Atlantic Blue Cross Care

Key highlights

Industry/Market:
Health Care

Products/Services
• Sun™ Mainframe Transaction Processing (Sun MTP) software
• Sun Fire™ V880 Servers (three for production)
• Sun Fire™ 280R Server (for test)
• Solaris™ Operating System
• Sun Services Mainframe Application Rehosting Consulting Service

Key Business Challenges
• Reduce IT operations costs
• Maintain vital corporate legacy applications
• Re-engineer legacy data files to Oracle database
• Create a single high performance, cost-efficient operations open infrastructure

Key Business Results
• Savings of $3 million annually in IT operations
• New IT capacity for enhancements and new business initiatives
• Single distributed systems environment

"Moving off the mainframe has brought us a more cost-effective means of managing our IT system and easier access to information for our users. We now have a system that will scale to our future needs, enabling our company to manage our information needs today and grow easily." – Don McPhee, Director of Technical Services, Atlantic Blue Cross Care.

Health care management and financial issues are becoming increasingly complex and interwoven. As a strategic imperative, Atlantic Blue Cross Care needed to develop a comprehensive IT plan to manage the web of programs, policies, benefits, and regulations that connect insurers, providers, regulators, and consumers in the health care IT mix.

Broad industry changes, constant evolution of information needs, and rapid technology innovation challenged Atlantic Blue Cross Care's further reliance on an expensive outsourced IBM S/390 mainframe. The organization needed a more economical solution for its growing information needs, one that would provide a robust IT infrastructure to meet future business challenges.

A new IT system would enable the organization to reduce operating costs, improve flexibility to quickly respond to business demands, and position the organization for future growth. The company selected a mainframe rehosting strategy and chose Sun™ Mainframe Transaction Processing (Sun MTP) software to move its essential legacy applications from the mainframe to an open systems environment, creating a sophisticated and practical IT system to take the company into the next century.

Information Management Needs Dictate Need for New IT Environment

Atlantic Blue Cross Care provides personal health benefits coverage to more than one million Canadians in the provinces of Quebec, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, as well as administering regional and national government programs. Its health, dental and travel plans account for 1.6 billion ($Cdn) in revenues. Since 1943, the organization has forged strong alliances with hundreds of health care providers throughout the region — physicians, pharmacists, dentists, nurses and other health care specialists.

Atlantic Blue Cross Care was supporting two infrastructures; while still running most corporate applications – life insurance, membership, payment systems, and more – on the mainframe, the organization had started building a distributed environment. One goal was to move the legacy VSAM files to Oracle applications to provide their staff with the flexibility to better respond to customer inquiries. By moving all applications to the open systems environment, Atlantic Blue Cross Care could simplify their support needs, save on staffing and training requirements, and standardize on a single, more economical, and powerful infrastructure. IT staff knew this would allow them to better respond to business needs and gain control over the IT environment.

"Key factors in our decision to move off the mainframe were the escalating cost of mainframe operations and the need for a common open infrastructure. The Sun Mainframe Transaction Processing software allowed us to migrate our essential applications to a more economical distributed systems platform."
– Don McPhee, Director of Technical Services, Atlantic Blue Cross Care.

Essentially, Atlantic Blue Cross Care needed a new IT system to manage member enrollment, health claims, billing, accounts receivable, revenues, administration of government health programs, and payment systems for life and health plans. It was a large and ambitious undertaking.

Sun Provides Migration Solution

While Atlantic Blue Cross Care briefly considered a mainframe upgrade, the rehosting strategy was by far a better choice. Several products were considered for the migration project. After some evaluation, it was decided that Sun MTP was the best solution for this particular situation.

Atlantic Blue Cross Care was impressed with the extensive experience the Sun mainframe migration team had in migrating mission-critical enterprise applications from mainframes to open systems. This software has been used to successfully migrate mission-critical enterprise applications from mainframe systems to open affordable UNIX® systems at more than 600 customer sites worldwide. To implement this migration and other services, Sun Services provided training, mentoring and other consulting services around Sun MTP capabilities to a service provider selected by the customer.

The project was quite large because the existing system processed large volumes of data. At the start of the project, there were more than 145,000 transactions per day; it has since increased to nearly 250,000 transactions per day today. For the migration project, Atlantic Blue Cross Care's system included five million lines of code, 2,200 online Cobol programs, 98,300 files, 200 screens, 3,000 batch jobs, 1,300 JCL scripts, 8.5 million database calls and 2,100 users.

An important goal of the project was migrating Atlantic Blue Cross Care's existing programs to the new platform without changing the user interfaces. A significant challenge from Atlantic Blue Cross Care to the migration team was to ensure a seamless migration on behalf of its customers.

Atlantic Blue Cross Care wanted the ability to add new lines of business and IT improvements. The IT staff has instituted enhancements, including Web-enabled information access. The larger capacity system has been critical to its success.

Atlantic Blue Cross Care ran several technical pilots to insure that all elements of the new system would work together. Nearly 70 percent of the migration project involved testing to be sure it would support the workload. The staff set up an entire production environment, then instituted a phased testing approach to thoroughly review the new architecture before going into production phase. The testing proved important in showing that they had to double the disk and processing capacity over what they originally projected, largely due to the re-engineering of the legacy data files to the relational database.

Cost-savings, Scalability, and Preservation of Essential Applications

Naturally, in addition to moving off the mainframe in a timely way, Atlantic Blue Cross Care wanted the ability to add new lines of business and IT improvements. Since 2000, Atlantic Blue Cross Care has merged with one company and taken over business from others, so IT volume has grown. The IT staff has instituted enhancements, including Web-enabled information access. The larger capacity system has been critical to its success.

The new open systems platform has proven successful and scalable, while preserving the large volume of essential legacy applications.

McPhee reported that Atlantic Blue Cross Care brought nearly three-quarters of their business operations from the mainframe, but did not have to increase operations staff. The employees working on the previous distributed system were able to absorb the incremental responsibilities.

The organization has grown from covering 600,000 people in 1998 to more than a million people today. Claims have grown from $1 billion ($Cdn) in 1999 to $1.6 billion today and the new IT infrastructure has scaled to meet the needs.

Most important, the migration strategy has been a financial success. While Atlantic Blue Cross Care spent $6 million on hardware and software for the migration, after the payback period ended, they are experiencing $3 million in annual savings over the outsourced mainframe.