

RISK MANAGERS BENEFIT

Centralized Claims Hubs Make Sense For All

BY RANDY WHEELER

ONE OF THE SIMPLEST PRINCIPLES of organization is the concept that all necessary information should be kept in one centralized location, seamlessly integrated and easily retrievable. Claims technology can now leverage this concept, with claims departments consolidating data, functions and applications into a centralized hub.

Traditionally, an organization's claims knowledge has been fragmented, with various stakeholders holding pieces of the overall claims picture. The process was disjointed, involving paper-based processes, mail operations, and cumbersome data transfers among stakeholders and third-party vendors to share and exchange information.

As a result of these inefficiencies, organizations experienced significant delays in communication and in urgent claims activities. This environment was not conducive to producing the best outcomes, nor did it yield cost savings. Today, a centralized claims hub has evolved with the power to enhance productivity, support business decisions and improve the overall return on investment in claims technology.

To address high-cost and complex claims, many organizations have divided the claims process among specialized departments and external service partners to handle tasks such as litigation, subrogation and recovery. This allows the most appropriate and experienced individual to handle specific claims activities, and requires an infrastructure to enable communication, collaboration and connectivity among stakeholders.

Since these specialists are often located at multiple sites, sometimes scattered across the country, they need a means to easily access and receive information.

In the past, the claims adjuster functioned as the "traffic control" center,

routing claims to the right department or expert and ensuring that the right tasks were performed at the right time. However, with the shortage of claims professionals, and with existing adjusters handling anywhere from 150-to-200 claims at any given time, the infrastructure has had to evolve in order to improve efficiency and focus specialized experts where they're most needed.

TRAFFIC CONTROL

The new paradigm of a centralized claims hub parallels the concept of the "traffic control" center, using automation to ensure tasks are handled in a timely manner and claims are routed to the right resource. Scanning and digital images have enabled organizations to use electronic claims files and further facilitated an end-to-end automated and electronic process. At the same time, the transfer and management of electronic claims information via the hub remain transparent and hassle-free to users.

There are several integration and consolidation methods that can be used to create the hub. For example, browser-based technology can incorporate various solutions and requires only a Web connection to run. Related-applications can then be "plugged in" to this browser-based backbone using electronic data interfaces, which transfer data between computer systems.

Other organizations have begun to leverage Web services, which automatically link together systems without the traditional integration challenges. The resulting hub can easily be linked with other systems, such as fraud detection.

In the past, there was no effective way to look at the claims experience from an enterprise level perspective. Now with a centralized hub, information is compiled in one location and is shared across the entire claims management value chain. The resulting real-time business intelligence provides the claims and risk management profession-

als with data for benchmarking and monitoring programs.

With data analysis and reporting capabilities, claims managers have the capability to oversee the quality of the claims



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process, whether administration is performed internally or by a third-party.

ONLINE AUDITS POSSIBLE

Organizations can conduct online audits of claims handling performance and best practices, such as prompt reporting and initial claims investigation rates, to ensure each stakeholder is following appropriate procedures and claims are being reviewed in a consistent, quality manner. This enables claims managers to continually fine-tune operations, achieving a tighter lifecycle and ensuring cost-containment at key junctures of the claims process.

Additionally, risk managers are able to analyze loss information to make more effective program decisions. For instance, they can calculate how much risk they can retain and the savings they

can expect to achieve at certain risk-retention levels. They can use the information to address high-cost areas with loss control initiatives that drive overall program improvements.

Risk managers also benefit from a centralized hub. With its ability to disseminate claims and cost allocation reports,

Hubs permit centralized "traffic control" to ensure claims are routed to the right resource

► **Randy Wheeler** is CEO of Valley Oak Systems Inc. (www.valleyoak.com), based in San Ramon, Calif., a provider of claims administration and risk management systems.

the hub helps to systematically build awareness of program results and objectives. Business unit and frontline managers can view departmental losses and compel their divisions to follow specific protocols and procedures. In this way, people at every level of the organization contribute to risk management efforts.

As we've seen, the hub brings together key stakeholders and disparate systems, but it also unites a variety of related functions, such as risk management, medical bill review, policy administration, report distribution and medical management—to name just a few. This consolidation allows the hub to double workflow efficiency.

PRODUCTIVITY GETS BOOST

Productivity is also aided by bringing in various tools—such as business rules and

diary systems—to enable prioritization of tasks, timely communication and continuous collaboration across the claims continuum. For instance, by configuring business rules, an adjuster can be automatically prompted to file a state report by the deadline date to comply with statutory requirements and avoid penalties.

Organizations can now incorporate the latest Internet-based tools, such as claim hyperlinks sent via e-mail. These hyperlinks allow external users or “guests” to directly access claims information. They are secure, and access rights are defined by the sender—usually the adjuster. For example, a claim’s hyperlink can be sent to a defense attorney, allowing the lawyer to connect to real-time notes and add data directly to the system.

All this ultimately helps an organization achieve true resource optimization. The efficiency gains enable a “high-octane” workflow, in which no resources are wasted and organizations actually get more done with fewer resources.

The benefits are enormous. Organizations essentially have a “traffic control” center from which to orchestrate the management of costs, outcomes and performance. The real-time availability of business intelligence has helped improve loss control initiatives and overall program results. Balancing resources with tasks, the hub provides a “high-octane” boost in workflow efficiency.

With the hub, organizations have the flexibility to switch vendors and system components, enabling them to adapt to changing business needs far into the future. ■

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