

Date:

30 December 1998

Subject

NIB reaps R & D benefits from Sanderson's WHICS package

NIB Health Funds Limited will begin phasing in a new information management system in the New Year that will further improve customer service and lower the fund's administration costs.

In the face of frequent legislative changes and increasing complexity in the Australian healthcare industry, NIB has opted to share R & D costs by implementing the WHICS specialist application package from Sanderson Wachter Pty Ltd.

NIB has signed a \$2.2million deal to run a Unix version of the Australian information management system, incorporating the Informix relational database, on two new Hewlett-Packard servers. It will replace a system developed in-house.

As well as amortising software development costs, the health insurer sees WHICS delivering significant benefits to its customers by speeding up claims and payments, as well as raising the levels of service for other point-of-contact business.

"After developing and supporting our own software for more than 20 years, we had PricewaterhouseCoopers conduct a strategic review of information systems, and accepted their recommendation that we look for a packaged solution," said NIB's Product Development Manager, Mr Brad Vallin, who is project manager for the implementation.

"We found we were putting a great deal of effort into modifying our old system to accommodate frequent legislative and other industry changes. We felt we were duplicating the R&D efforts of other health funds, and that by choosing the WHICS solution we could share those costs with 15 or 20 others and also benefit from the ideas they contributed to its development.

"The Federal Government's 30% rebate will mean a major system change and if we were to develop the code ourselves, enormous costs would be involved. With WHICS, we can share the costs with other health funds."

The Unix version of WHICS is used by health funds including Manchester Unity, Australian Health Management Group, and Australian Unity. A mainframe version is used by HCF, SGIC and HBF.

NIB has a good track record in containing management costs, which were 12.9 per cent of contribution revenue in the year ended June 30, 1998. This compares favourably with competitors' management expense rates. In the same period, NIB's contribution revenue was \$238 million.

As part of the software evaluation process, NIB had Sanderson Wachter set up a model office comprising 15 to 20 workstations running off a Hewlett-Packard server.

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"We set up a mini-NIB, with expert users evaluating an off-the-shelf version of WHICS," Mr Vallin said.

"The trial convinced us that we could reap cost benefits by changing our business processes to fit the package, rather than having the software customised. We identified a few areas for customisation, and Sanderson Wachter is working on those."

The Year 2000-compliant package will be fully integrated with NIB's other third-party applications. This includes a state-of-the-art Call Centre, and systems that run the fund's three Eye Care Centres, NIB Private Hospital, a prescription safety eyewear business, and the NIB Dental Care Clinic.

Staff training began this month, and the system is scheduled to go live during the second quarter of next year. The health fund has a licence for 250 users.

Mr Vallin said: "Research has identified NIB as a health fund whose customers are extremely happy with the service they receive, and the new system will allow us to raise service levels even higher by speeding all point-of-contact business, including enquiries, claims and payments.

"Branch office staff will be able to do much more, from processing payroll applications to accessing direct debit details, rather than sending to head office for information. This will be a huge advantage."

With the new HP servers, NIB expects a significant improvement in delivering on-line services, and anticipates a big gain from replacing dumb terminals with PCs. Staff will be introduced to PC-based applications as they become familiar with the new technology.

WHICS is an information management system that incorporates all health insurance functions, including fully integrated modules for Investment Services, Financial Accounting and Friendly Societies.

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