Cambia selection and evolution with Optum StepWise

A case study of Cambia Health Solutions, headquartered in Portland, Oregon, and dedicated to transforming health care.

Cambia is a total health solutions company comprised of over 20 companies that work together to make the health care system more economically sustainable and efficient for people and their families.

Their solutions empower approximately 70 million Americans nationwide, including more than 2.6 million people in the Pacific Northwest who are enrolled in their regional health plans.

The journey begins

Cambia needed to replace their legacy health insurance premium quoting system for their small and midsize employer group business. The total health solutions company was determined to find a vendor package that met their business vision, rather than conforming their business to fit the package.

The key business drivers behind their replacement search included:

- Improving rate competitiveness and financial results
- Improving margin forecasts modeling
- Increasing speed to market
- Reducing reliance on IT resource for development and maintenance
- Reducing underwriting manual tasks
- Flexibility in rating formula design

In 2008, Cambia began their search for a solution to meet their short- and long-term needs by issuing an RFI.

The RFI set the stage for a comprehensive vendor selection process, where responses would be evaluated in eight areas:

1. Product Functionality
2. Platform and technology
3. Implementation services
4. Pricing and costing
5. Training and support
6. Product roadmap
7. Vendor financial health
8. Customer references

The long road to choose the right partner

Cambia invested substantial time and capital to ensure they chose the right solution. For the RFP process, Cambia provided details from the business case, and wrote prescriptive demo scripts for vendors to execute based on challenges they were experiencing with their legacy system.

With involvement from the following departments:

- Underwriting
- Actuarial
- Product
- IT
- Sales
- Finance

Each business area evaluated and scored how well each solution met their specific functional needs. The results were then collected and weighted based on several considerations, including business significance, RFP answers, demo script presentations and vendor responsiveness. The Optum StepWise® Automated Rating solution rose to the top based on these criteria and the initial partnership between Cambia and Optum began.

> "StepWise is an essential component of our internal controls process. An automated rating system prevents errors and ensures we can demonstrate compliance to auditors. The ability to quickly configure warning and error messages easily keeps pace with changes to our business processes."
>
> Rob Kuecker,
> VP, Underwriting

Fast forward

Cambia's initial StepWise development effort for their small to midsize renewing and new business groups was led by Optum Advisory Services, supported by a team of Cambia subject matter experts.

Since the first launch of StepWise, Cambia has taken responsibility for all StepWise development and implementation in-house. Cambia went on to develop a rating formula for their 101+ employer group business and continued to made improvements to their small to midsize group solution. Ongoing underwriter productivity enhancements and a steady stream of new regulatory and company requirements have all been configured by Cambia's StepWise experts.

Reducing reliance on IT resources for development and maintenance of the rating system was a key business driver for Cambia, and a key StepWise attribute. Unlike many of the alternatives, the Excel-like configuration syntax of StepWise made it a natural fit for actuarial and underwriting to complete development without IT involvement. Cambia achieved significant productivity gains by keeping the StepWise configuration within its business subject matter experts.

Cambia also built a strong underwriter community around StepWise, which helped to institutionalize processes and data across multiple markets. At Cambia, StepWise provides all the data required to generate a group's sales proposal. Sales proposals contain multiple exhibits showing premiums and rates for current and renewal benefit coverage, along with alternative benefits in various formats to help group customers make health insurance purchasing decisions.

Cambia has realized many benefits from their StepWise implementation

1 Rapid configurations and realized results

2 Easy-to-understand and transparent system allowing broad audience usage

3 Quick onboarding of new users

4 More underwriters and actuaries participating in StepWise configuration

5 More accurate quotes and reports

6 Efficiency serving multiple lines of business and markets under one system

Enhance

Lessons learned

Cambia's objective of reduced reliance on IT meant actuarial and underwriting needed to perform IT-like system functions using out-of-the-box StepWise tools that address system availability, access rules, performance logging and configuration migration between environments (e.g., develop, test, production).

Three of Cambia's key implementation lessons learned are centered around quoting performance, controls and compliance, and data extract and reporting.

Quoting performance

Quoting functionality is the paramount function for Cambia, but this requires exceptional system performance. Seven out of 10 small and midsize group quotes are submitted by an external producer, with over 90% of these requests not required to stop in underwriting. Quote turnaround time is critical.

Cambia's workflow rules govern when underwriting is required. When underwriting is not required, the quote is automatically rated and returned to the waiting producer or sales representative within minutes or even seconds, depending on the number of benefits requested and census size.

With every major functionality enhancement, Cambia uses the StepWise Logging/Profiler Manager to evaluate the execution time of every calculation and source data query in a StepWise formula, so areas of performance concern are immediately addressed.

"StepWise automated rating delivers fast, self-driven quoting to our high-volume small group market. The scalable nature of StepWise allows us to build new group onboarding and renewal solutions to get insurance cards to our members quicker than ever."

Dale Neer, Director Regional Underwriting

Controls and compliance

Cambia has always had a strong internal audit process aligned with corporate strategic objectives while balancing compliance objectives and expectations from regulators. While the legacy system met these objectives, it did so as an afterthought in its system design. Cambia addressed these auditing inefficiencies in its StepWise implementation by ensuring that all control checks and processes were integral in the configuration design.

Cambia defines a quote as all the group, census, experience, benefit and rating information necessary to underwrite a group and to generate a sales proposal. This comprehensive data view provides a point-in-time snapshot of each group's quote. StepWise shows if auditing requirements are met, has the ability to look back into prior-year rating results in a simplified manner, and ensures that rating questions can be quickly and fully answered.

As compliance increasingly becomes more data-oriented and data-dependent, Cambia's rating formula approach of "save all relevant data" on a quote has proven to be a defining characteristic of their next-generation quoting system. Cambia's StepWise solution now stores all the distinct rating component calculated values, enhancing verification and traceability. Rating functions within StepWise are saved by group size, effective date and quote date, so that multiple versions of quotes are easily traced.

Data extract and reporting

Cambia approached the StepWise implementation intending to remove the reporting and modeling limitations of the legacy system by meeting and exceeding forecasting, operational and management information needs.

For example, the StepWise quote captures data previously collected manually by underwriters, making the data readily available for reporting and saving underwriting time and resource. This data-focused approach led to several new operational extracts from StepWise to other departments, providing additional efficiencies.

The StepWise data dictionary holds the definition of all steps and tables created in StepWise Formula Designer. Leveraging the data dictionary and SQL, Cambia easily developed new and improved reports for managing the small and midsize group health insurance business.

Early on, Cambia learned that the Optum Block Rating tool could be used for more than just creating or updating quotes. At Cambia, the Block Rating tool evolved into an essential underwriting reporting tool that satisfies almost all its operational reporting needs; in fact, it replaced dozens of legacy reports.

Block Rating's reporting capabilities also support Cambia's book-of-business modeling functions by finding quotes or groups based on group characteristics, benefits or census profile. Actuaries use Block Rating to model changes to rating and review the impact on various segments of the business.

"Underwriting relies on Block Rating reports. They are quick to configure and flexible, which helps us access and optimize the information stored in our systems to produce data-driven decisions."

Dave Vanderwarker
Director Underwriting

More than a rating system — new ideas, more efficiency

Over Cambia's tenure with StepWise, the opportunity to expand and enhance quoting capabilities while optimizing performance has evolved.

Cambia's actuarial and underwriting staff has performed all aspects of StepWise development since the beginning (as opposed to handing them off to IT). This active role in software development gave the StepWise team greater insights into using StepWise to enhance rating and solving problems beyond rating. Armed with both the business and StepWise technical knowledge, the team implemented these solutions on the StepWise platform:

- **Shared rating module:** Taking advantage of this StepWise capability provides for a single source of rating for both new business and renewal formulas, ensuring consistent rating methodology and results.
- **Automated rate testing:** Bridging the gap between regulatory rate filings and StepWise Rating, this Optum Block Rating solution queries Cambia's rate filing database and compares it to the StepWise formula rating to ensure accuracy, find errors and reduce underwriting rate testing time.
- **Liability/settlement reporting:** Cambia replaced an aging settlement tracking system for alternate funded groups with a StepWise formula that captures a group's experience throughout their contract/run-out period for analysis and settlement.
- **Management reporting:** Cambia replaced an Excel-based reporting solution with an Optum portal web-based display of results supplied by a dedicated StepWise Management Reporting Formula that quickly summarizes book-of-business information on demand.
- **Product availability:** External producers connect to Cambia's StepWise system for small to midsize groups as part of the quote request process. The request is first satisfied by a StepWise formula that presents available products and benefits based on a group's size, location and eligibility.

"StepWise allows our Underwriting and Actuarial staff to request updates as they're needed throughout the year. Requirements are easy for our business users to define and configuration is executed rapidly without going through time-consuming IT approval processes."

Karin Swenson-Moore
Director Actuarial

The underwriting and actuarial communities have embraced the StepWise value-added solutions as trusted tools. **StepWise has made many of their tasks faster, easier and simpler.**

StepWise Suite

StepWise Automated Rating is part of the StepWise Suite software platform that enables data integrity and enterprise agility — from product ideation to revenue generation — enabling all stakeholders to make quality, rapid decisions.

The suite consists of three components that both interoperate and stand alone, providing a high degree of flexibility in deploying the solution to enhance existing systems and strategize short- and long-term transformation objectives.

Product Lifecycle Manager

Enables rapid design, management and dissemination of plan and benefit information
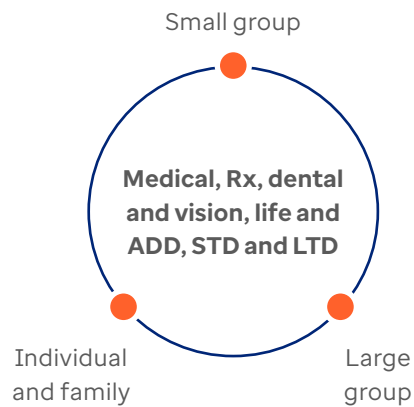
Automated Rating

Delivers centralized rate management, financial modeling and automated quoting

Online Shopping

Empower sales partners and customers with online, self-service tools

Portfolio

Small group

Medical, Rx, dental and vision, life and ADD, STD and LTD

Individual and family

Large group

Stakeholders

The StepWise® suite drives collaboration across internal and external associates, processes and systems.

Contact Optum to learn more today.

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🖥 **optum.com/contactus**

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