

# National Underwriter

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## TECHNOLOGY TRENDS: CLAIMS

### LEVERAGING SOA

# Technology Helps Boost Claims Velocity

BY RANDY WHEELER

**T**ODAY, MANY financial transactions occur in real time, and consumers have come to expect the immediacy and real-time benefits of online transactions, 24x7 connectivity and mobile communications. As a result, the claims industry has been forced to respond to consumer and market pressures to accelerate transaction processing.

What's ahead is a more modular, service-oriented architecture that tightly integrates data, systems and people to speed up workflow, improve productivity and enhance claims decisions.

Consider the key infrastructure and technology tools—such as Web services, business rules and browser-based technology—that are enhancing straight-through processing, so claims organizations can achieve increased claims velocity.

#### ► FLEXIBILITY TO QUICKLY ADAPT TO MARKET CHANGES.

An organization's unique claims management strategy is the cornerstone to its competitive advantage. In the past, policies and procedures were hard-coded into

respond quickly, without waiting for IT assistance. To adapt to market fluctuations, organizations are demanding browser-based systems that enable business users to implement process changes on their own and on the fly.

They must have the ability to continually rethink processes, and where appropriate, redesign claims workflow for optimal efficiency and performance. A high-velocity solution provides both robust claims functionality and powerful customization capabilities out of the box.

#### ► BUSINESS RULES AUTOMATION ENABLES STRAIGHT-THROUGH PROCESSING.

Ideally, claims organizations want to apply adjuster resources where they are needed most. By leveraging sophisticated business rule engines, organizations increase their rate of straight-through processing. This means relatively simple and straightforward claims are settled with little or no human intervention.

To achieve this type of end-to-end automation, organizations customize business rules to review incoming claims and identify "simple, straightforward" transactions—such as a workers' compensation claim with only one doctor's visit—to be routed for immediate settlement and closure.

Business rules ensure consistent quality in an automated claims-handling environment, while also enabling claims adjusters to focus their time and attention on more complex claims that require their expertise

and personalized service.

#### ► ACHIEVING PAPERLESS CLAIMS PROCESSING THROUGH A DATA-DRIVEN STRATEGY.

Today, the vision of paperless claims processing is finally being realized. In its rudimentary stage, claims departments scanned documents but continued to use paper throughout the organization.

To engage in a truly "paperless" paradigm, organizations are completely avoiding the generation of paper documents, relying on the electronic submission and exchange of information. In this data-driven environment, information is inputted once and made available to all parties via an enterprisewide electronic infrastructure.

The paperless paradigm has expanded, as organizations use optical character recognition and electronically attach digital photos, videos and audio to the claims file.

As an added benefit, a data-driven strategy means more information is available for analysis, benchmarking and performance reports.

#### ► PROMPT CLAIMS REPORTING VIA THE INTERNET.

Prompt and accurate reporting of claims is critical to achieving the best possible outcomes. Whether an organization employs an in-house claims department or a third-party call center, data reported on the front-end must feed directly into back-end claims systems.

Seamless integration allows claims adjusters and other loss-control specialists to quickly initiate their role in the claims process, leading to optimal



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claims systems. Changing a process meant retooling the software—a task that required a programmer to perform.

With today's rapidly changing claims environment, organizations need to re-

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results. With the advent of intelligent online claim forms, the use of Internet reporting has increased.

These smart forms use drop-down lists, auto-population of fields and threads of logic to navigate users quickly through the electronic claims submission process. Due to their intuitive, user-friendly design, online forms are often faster than a typical phone transaction.

**► MODERN INFRASTRUCTURE FOR RAPID TRANSFORMATION.**

Before claims velocity can be achieved, a modern IT infrastructure is required. Maintaining legacy systems consumes as much as 80 percent of IT budgets, but these outdated systems lack contemporary automation capabilities and result in inefficient operations.

Rather than use a risky rip-and-replace approach, organizations are leveraging service-oriented solutions as a means to rapid transformation.

A more modular infrastructure allows organizations to quickly deploy new claims functionality, management capabilities and automation tools on a component basis. At the same time, the infrastructure is highly interoperable and can work in conjunction with legacy systems, allowing organizations to control their rate of legacy replacement.

**► LEVERAGING SOA FOR SPEED-TO-MARKET.**

When building a modern claims infrastructure, a service-oriented architecture has many advantages. Organizations can bring together standard, interchangeable components or "services," assembled according to their specific requirements.

SOA addresses an organization's need for speed-to-market with new system developments. SOA also provides flexibility and integration, creating one consolidated browser-based platform that pulls together various system components, as well as multiple stakeholders, including claims adjusters, underwriters and risk managers.

To optimize functionality, SOA must be designed with an enterprise IT vision, as well as having each "service" embody a module of claims functionality and value. As services are added, organizations orchestrate all services to work together and to sustain alignment with overall claims objectives.

**► WEB SERVICES FOR PROCESS ACCELERATION.**

Web services provide the process-accelerating promise of SOA. Web services offer cost savings through efficient IT development, integration and maintenance, but the greatest value is enabling organizations to process claims at the speed of the Internet.

The challenge is developing an "analysis first" approach that ensures the greatest business value to claims departments.

Organizations reap the most benefit by first outlining an enterprise-level map of business processes and aligning Web services to core claims functions. Many organizations have used Web services to piece together a best-of-breed solution that encompasses claims and risk management, as well as other insurance functions, such as policy administration and underwriting.

**► CONTINUAL CLAIMS INNOVATION.**

Claims leaders are continually striving to improve operations to achieve informational and transactional velocity. Organizations must ensure their IT infrastructure supports a highly automated workflow and has the ability to grow and expand with emerging needs.

Today, the Internet and a service-oriented approach are the main means to rapid process transformation. When evaluating new claim systems, organizations must keep two considerations in mind—system flexibility and service components, both of which will help align technology to their overall claims strategy. ■■

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