

## GET SMART

9 HIGH-TECH TOOLS FOR INTELLIGENT CLAIMS MANAGEMENT

By Jose Tribuzio

**F**or public risk managers, the rising cost of claims is an ongoing concern. Claim payments represent the single greatest expense for insurance programs—with an estimated 70 to 80 percent of premiums allocated toward claim expenditures. The U.S. property and casualty insurance industry pays over \$200 billion in claim losses each year and spends nearly \$40 billion just to process claims.

In many cases, public agencies are managing claims using technology that is 10 years old or older. Although these entities believe a new system could help to identify areas to reduce costs and improve claims-handling efficiency, they have postponed outlays in IT until they can justify the expense with a reasonable return on investment.

Since outdated platforms do not provide workflow automation and are often difficult to adapt to an ever-changing claims environment, public entities have taken a “wait and see” approach—hoping newer, more flexible solutions would become available. In the meantime, they have resorted to costly, labor-intensive workarounds to process claims and get the data they need.

In this article, we discuss high-tech strategies and tools that can positively impact not only claims costs and outcomes, but also the bottom line of insurance programs.

## 1. THE NEW “MODERN” PLATFORM

With the rise of the Internet and Web-based applications, many software providers rushed to introduce browser-based applications. However, these first-generation solutions grew out of legacy counterparts, which meant the underlying infrastructure was still based on old technology that would inevitably lead to performance issues.

Many were not truly native to the Internet; they simply possessed a browser-based front-end. They looked modern, but users quickly realized that in a high-volume claims environment, these systems were sluggish and frequently crashed.

In other situations, new systems used modern architecture but they lacked out-of-the-box functionality resulting in a lengthy and costly implementation, as organizations were forced to build claims capabilities from the ground up.

Today, a second generation of browser-based solutions is on the rise. They represent a new “modern” platform that empowers organizations with a combination of advanced architecture coupled with smart design and robust functionality. Organizations benefit from streamlined workflow, intuitive navigation, electronic connectivity and in-depth analysis so they can manage cases with more power, speed and intelligence.

## 2. NEW BUSINESS RULE TRENDS: ASYNCHRONOUS & COMPLEX

A primary component of any claims system is its rules engine. Today, public entities understand that business rules can be configured to automate tasks, trigger workflow and send reminders.

The problem with traditional business rules is they slow a system down. For example, if a business rule was configured to generate a diary, notepad and email when a new claim’s payment was made, then the system would have to complete all those tasks before it finished saving the claim and before users would gain control of the system. This adversely affected system performance.

A modern solution utilizes the next-generation business rules, which are executed in an asynchronous (or independent) fashion. When the same rule mentioned above is triggered, a next-generation business rule communicates via a messaging system that says, “There is a rule associated with this transaction.” The rule is then performed when the system has a free opportunity—usually within a second or two after the event—but it’s an independent process, so overall performance is enhanced.

Another trend affecting business rules is sophistication. Rather than simple if-then statements, public entities now require complex rules that execute only when several specific conditions are met.

Due to the constraints of traditional rules and inflexibility of legacy systems, complex rules had to be hard-coded and delivered as a patch or in the next version of the software. Public entities often had to wait months or years to receive complex rules.

Next-generation business rules enable public entities to deploy complex rules more quickly, since they are developed as components that can be configured and implemented right away—without having to wait for new software—and which leverage the same rules engine for centralized rules management.

## 3. REPORTING TOOLS ENABLE BROAD & DEEP CLAIMS ANALYSIS

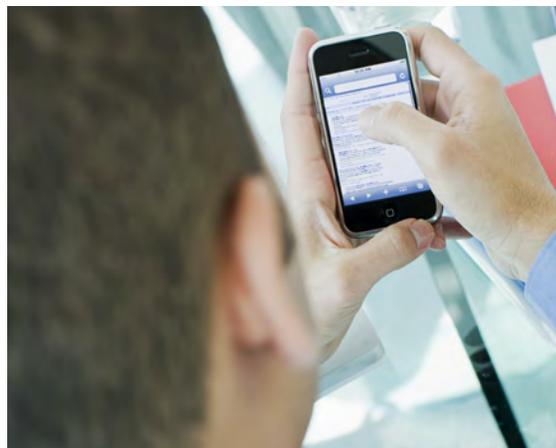
Today, public risk managers are struggling to take claims data and turn it into actionable information. New technology enables organizations to dig deep into data and perform more thorough analysis to help prevent claims, contain costs and reduce losses.

A modern claims system should allow organizations to dynamically “slice and dice” data to identify loss trends. Multi-dimensional cubes in a data warehouse enable various dimensions (such as claims, policies, dates, users, etc.) and facts of financial information (such as payments and reserves) to be used in analysis. The data can be sorted by the various dimensions and ultimately, cubes deliver the most relevant and accurate reporting across a public entity’s various systems.

In addition, multi-dimensional cubes provide pre-aggregated totals that allow organizations to instantly assess top-level claims management metrics. Since all financial transactions are saved with a corresponding date and time, it’s easy to aggregate financials by week, month, quarter or year—without having to define and generate new reports.

A modern solution utilizes the next-generation business rules, which are executed in an asynchronous (or independent) fashion. When the same rule mentioned above is triggered, a next-generation business rule communicates via a messaging system that says, “There is a rule associated with this transaction.”

A cloud-hosted solution means a vendor performs the system maintenance, upgrades and support. As a result, public entities have access to the latest claims-handling capabilities without having to make a large upfront IT investment.



#### 4. DASHBOARD-DRIVEN MANAGEMENT & PROCESSING

For some time now, dashboards have provided a quick snapshot of an organization's insurance program. They can be configured to meet specific risk management needs to quickly review claims inventory, closing ratios, new claims per month and litigated cases. Dashboards along with in-depth reporting enable claim supervisors and managers to make informed decisions faster, but they are also evolving to allow for more action-oriented management and processing.

With the popularity of graphic interfaces and apps, software users expect dashboards to act as a visual command center, from which they can oversee operations and even process claims. For example, dashboards not only provide a snapshot of information, but also drag-and-drop functionality. Supervisors and managers can drag and drop a set of claims to more evenly distribute workload among staff members, or drill down with a simple click of the mouse to assess a specific examiner's caseload. This type of dashboard-driven processing enables executives to engage in more powerful management with a fewer number of steps.

#### 5. INTELLIGENT CLAIMS MANAGEMENT TOOLS

Many claim departments realize that older claim systems contribute to overworked examiners. As the main users of these systems, claims professionals are now demanding a more elegant user experience and interaction with the claims system as their core application.

For example, many examiners want a "claims summary" tool that provides them an overview of the claim. They

can quickly familiarize themselves with key points from the file. Organizations configure the summary to compile various data elements. As a result, from a single vantage point, examiners can view all essential data.

Another useful tool is the ability to manage a "plan of action" for each claim. As examiners work on different cases, they can return to a claim and quickly refocus on the next steps, activities and priorities most important to advance that case toward good outcomes, exemplary service and ultimately, closure.

#### 6. MOBILE APPS

Advances in mobile technology have forced many organizations to rethink their e-business strategy in order to encompass a growing mobile workforce and new consumer expectations. For example, to provide satisfactory service during the claims process, it's helpful to have examiners work remotely or in the field—and be equipped with mobile claims capabilities.

Remote access is not a new concept, but mobile devices are the latest frontier. Today, many field and remote claims adjusters use smartphones and computer tablets. As a result, they benefit from mobile apps that search and view claims, access reports, submit data and upload related files—all in real-time.

In addition, mobile broadband is available virtually everywhere—more broadly and conveniently than Wi-Fi access—and mobile devices are much easier to carry than laptops. Many of these devices have the ability to shoot photo and video and record claimant and witness statements. Staff can directly upload these digital photo, video and audio files from the field. Integrated mobile

capabilities eliminate the need to carry extra equipment—such as a camera or recorder—and avoid the extra step of transferring files to a computer or laptop before uploading them to the organization’s core system.

## 7. CLAIMS IN THE CLOUD

In an environment of constrained budgets and limited IT resources, the cloud has provided public entities with much needed relief in the form of reduced IT costs and outsourced IT services.

A cloud-hosted solution means a vendor performs the system maintenance, upgrades and support. As a result, public entities have access to the latest claims-handling capabilities without having to make a large up-front IT investment. Organizations do not have to acquire new hardware, software, or additional IT staff or skill sets. In fact, IT professionals spend little to no time on installation or dealing with downtime and they’re freed up to spend more time on the organization’s core competencies.

Recognizing that public entities need a system that is always up and running, they should ensure that a hosted solution utilizes a premier cloud infrastructure with guaranteed uptime, industry-leading service levels and solid data security.

## 8. END-TO-END CONNECTIVITY

Today, public risk managers want to create an end-to-end electronic claims process—from the initial report of a claim to transferring information to other stakeholders.

The first step was to utilize scanning and document management to achieve paperless processing. Now using pre-built interfaces, Web services and other custom integration, a claims system can share electronic data and documents with other applications and service providers.

As a result, various stakeholders can more promptly and effectively initiate their respective roles in the claim process. This connectivity also enables organizations to virtually eliminate redundant data entry, saving significant administrative time.

Many organizations are getting creative in terms of the types of systems they connect to. For example, an organization may choose to connect claims to phone systems. With each incoming call, a window automatically opens on the examiner’s desktop, so they can look up a claim. At the same time, the conversation is recorded as a testimony or statement and automatically attached to the claim as an audio file.

Integration must also extend to standard go-to desktop products, such as Microsoft Word, Excel and Outlook. Claims examiners are familiar and comfortable with these applications and can use them to easily manipulate data. For example, examiners may schedule depositions on litigation calendars and should be able to easily transfer appointments to their Outlook calendars. They should also be able to export data from anywhere in the claims system—including diaries and notepads—to Excel and with original formatting. This provides significant benefits, as users don’t have to spend additional time reformatting documents to make them presentable.

## 9. AGILE IMPLEMENTATION METHODOLOGY

Today’s “new” modern platform is designed to optimize performance and efficiency. With powerful data management, these systems empower organizations with both a big-picture and granular view of claims—enabling them to understand where expenses occur and where opportunities exist to control costs. Needless to say, once an organization has proven the business case for a new system, they want to immediately reap the benefits.

Using an agile implementation, organizations can expedite delivery of system requirements and reduce the risk of project delays. Many organizations attest to the fact that agile implementations occur on time and within budget and enable their teams to more easily accommodate changes to system and risk management requirements. In the end, agile implementation ensures deployment of modern technology faster than ever before, so organizations can more quickly leverage a return on their investment. ■

*Jose Tribuzio is CEO of Systema Software.*



60 E. Sir Francis Drake Blvd, Suite 209  
Larkspur, CA 94939  
Phone: 800-272-9102  
Web: [www.systemasoft.com](http://www.systemasoft.com)  
Email: [sales@systemasoft.com](mailto:sales@systemasoft.com)