

Total Realignment

Centralized workers' comp claims hubs connect systems and people to ensure the best medical outcomes and cost savings.

by Randy Wheeler

It's a seemingly straightforward process: An employee experiences an injury at the workplace, and must file a claim. From there, the objectives are simple enough: promptly report the claim, respond to the injury with quality medical care at an affordable cost, and return the employee to work as soon as medically possible. In theory, this should result in a program with optimal cost savings, quality medical outcomes and content employees. In reality, today's workers' compensation costs continue to escalate, and injured workers are suing employers because of their dissatisfaction with the care and benefits they receive.

These factors are the symptoms of an underlying problem that is yet to be addressed—the need for a new network infrastructure in workers' compensation, that will enable seamless communication and connectivity among all parties. Without this, many stakeholders in the claims process will continue to lack the means to execute their respective functions with efficiency.

Consider the following scenarios that illustrate the problems in today's current claims process:

— A call center receives notification regarding a new injury. The



representative inputs the information into the call center's system and, after undergoing a cumbersome batch process, the claims adjuster receives the actual claims notice the next day, missing the opportunity to direct the patient to the most appropriate physician.

— Due to the lack of timely coordination, a physician did not have a detailed job description or a list of available “modified duty” assignments at the time of a claimant's initial visit—information instrumental to a doctor making an appropriate return-to-work decision. Without it, he takes a “conservative” approach, allowing the injured

worker to return when he feels “ready.”

These scenarios illustrate how the current claims environment is not

Key Points

- The hub's main purpose is to act as a centralized data repository, where various parties can input and share information across the claims value chain.
- Automation provides transactional cost-savings and reduces the bottlenecks in sharing information, such as waiting for callbacks or exchanging paper files.
- To be truly effective, the hub must do one thing effectively—ensure all participants are properly aligned on common goals and objectives.

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conducive to producing the best medical outcomes, cost savings, or RTW results. Instead, they show how delayed communication can result in “missed opportunities” throughout the claims lifecycle—to direct care, to communicate with the injured employee, and to set treatment and RTW objectives. Today, a new infrastructure has evolved—a centralized claims hub—enabling synchronized communication and coordination to achieve better results and performance.

Old School

In a typical claims department, an adjuster handles an average of 150 to 250 claims at any given time. These departments still use a paper-based work flow reliant on hard-copy files and faxes. In addition, they input data manually and have separate information systems to handle different parts of the claims process, such as medical management, litigation management and special investigations.

In this process, the claims adjuster functions as “traffic cop,” routing claims information between systems and people, and ensuring tasks are performed at the right time. This adjuster-centric process has resulted in overhead functions that consume nearly 40% of claims-handling time, functions that don't affect the overall outcome or bottom line of a claim.

A New Way

Today, a centralized claims hub brings together people, processes, and systems in a single platform for improved interoperation. The main purpose of the hub is to act as a centralized data repository, where various parties can input and share information across the claims value chain.

At the crux of the hub's benefits is the broad spectrum of access and “enterprise connectivity” it provides. Virtually an unlimited number of users can log on. This is an important factor, since today's workers' comp process involves various specialists and expert resources. The hub enables these stakeholders—whether it's a nurse case manager, physician,

or RTW coordinator—to obtain critical claims data in real-time and to log on anytime from anywhere.

While this is a relatively new approach, there are several integration and consolidation methods that can be used to create the hub. Many people are taking advantage of browser-based technology as the centralized hub, because these systems are native to the Internet. Unlike Windows-based solutions, browser-based systems don't require middleware to run. All they need is an Internet browser, such as Internet Explorer, making it a more reliable and secure application model. Related applications can then be “plugged into” the browser-based backbone using electronic data interfaces, which transfer data between systems.

Another option is to use Web services to build the hub. These module-like Internet applications can easily link together without the traditional integration hassles.

No matter what method is used to create the hub, organizations can expect to reap the following benefits from this networked infrastructure.

Increases efficiency and productivity.

Since the hub's business rules are Internet-based, they are intuitive and easy for business users to configure without IT assistance. These business rules leverage the hub's enterprise connectivity to notify stakeholders of urgent claims activity via e-mail, instant text message or mobile phone. Rules automate tasks such as creating and sending a letter, or they can provide time-sensitive alerts to remind claims professionals to perform such tasks as filing state-mandated reports. Rules can even be programmed to send “review required” notifications to supervisors, so they can assess high-risk or high-impact activity, such as reserve stair stepping—the progressive increase in reserves that may signal a problem claim. With rules automating work flow, the hub reduces the need for a “traffic cop,” with the hub acting as the automated “traffic control center” at the heart of the system. This automation provides transactional cost-savings and reduces the bottlenecks in sharing information, such as waiting for call-

backs or exchanging paper files.

Improves consistency and quality.

Consistency has been a primary weakness within the claims process. Studies show a complex injury claim given to two different adjusters can produce widely divergent approaches and a 100% variance in results. The centralized claims hub ensures the consistent application of policies, procedures and best practices. The hub can be configured to route complex injury cases to adjusters with the most experience, and to automatically ensure specific actions are performed, such as completing the three-points of contact and initial claims investigation within a certain number of days. Consistent best practices improve the overall costs and outcome of claims.

Uses business intelligence and data analytics to make improved decisions.

Data analysis allows RTW coordinators to monitor the percentage of employees that have returned to work, and whether it was to full or modified duty. An employer's safety director can analyze information to identify common injuries or high-incident locations, targeting these high-risk areas with safety equipment or training initiatives to prevent injuries in the future. Risk managers can analyze loss information to make more effective risk-financing decisions. For instance, they can calculate how much risk they can retain and the savings they can expect. They also can use information to address high-cost areas with loss control initiatives that drive program improvements.

Reduces underwriting risks.

While insurers always have gathered a sizable amount of claims information, data is often tied up or slowed down by separate, nonintegrated systems. Without detailed loss information, policy pricing may be too low to cover a client's claims experience or loss trends. Today, sharing claims data allows an insurance company to reduce their risks in underwriting and renewing clients, while also improving their bottom line.

Improves medical costs and outcomes.

Another important goal is to improve medical management. New

regulations have helped to improve approaches. In particular, the ability to use networks of specialized providers, aggressive RTW programs and proven treatment guidelines is producing tremendous benefits. Used in conjunction with a centralized claims hub, organizations can analyze the results of their providers, allowing them to profile physicians and pinpoint those with the lowest overall costs and overall best outcomes.

The hub also enables the effective review of medical bills to ensure that costs are billed in accordance with fee schedules and provider discounts. As new mandates are passed to modify fee schedules and new provider discounts are negotiated, the hub updates these factors in real-time, ensuring the highest level of cost-savings.

Improves litigation management.

Today, not only is the number of litigated cases growing, but the average settlements also are increasing. The best defense is in fully using the talents of highly qualified and experienced claims professionals to avoid litigation through up-front management, rather than have these experts tied up with handling administrative duties. Litigation specialists can then focus on identifying problem claims early, so appropriate preventive measures can take place.

When litigation must occur, communication and sharing of information with attorneys must be seamless and provide the most up-to-date information. Today, Internet tools such as hyperlinks are available through the centralized hub and sent by e-mail to external guests such as lawyers. By clicking on it, attorneys can connect to real-time claims notes and can add information directly to the system.

Aligns stakeholders' expectations.

With so many parties involved in workers' comp, each with different responsibilities, it is difficult to satisfy everyone's needs. To be truly effective the hub must ensure all participants are properly aligned on common goals and objectives.

Fostering this culture requires a systematic approach to building awareness of the program's objectives, best

practices, and policies. Providing people with this information via the centralized hub can provide further incentive and awareness to improve program performance. One of the things organizations are doing now is making job descriptions and "modified duty" assignments available via the hub to physicians and nurse case managers to help them make improved RTW decisions.

Does It Work?

A growing number of entities have obtained proven value and cost-savings from the hub approach. For example, one large hotel corporation saved \$39 million by leveraging a centralized claim hub to enable its medical and pharmacy management program. The hub allowed the organization to more effectively manage care. It operated as a powerful interventional tool that enabled nurse case managers to identify a treatment and RTW plan with the physician early on, leading to improved outcomes and reduced litigation.

A large hospital system also utilized a centralized claims hub to orchestrate more coordinated efforts in

its medical management, safety training, and RTW programs. The result was a reduction in its total loss days by 27%; its indemnity injuries were reduced by 41% for an estimated savings of \$44 million over three years. The hub allowed improved collaboration among medical providers and nurse case managers for hard dollar medical cost savings of \$5 million over the same period. The common attribute in both organizations was a more synchronized flow of information, communication, and collaboration, engendering a smoother, more streamlined ride along this new workers' comp superhighway. As these Internet systems evolve, they won't replace adjusters; instead these solutions actually complement human expertise, helping to focus people's time, knowledge, and compassion where they're needed most. Organizations utilizing these hubs are improving the "human touch" in their claims process, strengthening relationships with employees by providing them with optimal care and greater satisfaction with their workers' comp benefits. **BR**

