Client Case Study
Berkshire Hathaway Homestate Companies

The Berkshire Hathaway Homestate Companies is a group of six insurance carriers that are part of the Berkshire Hathaway group of insurance companies. Headquartered in Omaha, Nebraska, with more than 40 years in business, BHHC has grown from a regional organization to a national insurance group, offering insurance products from coast to coast.

Each BHHC insurance company has earned an A++ Superior (as of June 17, 2014) financial strength rating from A.M. Best. Its unparalleled financial strength and superior claims-paying ability sets BHHC apart from other insurance companies in the industry.

The Workers Compensation division of BHHC is focused on delivering a high quality experience for our policyholders. This encompasses everything from compassionate care for injured workers to lower WC insurance costs through state-of-the-art accident prevention techniques, return-to-work programs, and effective fraud mitigation.

Summary of Key Points

Initial Goal: Replace two older claim systems that required extensive workarounds and created inefficiency

Continued Efforts: Increase efficiency and support ongoing WC objectives

Solution: SIMS Claims from Systema Software used to manage WC claims, license for 500 concurrent users

Additional Benefits:
• Paperless claims process
• Support BHHC Goals Program
• Enhanced medical management
• Reduced IT maintenance
• Powerful data reporting
• Automated FROI and SROI reporting
• Business rules automation for referrals
• Support customer service

The Challenge: Moving to a Modern Claims System

Previously, BHHC's Work Comp division had two claim systems. One was an old mainframe application, which was being phased out. The second was a newer web-based system, which had significant performance issues. The vendor of the second system was unresponsive to BHHC's needs. That vendor's general attitude was "that's how the system works, deal with it." As a result, BHHC's IT staff had to build an extensive network of process, report, and data management workarounds.

The Solution: SIMS Claims from Systema Software

In May 2007, BHHC first implemented SIMS Claims, the flagship claims system of Systema Software.

As a solutions provider, Systema Software was highly responsive in listening to and meeting BHHC's needs. During implementation, Systema worked in close partnership with BHHC to define system requirements and brainstorm solutions. This "meeting of the minds" approach worked well for BHHC, as team members could then discuss how SIMS would support their business objectives.

Initial Implementation & Nationwide Expansion

The implementation of SIMS Claims went remarkably well. BHHC started the implementation of SIMS in California, but the company is now in every state where WC coverage is available. At each step of its expansion, and with integration with other offices and jurisdictions, SIMS has supported the needs of BHHC.

In the first year using SIMS, BHHC maximized efficiency in transactions. In the second year, the focus was on paperless processing and document management. And in the third year, the vice president of claims began to implement fresh ideas and new strategies for medical management.

Ongoing Support of WC Objectives

Geoffrey Kennedy was a claims adjuster when SIMS was first implemented, and today, he serves as a strategic analyst at BHHC.

"Our main objective in the claims department is to deliver appropriate and timely benefits to injured workers," said Kennedy. "At the same time, we aim to mitigate the risks inherent in WC systems in all jurisdictions, and work to provide excellent customer service to policyholders, producers, injured workers, vendors, and medical providers. SIMS has been an important tool in helping us accomplish these objectives."

"Our VP of claims set up a Goals Program in 2010 to motivate our claims department to close claims promptly and achieve other meaningful claims objectives," said Kennedy. "I developed reports that have allowed our teams and offices to know up-to-the-minute how they were performing against these goals."

Enhanced Medical Management

"We have continued to configure SIMS to support our medical management efforts," said Kennedy. "Once a referral to a Nurse Case Manager has been approved, our managed care team receives an automated notification so they can send that referral out for external service fulfillment. This significantly streamlined our referral process."

"We also customized the SIMS medical management module to better serve our needs," said Kennedy. "We've added options to various drop-down lists. In California, when treatment is denied, a physician can request an Independent Medical Review (IMR). As a result, we included IMR as an option under 'request type.' To record the IMR results, we configured several 'determination type' options."

"We've also added more categories for 'treatment types' so we can track procedures with more granular detail. Rather than a catch-all 'surgery' option, we have at least eight different types of surgery categories to choose from, which can later be used to track and report on various surgical procedures," said Kennedy.

Paperless Claims Environment

"We've operated in a completely paperless process since August 2008," said Kennedy. "Claims filed prior to this time had a paper portion of the file. Since then, we've implemented a back scanning project, in which we went through older paper files stored in our offices, sorted through documents, and scanned them in as attachments within SIMS. All of our current open and

recently closed files are paperless. When an older file is recalled from our storage archives, we scan the file at that time so that the end-users still experience a mostly paperless environment."

"Because we spent significant time establishing our document indexing process and trained our staff to follow those procedures, our paperless system works really well. Adjusters have all the information they need at their fingertips. There's no paper or file clutter on desks. Instead of handling physical mail, adjusters handle PDF documents in computer-based mail folders. This has made our operations much more efficient and streamlined," Kennedy added.

Reporting & Data Analysis

BHHC established a data warehouse that sits along side its live transactional database. This warehouse feeds a lot of standard, routine reports, and BHHC also performs additional reporting against its live transactional database. Custom and ad hoc reports are also generated.

A key benefit is the ability to perform data mining on the wealth of transactional data accumulated. This has helped improve costs and outcomes.

Since SIMS uses Microsoft SQL Server, BHHC is able to easily develop custom reports. "A lot of reports we've developed are now being used by our staff on a regular basis," said Kennedy. "We've also modified existing reports within SIMS Report Manager, so they're better aligned with our company's reporting needs."

With SIMS, BHHC has a better grasp of data. From a financial perspective, BHHC has all the information and tools needed to know exactly what the exposure is at any given point in time.

FROI & SROI

In 2014, BHHC finished implementation of the SIMS solution for electronic First Report of Injury (FROI) and in 2015, finished implementation of the Subsequent Report of Injury (SROI) solution in California.

"We previously filed this information manually, so it's definitely a benefit to now have these EDI reporting requirements automated through SIMS," said Kennedy. "For our EDI team, we also developed and regularly run reports to ensure the right claims data has been sent to appropriate state and federal regulatory authorities."

Business Rules Automation

"We've been using automation via business rules since implementation," said Kennedy. "However, we've recently had more time to ramp up implementation of rules. Using rules means we don't have to rely on someone remembering to take an action to initiate a workflow. Instead, if I have a business rule triggered by loading a particular attachment, it will fire every time."

"In 2015, we developed some new business rules for different types of referrals. First, we developed one for nurse case management, then another for SIU issues, and now we're developing one for legal issues," said Kennedy.

Conclusion

"Outside of our claims department, SIMS is also used to support customer service," said Kennedy. "Almost every call comes in through our call center. Those representatives can use SIMS to look up claims and adjuster information, which allows them to have productive

conversation with customers, producers, and policyholders, ultimately supporting our objective to provide a high level of service in each and every interaction."

Overall, BHHC has increased the efficiency and productivity of the claims department, particularly with the move to a paperless environment. Around these operational improvements, the company has seen a significant return on investment.

In terms of IT, it now spends less time with "keeping the lights on" type of system maintenance, which enables the department to focus on performing more value-added work, such as supporting analysis and enhancement of processes.

"SIMS also helped us to automate and control our workflow to ensure consistent best practices," said Kennedy. "By implementing business rules, we've significantly streamlined referral management for managed care, SIU surveillance, and litigation. In addition, the FROI and SROI capabilities have helped us to automate EDI reporting requirements."

About Systema Software

Systema Software, LLC, provides flexible, comprehensive solutions and services to the insurance industry. SIMS Claims is an innovative, award-winning claims administration system, which is highly praised by clients and well recognized by industry experts as a leading claims solution. Together, our team of Big 4 consulting and industry veterans, experienced software developers, and project managers deliver an architecturally strong enterprise platform, designed for superior speed, scalability, and performance. With advanced technology and focused customer service, Systema Software has experienced phenomenal growth and success, earning high rankings on the national Inc. 5000 and local Fast 100 lists of fastest-growing private companies. For more information, visit us online at www.systemasoft.com.

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