

Automated Expense Management Platform Helps Companies Administer Self-Funded Healthcare Plans, Ensures On-time Payments



Arthur Jonokuchi
Co-Founder & Chief Executive Officer
(203) 973-9701
AdminaHealth LLC
www.adminahealth.com
A.Jonokuchi@AdminaHealth.com

Interview conducted by:
Lynn Fosse, Senior Editor
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“With AdminaHealth, it only takes HR five minutes a week and Finance fifteen minutes at the end of each month to manage all of the administrative aspects of your self-funded plan.” - Arthur Jonokuchi

CEOCFO: *Mr. Jonokuchi, would you tell us about AdminaHealth?*

Mr. Jonokuchi: AdminaHealth is an automated expense management platform that helps companies administer their self-funded healthcare plans with minimal effort while ensuring all payments are accurately made on time and with real-time transparency.

CEOCFO: *What are some of the challenges?*

Mr. Jonokuchi: AdminaHealth is a revolutionary product and as with any completely new product, especially one involving healthcare and technology, the first step is the educational phase. We have taken this debut year to meet with executives across the country, present at trade shows, and talk with the press. We never expected to launch our service and have clients start rolling in the next day. We were one of only a handful of healthcare technology companies that were asked to present at SAP's (our technology partner) Sapphire Conference, which allowed us access to a huge audience. Now that we've done an effective job of getting our name out and presenting our concept, our pipeline is building with demonstration and implementation requests.

The marketing cycle for companies to change their health plan administration is a process requiring the buy-in of all levels of management, the C-Suite, Finance, HR and IT. It requires patience and educating the company on the savings, the increase in efficiency and the benefits of greater transparency.

CEOCFO: *Would you tell us about your services?*

Mr. Jonokuchi: AdminaHealth is a web-based SaaS administration software program. Our goal is to automate, simplify and centralize a company's entire healthcare expense management onto one platform. AdminaHealth offers features and benefits for the HR and Finance teams, as well as the C-Suite. We have features that are designed for large self-funded companies with multiple divisions and subsidiaries as well as features for smaller companies with only one or two HR administrators.

CEOCFO: *Is it typical that different departments might be working with a different program today?*

Mr. Jonokuchi: What is typically happening for the administrative tasks within a self-funded plan is you have someone in HR that is looking at enrollments and coverage but when the bills come in they typically have to be paid by the Finance department who then has to get HR approval. Then they have to go and make sure that the transfer of money is done correctly so there is a banking process as well. The AdminaHealth system automates all of that and makes it much simpler and easy to use because it is portal-based for all parties. Users can see all of their information real-time within a web portal. Everyone knows what is going on because the process is automated and documented.

CEOCFO: *Would you tell us about security?*

Mr. Jonokuchi: AdminaHealth is built on a very secure SAP HANA platform and it has the ability for multi-factor security. It's just like a bank. If you look at banking, you typically have multi-factor security where you have a password but then it

prompts you for a second security feature - maybe it comes through a text on your phone or a key fob where you have to put in another code. We have that same technology for AdminaHealth as well as the ability for single sign-on integration with a company's internal security system.

CEOCFO: *What is the market opportunity?*

Mr. Jonokuchi: Let's talk about the self-funded marketplace because that is going to be very important this year and going forward. Currently, there is so much interest in the new administration in DC and what is going to happen to the ACA - is this going to be "repeal and replace" or "repeal and repair"? One central aspect that will not change is that fully insured health plans are still growing in cost faster than self-funded plans. This trend has been a fact for several years and it seems to be a fact that is going to continue. What that means is that no matter the environment, more and more companies will be exploring the move to self-funding and AdminaHealth will be there to assist these companies in that transition. For those companies that are already self-funded, we offer an automated process to reduce the administrative burden of having to manage multiple vendors through what are typically manual processes involving internal HR, Finance and Accounting departments. The other trend that has accelerated is the growth of specialized healthcare vendors, all with very good services to reduce self-funded plan costs such as cost containment, telemedicine, PBMs, employee diagnostic testing, wellness programs and reference based pricing. These specialized vendors add meaningful savings to a company but they can also add to the administrative burden. We can help the self-funded companies by reducing or eliminating the incremental administrative costs of managing all of these vendors.

CEOCFO: *Might you work with some of these vendors as a way to introduce yourselves?*

Mr. Jonokuchi: Absolutely! We are working through different markets as well. So besides going directly to companies, we are also marketing through brokers and TPAs and also through benefit administration companies that consult and act as HR out-sourcing services for companies. Another promising area is the captive administration market. We offer AdminaHealth to these parties on a white label basis so that they can still stay top of mind with their clients and help them improve their retention and acquisition of new clients. AdminaHealth provides the brokers and TPA's with more robust reporting on a real time basis, greater transparency on costs, and greater value to their clients by unbundling vendors and bidding out services on their behalf.

CEOCFO: *How do you ease the fear of implementation?*

Mr. Jonokuchi: The biggest fear of the unknown is the unknown. When companies move from being fully insured to self-funded, we can help because the processes are different. When a company is fully insured it pays a premium once a month and that's it. They do not worry about claims or other factors like different enrollment and payment systems, and having to pay claims weekly or twice a week. A benefit for the company making the transition to self-funding is the elimination of the profit margin which is typically baked into the insurance company's premiums that reflect the insurer assuming the risk of a healthcare plan. In addition, if claims come in under what was anticipated, then the self-funded company automatically reaps the savings from lower claim expenditures.

What we do when we on-board a company is work with them and show them the monthly and weekly process. We train them so they know what to expect. Our software is user-friendly and intuitive. Once they start using the software, the processes become simple to them. And once the companies are trained it only takes HR 5 minutes a week and Finance 15 minutes at the end of each month to manage all of the administrative aspects of their self-funded plan.

CEOCFO: *How do you work to balance giving customers all they need but not overwhelming them?*

Mr. Jonokuchi: That is the beauty of our software and the AdminaHealth system because we can tailor the menus and level of details. If you are a small company, having automated features and having the ability to get your enrollment and true-ups correctly reported and make payments and have all that accounted for on an automated basis is very important. But because you are a small company you probably are not going to look at healthcare utilization or diagnostics or chronic illnesses within your organization as often because you do not have that many people. For you it is a matter of keeping it simple and being able to take care of the basic processes. We can tailor the menu to do just that and maybe on a quarterly or annual basis they can do a much deeper dive.

CEOCFO: *What has changed as you have been perfecting the system? What have you learned?*

Mr. Jonokuchi: We had a soft launch for AdminaHealth at the end of the first quarter of 2016. We began to speak to several HR, Finance and C-Suite executives and their teams. We were looking for feedback in ways to enhance our capabilities and bring more value to our customer. What we learned through our discussions is that every company seems to have different pain points and a lot of the pain points deal with enrollments, true-ups and reconciliation of claims. Healthcare is a strange industry because it is one of the few where companies typically pay their claims on a weekly

basis. They are making a claims payment where they don't get the detail of what actually made up that payment until the 10th or the 15th after the end of the month. For the month that they are in, they are usually making payments without a clue as to what exactly they are paying for. That's been the process that we are trying to rectify: getting them the data earlier and making it available for the reconciliation process. Clearly that is something that should help them.

CEOCFO: *Is it easy for prospective customers to recognize the benefit weighed against the cost?*

Mr. Jonokuchi: In terms of the customers, I think there are a few areas where it takes a bit of education. One aspect of the savings that we provide is that there is an immediate return on investment for AdminaHealth in the sense that once you enable a company to evaluate a self-funded plan through our platform, you enable them to have vendors compete for their business. That's when you can affect the cost and the quality of care. If you have two or three vendors competing for their business, they are going to get a better rate from each, they are going to get better terms, and most importantly, for the following year, rates are not going to increase as much because the vendors know they may risk losing your business to a competitor. By having the ability to look at multiple vendors we think we can help employers save money right off the bat. Secondly, we can help a company's Finance team save the administrative effort and time associated with making electronic payments, sending the notifications to the vendors, verifying the receipt of the payments and automating the accounting reconciliation of the process. We also save the HR team significant time by automating the various manual enrollment and reconciliation processes. For a broker, captive manager or somebody who is managing these processes for a client, AdminaHealth is going to save them a lot of money as well because if they are doing something manually and one of their employees is handling four or five companies, we can automate so many of those processes that the same employee could possibly handle 10 or 15 companies, which is a huge increase in productivity.

CEOCFO: *What is the competitive landscape?*

Mr. Jonokuchi: So far we are not aware of another company that focuses on the administrative process of the self-funded plan and offers the same configuration or breadth of services that AdminaHealth offers. There are companies that offer electronic banking to providers directly or TPAs or that offer claims reporting services but their focus is not on managing the overall administrative aspects of multiple healthcare vendors. And they are not targeting the C-Suite, plan administrators or internal HR and Finance departments. They typically are either focused on the client portals or helping TPAs. Ours is a little different in terms of its focus.

CEOCFO: *Why pay attention to AdminaHealth?*

Mr. Jonokuchi: One of the reasons it is important to follow AdminaHealth is that we are using technology to simplify, automate and replace redundant manual administrative processes and provide new and useful tools for HR, Finance and the C-Suite. We are the only system that does this in a completely agnostic way. AdminaHealth does not care about which healthplan network a company is on or its vendors - we are focused on the processes of the employer, not the TPA or the patients. We strongly believe that companies should make vendors compete for their business and our technology helps them do that. Right now there are a lot of exciting innovative vendors offering telemedicine, cost containment solutions, pharmacy benefit management, population health analytics, and chronic disease management services in the marketplace. These vendors can help a self-funded plan save money through increases in quality of care, discounts, and other services that they can provide through their technologies. AdminaHealth is the tool that can assist employers take on these new vendors and manage the administrative processes for them. They do not have to worry about the increases in administrative burden or overhead. Just think of AdminaHealth as the chassis of a car. The company can choose its engine type and all the other features that they want onto that chassis and have a system that is customized for them. AdminaHealth is here to help your company be more effective and efficient with your self-funded plan.

