchasing Department, **Max Bupa Health Insurance Company Limited,** who guided and enlightened me at each step of the project with his valuable ideas and insights that facilitated the successful completion of my project.

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ABBREVIATIONS

MBHI: Max Bupa Health Insurance

HCP: Healthcare purchasing

COPS: Central Operations and Provider Services

HOD: Head of Department

SAHI: Stand-Alone Health Insurance

MMP: Medical Management Package

DS: Direct Settlement

RM: Reimbursement

ACS: Average Claim Size

1. BACKGROUND AND LITERATURE REVIEW

1.1. Health Insurance in India

Health insurance is an insurance that covers the whole or a part of the risk of a person incurring medical expenses, spreading the risk over numerous persons. By estimating the overall risk of health risk and health system expenses over the risk pool, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to provide the money to pay for the health care benefits specified in the insurance agreement (1). Health Insurance is given by carefully evaluating the overall health risk and expenses among the risk pool and developing a routine finance structure such as a monthly premium so that the money to pay for the healthcare expenditure and benefit as specified in the insurance agreement (1).

Health Insurance in India is primarily governed by the rules and regulations defined by the Insurance Regulatory and Development Authority of India (IRDAI). Although the provision for health care services varies greatly amongst the state where public health services are prominent; however, due to inadequate resources and management, the majority of the population opts for private health services that are growing on a yearly basis due to increasing awareness and expectations from healthcare facilities (2,3).

1.2. Provider Contracts/Healthcare Purchase

The aim of the healthcare purchasing department is to serve as a connecting link between the hospital (providers) and the company (Max Bupa Health Insurance or MBHI) by developing and managing an interconnected network with the capacity and competency to meet the assessed service needs of each member within the network. The department comprises various sub-units that interact with one another to achieve a common goal.

The key role of the department is to pay close attention to the healthcare expenditure by the company across all hospitals in the provider network, clinicians, and other out-of-network hospitals so as to ensure customers are readily able to access high-quality, cost-effective, and uncompromised medical needs.

The department of Healthcare Purchasing carries out the essential function of healthcare provider (hospital) empanelment, enrollment within the system, monitoring the expenditure, implementation of corrective actions, and assessment of the performance of

the network hospitals already empaneled within the company network. The healthcare purchasing department consists of the following sub-units:

Central Operations and Provider Service (COPS) Team resolves network hospital queries, assists the network hospitals to communicate necessary information regarding any discrepancy related to the settlement of claims that are generated by the hospitals, manages contracts along with their databases and coordinates with the provider contracts team for accomplishing the departments common goal.

Provider Analytics Team carries out information management, data analysis of the network hospitals, and administration of maintenance of provider database especially claims data analysis.

Provider Contracts Team coordinates with the other teams to carry out smooth and efficient functioning of the complete department with the hospital networks.

1.3. Research Question

To evaluate and improve hospital empanelment process at MBHI.

1.4. Objectives

1) To understand the complete process of hospital empanelment
2) To evaluate the causes that delays the process of empanelment of hospitals
3) To suggest measures for process improvement

2. METHODOLOGY

2.1. Type of Study: Descriptive observational study

2.2. Duration of Study: 3 months

2.3. Study Area: Mumbai, Maharashtra

2.4. Type of Data: Qualitative primary data

2.5. Data Collection Technique: Convenience sampling

2.6. Sample Size: 5

3. HOSPITAL EMPANELMENT PROCEDURE

3.1. Process of Hospital Empanelment

The entire process of hospital empanelment requires inputs from various teams, before the final approval by Head of Department. It can be divided into the following five main steps:

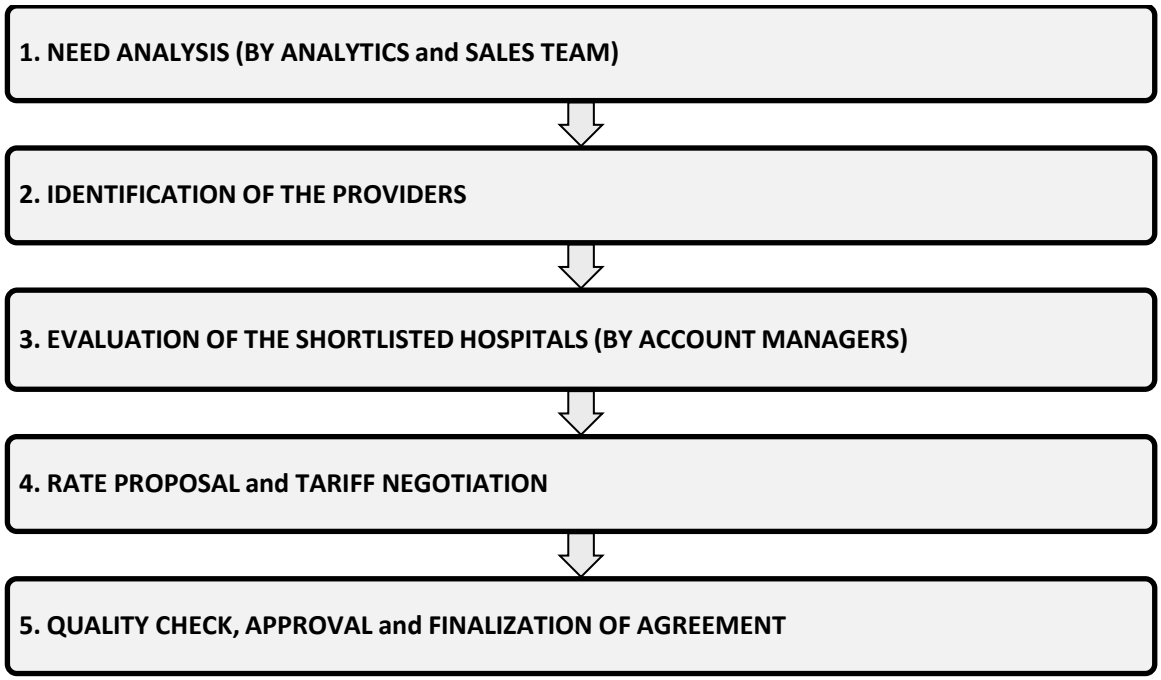

Figure 1.1. Major steps in hospital empanelment.

3.2. Need Analysis (By Analytics and Sales Team)

Need analysis is the basis for any hospital empanelment. It is carried out over a period of time and involves the work done by the analytic as well as the sales team. Details of the target hospital provided by the analytics team and the final consolidated target list created are carried out over a period of time by assimilated data of the previous financial year. This consolidated report is then provided to the respective regional account manager. A series of activities are done for the consolidated reports, as shown in Figure 1.2.

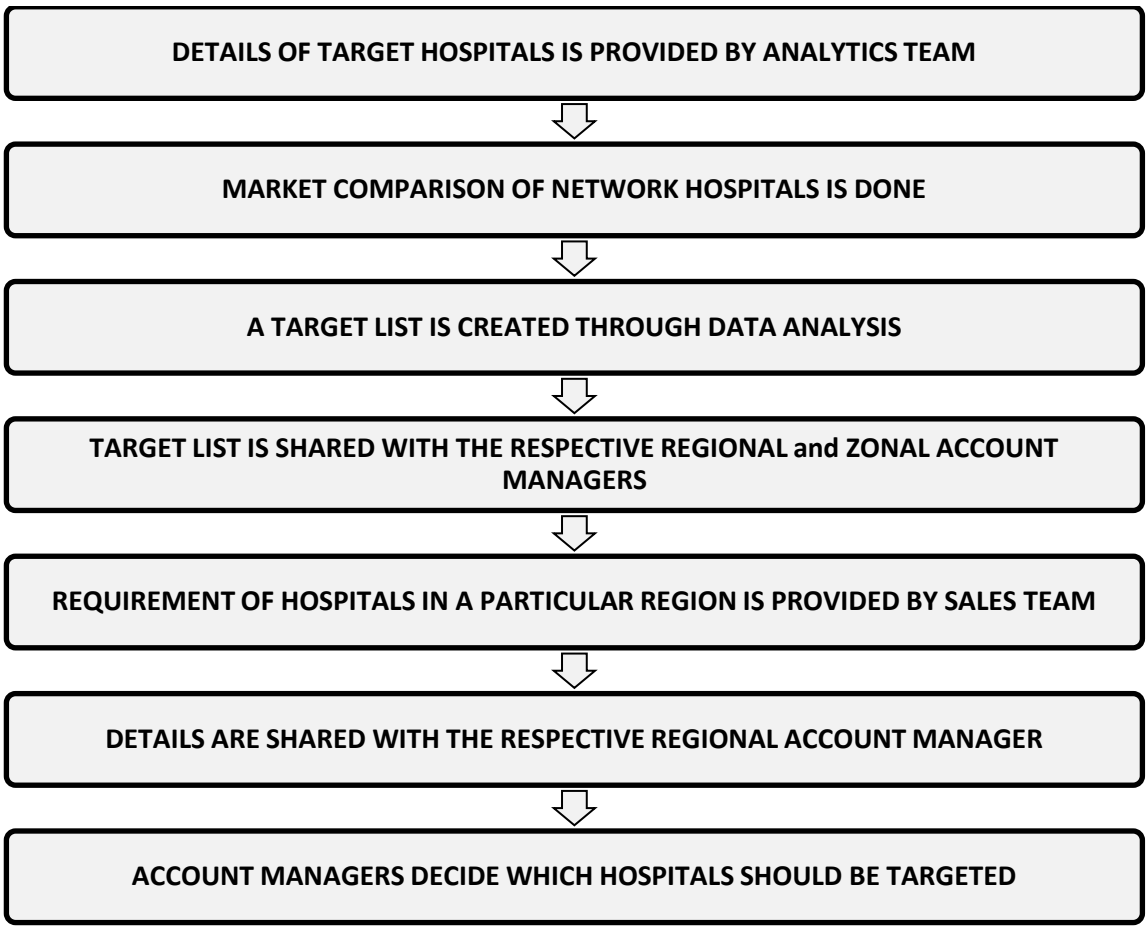

Figure 1.2. Steps of need analysis.

The day on which the account managers receive the target list of hospitals is considered as Day 1 for the purpose of this project.

3.3. Identification of the Providers from the Compiled List

After the need analysis for a target list of hospitals, further analysis of hospitals is done by account managers. Depending on the requirement of network hospital of an area, a suitable hospital is selected from the target list by the account manager of that area. Account manager keeps track of the selected hospital in which the information about the hospital is stored and updated regularly. It consists of hospital's name, location, contact person, phone number, email address, and latest updates with respect to the hospital.

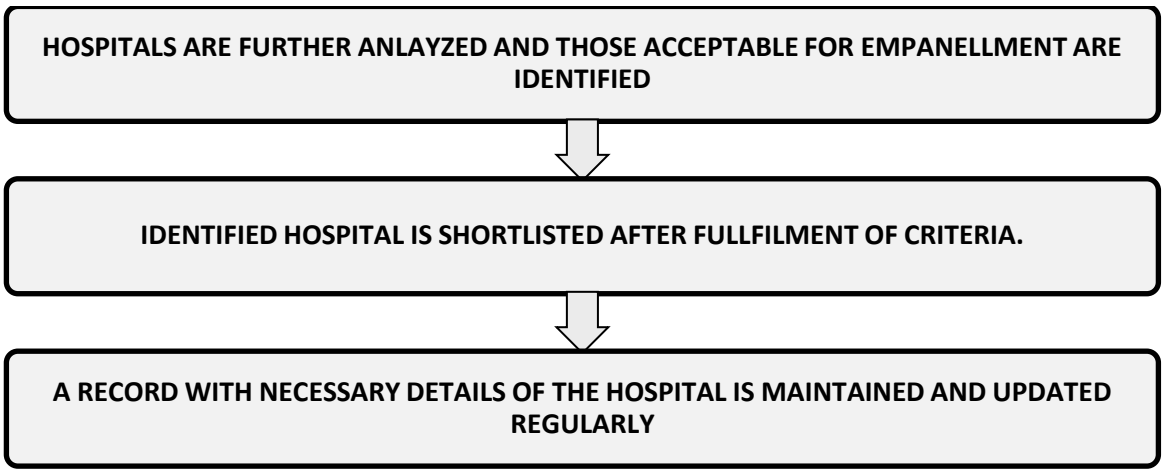

Figure 1.3. Steps in identification of providers from the target list.

3.4. Evaluation of the Shortlisted Hospital

The shortlisted hospital is contacted for the list of documents to be shared for empanelment and is evaluated for any history of fraud and caution from the list provided by the Fraud and Investigation team.

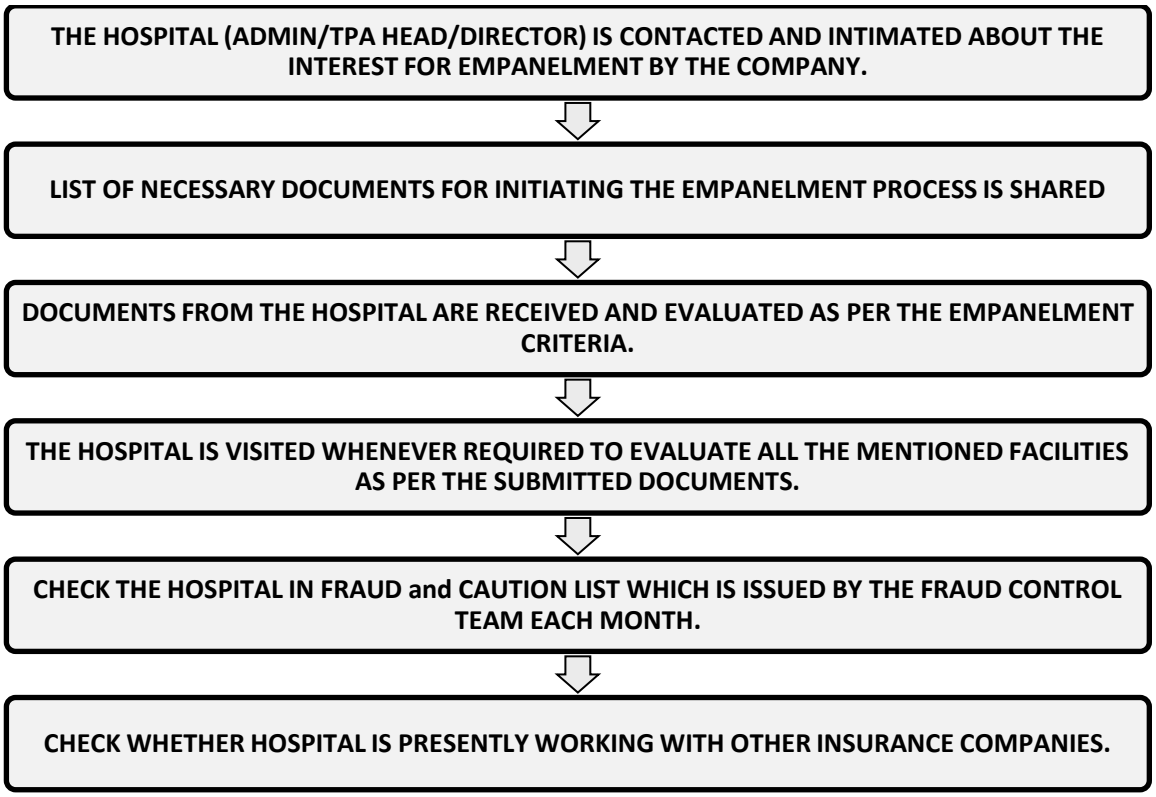

Figure 1.4. Steps in evaluation of the selected providers.

3.5. Rate Proposal and Tariff Negotiation

The rates proposed by the hospital are compared to rates which other insurance companies provide the hospital, considering the facilities and services provided at the hospital.

A package in MBHI tariff format is prepared and proposed to the respective point of contact of the hospital. The zonal manager scrutinizes all the documents and makes sure whether the hospital is worth the rates proposed and up to the quality. Rate negotiation has to be done in case the rates are not acceptable to either of the parties.

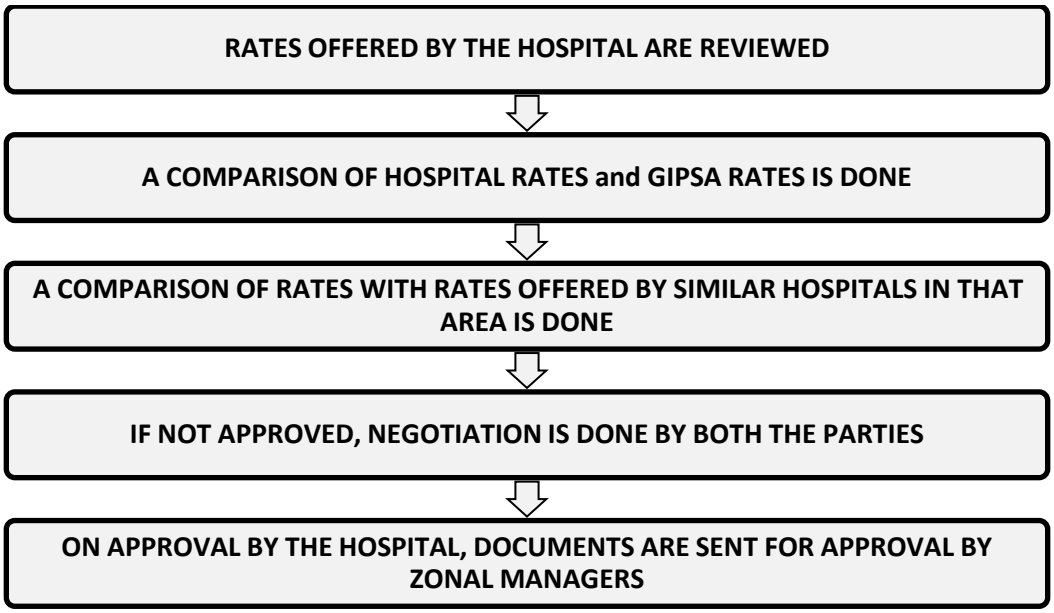

Figure 1.5. Steps taken during proposing rates and negotiation.

3.6. Quality Check, Approval and Finalization of Agreement

A quality check of hospital is done by the team of Central Operations and Provider Services (COPS) along with evaluation all the submitted documents. It is then sent for approval from Head of Department (HOD) without which finalization agreement cannot be made.

After the approval, the Memorandum of Understanding (MoU) collected from hospital is uploaded to the system after which a provider code is created, and the hospital is intimated about the on-boarding through email.

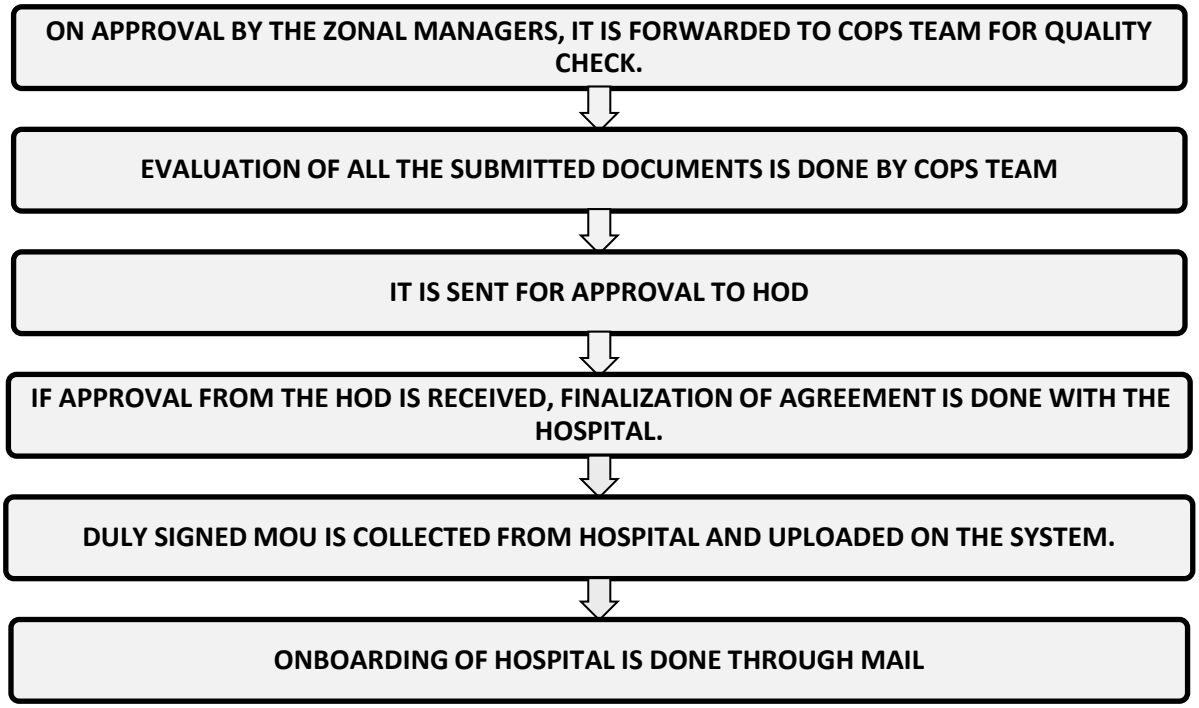

Figure 1.6. Steps in Quality check, final approval and Agreement finalization.

4. RESULTS

The entire process of identification of providers for Hospital A, D, and E was completed in one day, while there was a delay during that of Hospital B and C. The evaluation of shortlisted hospital for Hospital D was completed in four days, while for others it was delayed. The rate proposal and tariff negotiation of Hospital D was also completed in four days, while there was a delay observed for other hospitals. The quality check, approval and finalization for Hospital D and E was completed in eight days; however, there was a delay observed for other hospitals. Hospital D required 15 days for the entire process of empanelment, which is the least number of days, whereas Hospital B required 31 days to get on board with MBHI among the hospitals observed in this study**.** The total days for completing the empanelment process of hospitals for Hospital A, C, and E were 23, 29, and 25 days, respectively.

Table 1.1. Time taken by hospital A, B, C, D, and E at each step of empanelment.

STEPS	HOSPITAL A	HOSPITAL B	HOSPITAL C	HOSPITAL D	HOSPITAL E
1. NEED ANALYSIS	Day 1	Day 1	Day 1	Day 1	Day 1
2. IDENTIFICATION OF THE PROVIDERS	1	1	1	1	1
	1	1	1	1	1
	1	2	3	1	1
3. EVALUATION OF THE SHORTLISTED HOSPITALS (BY ACCOUNT MANAGERS)	2	3	4	2	2
	2	4	5	2	3
	6	8	9	4	9
	6	8	10	5	9
	6	8	10	5	9
4. RATE PROPOSAL & TARIFF NEGOTIATION	6	8	10	5	9
	6	8	10	5	9
	6	8	10	5	9
	7	8	11	6	9
	10	13			12
	13	14	16	8	17
5. QUALITY CHECK, APPROVAL & FINALIZATION OF AGREEMENT	14	16	17	8	18
	14	18	20	10	18
	16	21	21	11	19
	18	24	22		
	19	25	23	11	19
	21	28	26	13	22
	23	31	29	15	25
	23 DAYS	**31 DAYS**	**29 DAYS**	**15 DAYS**	**25 DAYS**

4.1. Root Cause Analysis

The processes for each step of the empanelment process were studied and causes for delay for every hospital were recorded. These causes categorized based on their nature into four namely IT issues, system errors, human error either by the organisation or of the hospital, process, and environmental.

Table 2.1. Consolidated tables of causes of delay in each step of empanelment of hospital.

STEPS	IT ISSUES/ SYSTEM ERROR	MANPOWER/ STAFF		PROCESS	ENVIRONMENTAL
		ORGANIZATION	HOSPITAL		
1. NEED ANALYSIS (BY ANALYTICS & SALES TEAM)					
2. IDENTIFICATION OF THE PROVIDERS		Accurate contact details could not be gathered from the hospital	Hospital could not be contacted due to less workforce.		Less availability of staff due to current COVID 19 situation
3. EVALUATION OF THE SHORTLISTED HOSPITALS (BY ACCOUNT MANAGERS)	Technical error in mailing		Poor quality/ Incomplete documents	Re submission of documents	
	Format sensitivity of documents to be uploaded		Details provided do not match with the actual scenario		
4. RATE PROPOSAL & TARIFF NEGOTIATION		Discrepancies/ large difference in rates	Unsatisfactory rates in the package		
		Delayed consent from Zonal Manager			
5. QUALITY CHECK, APPROVAL & FINALIZATION OF AGREEMENT	Generation of provider code on system	Unsatisfactory tariff	Poor quality/ Incomplete documents	Re negotiation of rates	No timely MoU generation with signed copy due to current COVID 19 situation
	Repetitive system crash if documents are not in specific format	Delayed consent from HOD		MoU generation / signed copy from hospital	

5. DISCUSSION

The prerequisite for hospital empanelment is the need analysis which is considered as day 1. The next step of identification of providers is different for all the five hospitals, and the reasons can be associated with manpower or error caused by the staff either of the organisation. It can also be due to reduced workforce at the hospital currently due to the COVID crisis. The evaluation of hospitals was delayed for a few hospitals due to system errors. There is a format sensitivity which has to be maintained and followed by everyone for every document. If these documents are not as per the required format, it again has to be changed for every document from the hospital, which is time consuming if there are system errors or system slowness along with it. Also, if the mailbox of the recipient is full, the essential mails cannot be sent which again delays this step for some hospitals by a day, till this issue gets resolved. There has to be a regular check of the inbox and streamlining of the

process for maintaining data over the drive, or the inbox. During the tariff negotiations, there are repetitive negotiations by account managers with the hospital at different stages of the empanelment process. First at the account managers' level, followed by Zonal manager not approving the tariff, and then followed by approvals from Head of Department after a quality check by COPS team. So, there can be modifications in the process rate negotiation, such as HOD approvals can be taken before quality checks from COPS team for time conservation and better negotiation with the hospital, for improving the relationship of the organisation with the hospital. If the number of documents sent to COPS team for quality check is reduced to only the most important files, based on which decision is taken, it will reduce the time required for collecting these documents, file formatting. Improving the IT system is necessary, and correcting system errors for avoiding crashing of the system is important during the generation of provider code of hospital in the system. Also, changing the system compatibility for accepting different format of files should be encouraged for avoiding time wasted on changing the required documents to acceptable format on the system. Improving the tariff negotiation strategies and formulating new SOP is necessary as and when there is any change in the external factors.

6. CONCLUSIONS

This study can be concluded by stating that the process of hospital empanelment can be improved by modifying some practices, improving negotiation strategies with a set of hospitals as and when necessary, reducing unnecessary file transfers to other departments, HOD approvals done just after with negotiations by account managers, and correcting the existing system issues. Also, if the suggested measures are taken care of, the overall time required for processing can be reduced.

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