

# Public Risk



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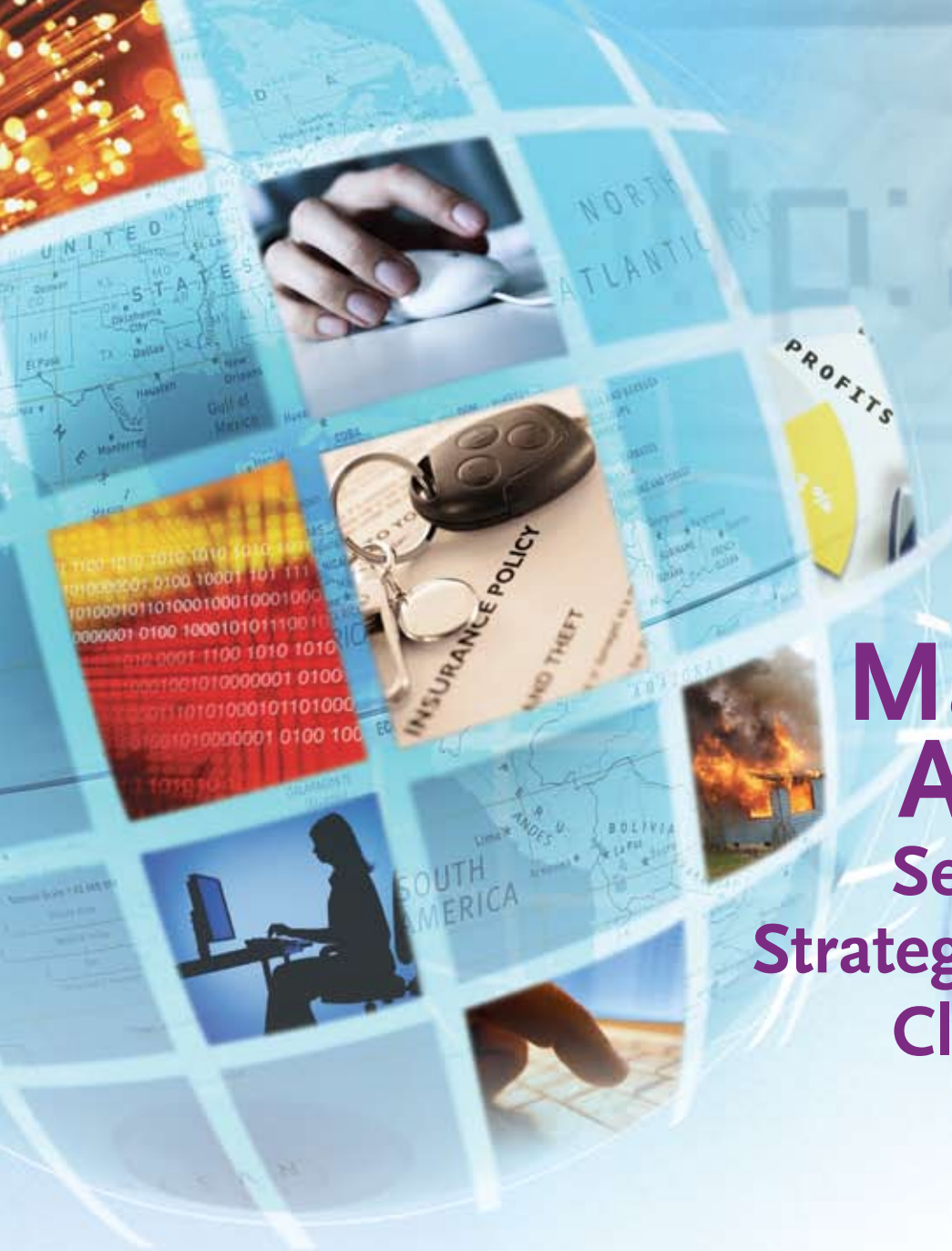


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# Mandate to Automate: Seven High-Tech Strategies to Improve Claims Handling

By Randy Wheeler

Today, many public entities are leveraging technology in an effort to institute a “mandate to automate” within their claims operation. Through this technological transformation, many organizations are now streamlining traditional claims inefficiencies and reducing manual, paper-based processes, which have long contributed to high claims costs and overhead expenses. This article will outline eight automation strategies that use cutting-edge technology to drive program savings and success.

## Prompt Reporting of Claims via the Internet

Prompt and accurate reporting of claims is the cornerstone to achieving better outcomes. When a public entity employs

an internal or third-party call center, data captured on the front-end must now seamlessly tie into the organization’s back-end claims system. This integration allows adjusters, nurse case managers and other specialists to immediately initiate management of claims for optimal results.

To increase adoption of Internet reporting among various public agencies, entities now utilize intelligent online forms. These smart forms use drop-down lists, auto-populated fields and threads of logic to easily navigate users through the electronic claim submission process. Due to the intuitive, user-friendly design, supervisors and claimants often complete online forms faster than a typical phone transaction.

## 2 A Paperless Claims Paradigm

The vision of a paperless claims process is now being realized. In the rudimentary stages, public entities scanned documents, but continued to use paper to copy, fax, mail and file. In order to engage in today's "paperless" claims paradigm, public entities now avoid the generation of paper documents by submitting and sharing data electronically. To save additional time, costs and labor, organizations are instituting a "one keystroke" policy, meaning information is input once and made available to all parties via an end-to-end electronic infrastructure. This paperless environment and its related conveniences are expanding as organizations utilize optical character recognition (OCR) and an electronic "sticky note" feature to attach digital photos, videos and audio to electronic claim files.

specialist holding a piece of the overall claims picture.

In order to consolidate claims intelligence, public entities have used data integration and consolidation methods to create a centralized claims center. Many organizations are using browser-based technology to incorporate various features and functionality. Related-applications, such as human resources or payroll, are "plugged in" to the browser-based backbone using electronic data interfaces (EDI) or Web services to link systems together.

Once established, this centralized claims center ensures optimal automation tasks are performed at the right time; claims are routed to the right expert and information is shared across the claims value chain with the transfer and management of this information remaining transparent and hassle-free to users.

## 4 The Adjusters' Automation Toolkit

Today's adjuster also utilizes automation tools, such as automated forms, sophisticated diary systems, scheduling tools, streamlined communication tools and "smart" prioritization of tasks, to help coordinate routine administrative tasks, saving organizations as much as 20 percent in adjuster time and resources. Advanced automation enables adjusters to focus their specialized skills and expertise on the tasks that directly impact claims costs and outcomes.

Within this toolkit, forms and letter-writing templates automatically generate documents and data fields are auto-populated from the claims database. Adjusters simply review, edit and send documents, which are also saved and documented as part of the claim file.

Claim email is another automation tool that streamlines adjuster communication, and often combines automated form and letter generation with email routing capabilities. In the past, adjusters had to toggle between a claims system and an external email program, such as Outlook, to send claim-related email. Important correspondence

then had to be copied and pasted back into the claim file for documentation. Now, claim email allows adjusters to send and receive email from the claim file. Correspondence is automatically stored at the claim's level for proper documentation.

Yet another tool in the kit is the use of hyperlinks, now standard in many e-commerce transactions. For example, online airline reservations utilize hyperlinks to allow customers to reserve a seat and specify meal preferences. Similarly, hyperlink technology is used in claims to streamline transactions. A claims hyperlink, or "guest link," is sent via email, allowing a guest to directly access a claims file. The hyperlink is secure, and the sender defines the access rights (usually the adjuster) as either "view only" or with rights to add information. In this way, the guest link provides transactional cost-savings and cuts back on traditional delays in exchanging information—such as waiting for returned calls or faxing paper files to outside stakeholders.

## 5 Optimizing Workflow through Business Rules Automation

Every year, the claims industry spends billion of dollars in inefficiency, overpayment and waste—commonly known as "claims leakage." Public entities are reducing leakage by tightly managing workflow. For example, claims-handling consistency is a key area for concern. Adjuster decisions on complex claims vary widely, resulting in as much as a 10 percent rate of claims leakage. Today, workflow management tools, such as business rules, can be configured to ensure consistent application of policies, procedures and best practices throughout the claims organization.

Generally speaking, business rules are characterized by if-then statements, and come in two particular types: action-based rules and "smart" monitoring rules. Action rules are triggered when a specified claims activity occurs. For example, "if" a claim is denied, "then" notify the claims supervisor. Smart monitoring rules survey the claims environment for a detrimental

## 3 Establishing a Centralized Claims Center

In the past, the claims adjuster functioned as the centralized coordinator, routing claims to the right department and ensuring that the right tasks were performed at the right time. However, with a shortage of claims professionals and with existing adjusters handling anywhere from 150 to 200 claims at any given time, an information infrastructure must evolve to more conveniently share data and focus specialized expertise where it's most needed.

For example, the processing of simple, straightforward claims is undergoing "throughput automation processing," meaning the claim is electronically received, then automatically reviewed and paid without an adjuster even looking at the claim. This hones adjuster's time and attention on more sophisticated claims that require special handling and management.

To address these complex claims, public entities divide the claims process among various stakeholders, who specialize in specific tasks such as litigation, investigation and recovery. Segmentation allows the most appropriate and experienced individual to handle various functions. As a result, an organization's claims knowledge has, likewise, become distributed with each



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“lack of action” that may require immediate attention. For example, “if” the three-points of contact and initial claims investigation are not completed within a certain number of days, “then” send a real-time alert to the supervisor’s diary, as notification that the organization’s best practices are not being adhered to. These best practices driven by business rules automation have been shown to minimize claims leakage.

Business rules are also important to help public entities respond quickly to an ever-changing claims process. Previously, claims procedures were hard-wired into systems, requiring recoding to modify. Today, superior rules capabilities not only provide users and business analysts with the flexibility to modify rules on the fly, but also offer a more sophisticated level of business logic to automate complex, multi-variable claims decisions.

**U**nleashing the Power of Claims Data  
With technology, public entities gather a sizable amount of claims data. Data can now be “sliced and diced” with powerful data analysis and reporting capabilities. Leveraging the Internet, these reports are automatically distributed to various stakeholders enabling enterprise-wide monitoring of key performance measures. By providing timely claims intelligence, public entities are empowered to make faster, more accurate decisions and react more nimbly to control losses and manage risks.

Public risk managers acknowledged the important role of data analysis and reporting to support a culture of risk management. With the ability to automatically disseminate reports via email, the public risk manager can systematically

build awareness of program objectives and results. Business unit and frontline managers can view departmental losses and compel their respective divisions to follow policies and procedures to increase program success.

**Q**uality Control through Online Audits  
Claims departments have traditionally audited operations to ensure best practices were performed regularly. Because audits are time-consuming, they were typically performed only on a retrospective sampling of 10-20 percent of claims. Today, online auditing has allowed the process to become more electronic and transparent. Public entities can now perform real-time concurrent reviews of 100 percent of claims, enabling them to ensure a higher level of claims-handling performance. Some entities have now extended the audit function to external service providers such as medical providers and attorneys. The audit findings allow claims managers to fine-tune operations, achieve a tighter lifecycle and ensure cost-containment at key junctures of the claims process.

**The Future Mandate: Continually Innovate to Automate**  
Today, public entities have begun to realize that they can’t remain complacent in managing claims, and as a result, many have issued a “Mandate to Automate.” As these organizations leverage Internet technology and integrate other high-tech tools, they have essentially created a centralized claims center. From this centralized system, organizations can better manage workflow, control costs, enhance collaboration and leverage information for improved claims decisions. ■

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