

Health Net

Reducing Costs by Almost \$2 Million While Significantly Speeding Time to Customer

Health Net, Inc. (NYSE: HNT), based in Woodland Hills, California, does what it takes to make its members and providers a top priority. The company provides health benefits to approximately 6.5 million individuals in 27 states and the District of Columbia through group, individual, Medicare, Medicaid, and TRICARE programs. Additionally, Health Net's subsidiaries offer managed healthcare products for behavioral health and prescription drugs, as well as coordinate products for multi-region employers, medical group administrative services, and self-funded benefits programs.

A dedicated team at Health Net's Northeast region realized it needed to focus its efforts on providing members and providers with more customer-friendly Explanation of Benefits (EOBs) and Remittance Advice (RA) in order to remain competitive in the industry. This led to a company-wide analysis of all the ways Health Net communicated with members and customers, including an assessment of the effectiveness of those communications.

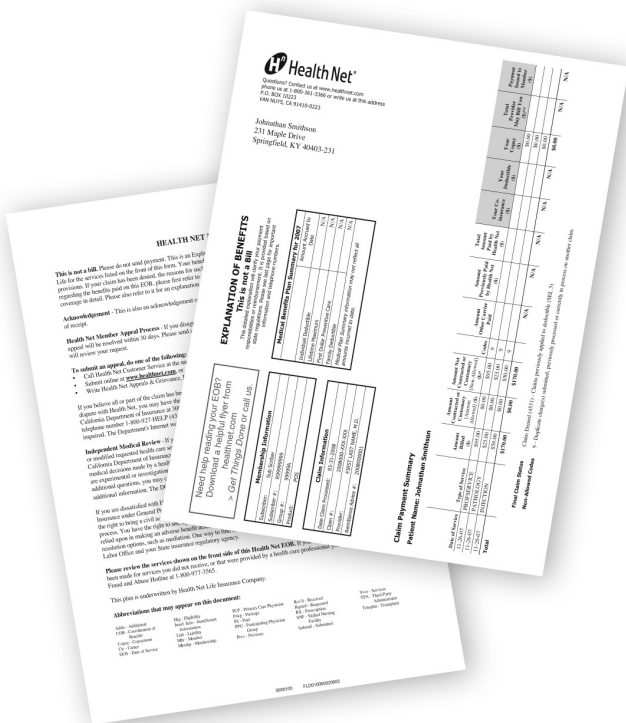
RECOGNIZING A NEED

"We realized our customer communications had become somewhat stale and not as effective as we'd liked them to be. We were in need of a makeover," said Robert Redding, Director, ITG Applications Development for Health Net. "For the most part, we used pre-printed forms generated from the mainframe and all of our customer communications were mailed as individual pieces rather than consolidated, which, given escalating postage costs, was getting more expensive each year. Additionally, with our existing technology, making even minor modifications to communications, such as inserting new logos, adding new policy information, and staying compliant with changing government regulations was very labor-intensive. We had a costly and inefficient process."

LOOKING FOR THE SOLUTION

Knowing new technology was needed, Health Net's ITG Print Services Application (PSA) team launched a search for a sophisticated document automation solution that would not only allow the company to improve the effectiveness of its member communications, but as importantly, to streamline the related processes. The initial goal was to produce easier-to-read EOBs and develop other document applications that explained member benefits more clearly, and pointed out what members were saving by choosing Health Net.

Health Net reduced printing and postage costs by \$2 million within the first year of using Dialogue.



"After evaluating a number of technology alternatives, we found that Dialogue™ from Exstream™ Software, now a part of Hewlett Packard, was the only software solution that met our overall document automation needs," said Redding. "We selected Dialogue for many reasons—but the main reason was its open architecture, which allowed us to easily integrate the software with our existing systems, content sources, and IT environment. Additionally, Dialogue's real-time processing engine would allow us to significantly speed time to customer with critical communications."

Additionally, Dialogue met the team's other objectives, and then some:

- Elimination of the need to produce pre-printed forms by dynamically creating documents from data sent by the mainframe system
- Consolidation of documents for a single household, providing considerable savings on printing and postage
- Archival of documents in PDF and HTML formats for easy accessibility via the Web
- Ability to easily produce documents in the recipient's preferred language—including Asian languages—improving customer satisfaction and complying with California's State Bill 853
- Intuitive environment for designing document applications that dynamically import files such as logos and customizable policy information according to member profiles
- Simultaneous production of fully-composed output, such as AFP, Postscript and Metacode, from a single design

BENEFITS FAR EXCEED EXPECTATIONS

"Dialogue's real-time processing has allowed us to turn pharmacy authorization applications around in a matter of seconds. Additionally, we've reduced document application development time from months to weeks," said Redding.



In addition to producing much clearer and friendlier EOBs to its 6.5 million members, the elimination of pre-printed forms, ability to household documents, and easily produce PDF and HTML documents available has brought a significant return on investment. In the first year of implementation, Health Net reduced its print and postage expenses by almost \$2 million.

Redding further notes that Dialogue now allows Health Net to efficiently comply with ever-changing state and national government regulations. "With Dialogue we can develop interactive applications that allow members and providers to specify state, effective dates and language requirement. Their selections drive what content is used to compose the required document in real time."

LOOKING TO THE FUTURE

In 2008, Health Net plans to make the EOB and other documents available to its members via the Web, with a goal of eliminating 20 percent of its print in the first year and a 20 percent adoption rate in each of the following years.

Additionally, Health Net's marketing department plans to take advantage of Dialogue's intuitive and role-based design environment to create rule-driven, member-relevant messages that are incorporated into communications at run time. For example, a document sent to a family member with asthma might receive helpful information on asthma maintenance, new drugs available, etc.

"Health Net is very serious about its commitment to providing the best services to our members," said Redding. "Without a doubt, Exstream's Dialogue is significantly helping us in this mission by allowing us to stay competitive with more efficient document processes and the ability to produce clearer, more effective communications that ultimately help our members improve their health."

