

Secrets to Success: Implementing a Claim System

According to several analyst firms, investments in claim-management systems are on the rise as organizations seek to sustain growth, service, and profitability from their claim operations. In 2003, Downey Insurance, a managing general underwriter for Indiana government entities, became part of this investment trend and industry-wide implementation explosion.

At Downey, we recognized that our existing claim system was outdated; the system lacked automation tools, web-based capabilities, and workflow management functions. We needed a more modern claim-processing infrastructure to drive operational efficiency, control costs, and improve performance far into the future. Once a system was selected, however, we were faced with the daunting task of implementing the new software, converting data from the previous system, and customizing the new solution to meet our specific needs.

By sharing our own step-by-step approach, we hope to convey some key strategies and lessons learned to the project managers who are just setting out on their own implementation journeys.

As many claim managers know, system implementations can be a nightmare. Strict project management is required or the project will be delayed and go over budget. Organizations also need the right blend of claim-management experience and technical expertise in order to configure the system properly for optimal workflow, best practices, and data integrity.

In September 2004, Downey's implementation was successfully completed. By sharing our own step-by-step approach, we hope to convey some key strategies and lessons learned to the project managers who are just setting out on their own implementation journeys.

Build a Team

Our selection process had pointed to a clear solution that would meet our business needs and objectives. As we set out to deploy the system, we realized

the vendor's expertise could be leveraged as a crucial resource throughout the implementation process.

In March 2004, we held an implementation kick-off meeting with members from both of the organizations. When it came time to select project managers, we decided on two people: one internally and one from the vendor. This would ensure each side was completing tasks and driving action toward the "go live" date. The team also included members of Downey's claim and IT staff. Since adjusters would be the ultimate end users, it was important to have them involved in the entire process, from system acquisition to implementation.

Establishing a clear plan of action for the team also was important. Our vendor provided a sophisticated spreadsheet that served as the plan of action. It documented action items, parties who were responsible for specific tasks, and deadline dates. Downey wanted to go live in September, so the team developed the timeline with this objective in mind. The plan kept the team focused and defined roles and responsibilities, and assigned tasks were clearly understood by all parties.

Set Goals and Responsibilities

At the onset, Downey planned weekly meetings to assess whether the project was on track, discuss challenges that came up, and make sure problem areas were resolved in a timely manner. No one wanted a long, drawn-out implementation. The meetings held everyone accountable to their respective duties and created significant project momentum. Each week, we saw tasks crossed off the action plan and new assignments delegated.

Another key factor for success was having an early training session, which we scheduled two months prior to our implementation date. In this training session, our vendor provided extensive information on how to customize the system to fit our business workflow needs. We learned how to tailor screen views, set up business rules, and configure system security. The training also helped us determine the fields into which we would map data. We also scheduled a second training session right before the implementation date to ensure our users were comfortable with the new application and could immediately resume production.

Within our action plan, we also included steps to customize the system. In the past, system modifications had to be performed by an IT technician.

Louise Sparks is a claim manager at Downey Insurance, a division of Brown & Brown, Inc. She can be reached at lsparks@downeyins.com.

Implementation and Data Conversion Timeline

November 2003

- ▶ Downey selects claim-management system

February 2004

- ▶ Downey signs licensing contract
- ▶ Project manager selected
- ▶ Vendor project manager assigned
- ▶ Plan of action established

March 2004

- ▶ Implementation kick-off meeting held
- ▶ Weekly project meetings begin

April 2004

- ▶ Data transferred to vendor
- ▶ Downey installs hardware and software

June 2004

- ▶ System training begins

July 2004

- ▶ Begin to configure and customize system

August 2004

- ▶ Downey receives test version, then finalized converted data

September 2004

- ▶ System fully implemented

April 2005

- ▶ Phase II: Document-imaging and bill-review services implemented

Since the new browser-based system was intuitive and user-friendly, our business users could make most of the changes themselves. In some cases, we required technical assistance in order to design a particular workflow or select a configuration option. Since our existing IT staff was unfamiliar with claim-handling procedures, our vendor was instrumental in helping us align the system to meet our needs.

In regards to specific customizations, we configured screen views and selected what fields and tabs should be visible. We used business rules to automate and manage our workflow, as well as rules to monitor for specific events that would require supervisory review. There was tremendous flexibility in customizing reports. We were able to add, delete, and change report formats, which ensured our reports would be ready once we went live. We customized specific monthly member reports, loss-ratio reports, and set up automatic report distribution for our internal users in claims, loss control, accounting, and underwriting.

Here are general customizations to consider:

- How do you want the system's screens to look?
- What customizations must be made to meet immediate and long-term claim-handling and risk-management needs? Schedule changes according to priority.
- What claim processes and workflows would benefit from pre-configured business rules?
- What reports will you need once the system goes live?

Clean-Up Before Conversion

When converting from an older system, data integrity probably will be an issue. Files may be missing data or orphan data may exist. All this needs to be cleaned up, particularly for fields that will be required in the new system.

Since conversion problems can significantly delay an implementation date, be sure to leverage your vendor's technical expertise. They have assisted numerous clients with conversions from various

systems, so they have extensive experience in handling data issues.

In our case, the vendor helped us to clean up corrupt data from a previous system conversion and helped map data to appropriate fields. Our new claim system used referential data integrity rules, which helped identify errors and discrepancies, enabling us to catch and correct them ahead of time.

After cleanup, we planned to have our existing system down for a week for the conversion. This allowed us three days to upload our data into the new system and two days to test it. During the system downtime, Downey utilized an interim plan to handle day-to-day claim operations.

Once the data was converted, we performed thorough data testing to ensure important fields and files were transitioned and verified that data integrity was acceptable. Once again, we utilized our action plan to manage the testing phase, tracking who would test what and when.

Our claim staff verified data by running through all of the functions in the claim life cycle — entering a claim, setting it up, and making payments. This ensured everything was in working order.

As planned, we went live on September 9, 2004. In the second phase of implementation, we rolled out document imaging and bill review in April 2005. Our implementation team had laid a solid foundation for success, and our vendor played a key role in keeping us on schedule and providing industry and technical expertise when needed. If your organization utilizes a similar approach of strategic planning, coordinated teamwork, and strong leadership skills, you can expect a smooth journey through the data conversion and implementation process, too. ▲

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