

Seven Strategies Toward Claims Optimization

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Every year, the property and casualty claims industry spends \$11 to \$14 billion on inefficiency, overpayment, and waste—what the industry commonly calls “claims leakage.” Claim departments are now attempting to undergo an extensive process transformation from inefficient paper-based processes to more streamlined workflow powered by Internet solutions. Today, seven strategies have helped organizations to cut back on traditional process bottlenecks and achieve “high-octane” workflow, in which organizations essentially get more done with fewer resources. Those strategies include the following:

- ▶ **Establish a claims control center.** Using an Internet claims system is essentially akin to having a single control center from which to streamline workflow. Automation tools—such as sophisticated business rules engine, diary systems, and scheduling tools—enable prioritization of tasks, timely communication, and continuous collaboration across the claims continuum. Organizations also leverage electronic claim files, attaching digital documents and images to further facilitate an end-to-end automated and electronic claims process. The centralized system also consolidates various functions, including policy underwriting, medial bill review, and report distributions in order to create a “one-system” solution.
- ▶ **Customize your Internet solution.** Many organizations are currently using legacy systems that are inflexible and cannot adapt to new and emerging claims practices. This can significantly inhibit an organization’s ability to develop competitive differentiation in claims. As a result, many organizations are demanding Internet systems that are highly configurable and can be customized to meet any organization’s needs. Clients essentially pick-and-choose the system modules that

service their unique workflow, processes, and business objectives.

- ▶ **Eliminate information silos.** Claims have traditionally been transacted in information silos. A single organization may have multiple point solutions with separate databases of information. As a result, information flow became increasingly cumbersome and inefficient. Today, Internet technology creates a collaborative platform on which stakeholders can communicate, collaborate, and share information in real-time. With Internet claims systems, adjusters have a greater sense of freedom and mobility; accessing crucial information at anytime from anywhere.
- ▶ **Conduct on-line audits of claim-handling performance.** To achieve tighter oversight over the claims process, managers now conduct on-line audits of their claims best practices. These audits ensure adjusters are consistently following pre-defined procedures and claims are being reviewed in a quality, consistent manner. Audit findings allow claim managers to continually fine-tune operations, achieve a tighter lifecycle, and ensure cost-containment at key junctures of the claims process.
- ▶ **Leverage sophisticated business rules engines.** Claim management is a volatile process, and organizations need the capability to respond quickly to new and emerging trends. Business rules are extremely useful in these situations, in which organizations need to make frequent process changes. Previously, policies and procedures were hard-wired into systems, requiring recoding to modify. Today, superior business rules capabilities provide users and business analysts with the power to configure and modify rules on their own. As a result, there’s a tremendous demand for business rules to embody a more sophisticated level of business logic in order to automate complex, multi-vari-

able claims decisions. Incorporating this level of logic either via an “embedded” or “independent” rules engine provides claim organizations with an even greater level of process control.

- ▶ **Align stakeholder expectations.** With so many parties involved in claim management, each with different responsibilities, it can be difficult to align all participants toward common goals and objectives. Today, Internet technology plays a vital role in establishing a culture of successful claims management. Fostering this culture requires a systematic approach to building awareness of an organization’s claims management goal, best practices, and policies. Providing people with this big-picture perspective offers further incentive and awareness to improve performance.
- ▶ **Provide a personal touch.** As Internet systems evolve, they continue to complement human expertise, helping to focus people’s time, knowledge, and compassion where it’s needed most. Organizations that utilize these systems improve the personal touch they provide, resulting in a greater sense of claimant satisfaction.

Smart managers know there’s no room for complacency in claims. Claim organizations must continually direct technology toward bettering claim operations. Today, Internet innovation is the main means to process transformation. The seven steps make it easier to accommodate the increasing complexity of claim transactions, which involve multiple parties, multiple systems, and various regulatory concerns. As early adopters have found, the more complex and cumbersome the transaction, the greater the opportunity for Internet tools to provide efficiency, cost savings, and an ability to build better, deeper relationships with clients. ■

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