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Health Insurance Startup Expands Amid Affordable Care Act Changes

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Sasha Banks-Louie, Oracle

NEW YORK—Oscar Health Insurance started selling insurance plans in 2014, the year that 15 million Americans were entering the marketplace for the first time with the passage of the Affordable Care Act. And even with the [repeal](#) of the ACA’s individual mandate, which in 2019 will let people opt out of health insurance coverage without having to pay a penalty, Oscar continues to expand, having signed up more than 250,000 new members in 2017, many of them millennials, representing a 150% gain from the previous year.

Oscar’s growth strategy, conceived by cofounders Joshua Kushner and Mario Schlosser (who serves as CEO), hinges on technology-powered customer service. “Our policies are accessible and affordable and our staff is knowledgeable and friendly,” Schlosser says.



Courtesy of Oscar Health Insurance

Members of Oscar's engineering team work with the sales and marketing teams to discuss the launch of Oscar [+]

How does Oscar deliver on that lofty promise? One differentiator is its team of personalized customer “concierge service” agents, to whom members can send secure messages about claims, bills, and requests for physician recommendations. Members can also use Oscar’s mobile app to book appointments, check test results, and pay bills. A telemedicine feature built into the app enables patients to submit medical questions and receive a response from a licensed physician within minutes.

A new program lets members earn money back on their premiums—in most states, a dollar a day up to \$100 a year in Amazon rewards cash—based on the number of steps they walk each day, monitored by the Oscar app’s step-tracking feature. To keep members motivated, the app adjusts goals based on the members’ incremental success.

“These programs are the keys to scaling our membership,” says Brian West, Oscar Health’s CFO and executive vice president of operations.

Spreadsheet Nightmare

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But as the [venture-backed](#) company (recently valued at about \$3.2 billion) expanded from New York into Texas, California, New Jersey, Ohio, and Tennessee starting in 2016, it became harder to consolidate its financials and swiftly prepare reports for regulators and auditors. Oscar had been doing those consolidations in spreadsheets, notes Director and Assistant Controller Aaron Crawford, but it needed a uniform set of accounts to manage revenues, expenses, and healthcare reimbursements.

“We needed to add individual legal entities and tax profiles for each state to our general ledger,” Crawford says, noting that it had become “way too easy” for his team to enter new accounts into different spreadsheets and give those accounts different names and GL numbers. “It was a complete nightmare. Getting through audits took us weeks and sometimes months.”

The company moved to Oracle NetSuite's cloud-based financial management software, which made it "super easy for me to pull a consolidated balance sheet and income statement," Crawford says. With its built-in rules that comply with local tax and data privacy regulations, NetSuite helps Crawford quickly consolidate financial reports for all six states and then compare those financials monthly, quarterly, and annually.

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To manage reconciliation and accelerate its close process, Oscar integrated FloQast, a close management software application that pulls GL account data from NetSuite. That integration helps Oscar compare ending balances from NetSuite with supporting documentation such as bank statements, balance sheets, and income statements. Once the two systems are connected, FloQast displays whether or not the GL data matches.

Although the reconciliation process compares only two numbers, "it's a huge pain when you have to do it for hundreds of thousands of journal entries every month," says Mike Whitmire, founder and CEO of FloQast.

Crawford notes that Oscar has a regulatory requirement to complete its audits by May 31 each year. "It used to take us that long just to prepare for those audits," he says. "Now our reconciliation is done by mid- February."

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Oscar has indeed come a long way since entering the highly politicized health insurance industry. But some pundits question why the still-fledgling company would expand when the ACA's future is still uncertain.

Schlosser says he's confident the ACA will remain largely intact: "There are simply too many lives at stake."

Sasha Banks-Louie is a brand journalist for Oracle.