



The Iowa Municipalities Workers' Compensation Association

Case Study: iVOS® Claims Management Software

How a “one-system” claims solution allowed Iowa to minimize overhead expenses and optimize its in-house claims department

The Iowa Municipalities Workers' Compensation Association (IMWCA) is a self-funded risk sharing pool that provides workers' compensation coverage to local governments. Administered by the Iowa League of Cities (League), IMWCA is committed to providing members with stable, affordable coverage and personalized customer service. It offers a comprehensive workers' compensation program that includes administration, claims management, technical services, underwriting, loss control, and education and training opportunities. Since its inception in 1981, membership has grown to nearly 500 members; premiums exceed \$14.8 million, and the pool now covers more than 49,000 municipal employees.

“We operate in a highly competitive environment, so we continually look for creative ways to improve services to members,” said Heather Roberts, Information Technology Manager of Risk Services at IMWCA. “As a not-for-profit, we view each IMWCA member as an opportunity to form a unique risk management partnership. Organizations may come to us for mandated coverage, but once they've experienced the tremendous value we provide, they see that we're more than just a commodity. We understand government operations and the inherent risks of the jobs performed by city and county employees—that's how we provide organizations with a competitive alternative to the standard insurance market.”

Technology to Optimize an In-House Claims Operation

Claims costs are the largest expenditure for workers' compensation programs. As a result in 1996, the League decided to bring claims management in-house to better control costs and improve outcomes. “By having our own claims staff, we knew we could dedicate more personalized attention to member claims, and our examiners could specialize in the types of risk unique to local governments,” said Roberts.

In 1999, the League realized it needed a new claims system in order to optimize the pool's claims operation. “The situation was brought to a head when our claims vendor asked us to upgrade to its new platform. This would have been a significant financial investment on our part. Needless to say, we weren't happy with the situation, but we thought it was a great opportunity to see what other solutions were available. We carefully analyzed our claims management needs to identify a solution that would best fit those requirements.”

The Selection Process: Charting a Course to Automation and Service

The League formed a system selection committee; every department was represented. It started off with a comprehensive investigation of what its administration, finance, claims management, and loss

control departments needed in terms of system capabilities. “We evaluated how the legacy system had met our needs, and what we needed beyond those capabilities. We then prioritized those system requirements in order of importance to our overall business goals,” said Roberts.

“The key requirement was a system with a strong financial component. We needed to track finances and expenses as they related to claim reserves. Our success in continuing to operate an in-house claims department depended on our ability to streamline operations and keep overhead low. The new system needed to automate time-consuming, labor-intensive functions in order to reduce administrative costs,” said Roberts.

The League had a relatively small claims team with three staff members, who processed approximately 1,200 claims a year. In a given week, the team handled approximately 120 indemnity claims and about 110 medical-only claims. The rest of the Association’s team consisted of an underwriter, two loss control representatives, and an accountant.

“As we focused on helping our IMWCA members achieve risk management success, we experienced phenomenal growth due to a change in the market. With an increased volume of business, our staff needed to operate at optimal efficiency and capacity. A strategic investment in the right technology would not only improve member services, but also allow us to provide *new* services to meet future industry needs,” said Roberts.

The League shopped for a claims system that would provide automation and workflow management capabilities, such as business rules, diary systems, automated tools, and document-imaging.

“We chose Valley Oak according to two basic principles. One, we anticipated we could achieve administrative savings, allowing us to reap a return on investment over time, and two, the robust set of system capabilities would enable us to positively affect client loss experience and the overall performance of our pool,” said Roberts.

In 2001, the League implemented the company’s windows-based VOS Portal claims system. The conversion from its previous legacy system enabled the League to significantly streamline operations. Satisfied and confident in the quality of Valley Oak’s technology, the League decided to transition to the iVOS browser-based solution in 2004 – an upgrade that would enable staff to take advantage of Internet capabilities.

“In November 2004, the Valley Oak project manager and I teamed up to coordinate the transition from VOS Portal to iVOS,” said Roberts. “Our organization had made several customizations in VOS Portal, such as screen views, system settings, and specific risk management reports. As a result, we wanted to bring these over, ready to be used in iVOS when the system went live. Once these customizations were configured, the rest of the iVOS implementation went smoothly.”

The Solution: iVOS “One-System” Claims Management System

Today, IMWCA leverages iVOS—the browser-based “one-system” claims management solution—to improve communication, collaboration, and connectivity among key stakeholders in its claims process. As the term “browser-based” suggests, the system requires only a browser and Internet connection to run. Software implementation, maintenance, and upgrades occur at the server level, so it's hassle-free to users. A key benefit to browser-based technology is the broad spectrum of access and connectivity it provides.

“Since some of our staff members telecommute and work in the field, we needed the capability to have them logon from external locations,” said Roberts. “We migrated to iVOS, because it was native to the Internet and would allow secure, remote access.”

As a “one-system” solution, iVOS integrates its core claims management system with additional insurance functions, such as risk management, policy underwriting, bill review, event reporting, document imaging, and workflow management—all into a single, integrated platform. With this all-in-one design, data is housed in one convenient location; stakeholders can access this data in real-time and benefit from centralized data reporting.

“The system allows a high-level of granularity in terms of customizations. We were able to essentially pick-and-choose the modules and features appropriate to our organization. For example, we use iVOS for workers’ compensation, but it can also be used in other lines, like liability. As we continue to grow and expand operations, we have the option to utilize other system modules.”

Once the iVOS system was implemented, IMWCA experienced the following key benefits:

A Productive, Cost-Efficient Claims Operation

Since iVOS connects various stakeholders and brings together several claims management functions, IMWCA exponentially increased efficiency, cost-savings, and productivity. Staff members have “anytime, anywhere” access to information, so each individual can effectively manage their part of the claims process toward optimal costs and outcomes.

As discussed earlier, financial management was a key selection criterion. Once a claim is saved in the system, adjusters can easily view reserves and accrued expenses, so they can assess the financial impact of a claim. In addition, the diary system alerts claims staff when payments are due.

In terms of automation, iVOS provides several sophisticated features to streamline workflow, eliminate redundant data entry, and allow for paperless processing.

“Government entities often feel they need to have everything on paper,” said Roberts. “We understand this culture, but at the same time, we want to impress upon members the savings that can be achieved with modern technology. For instance, we’ve begun to use document-imaging and digital photo and video files. In the past, if we had a photo or video, we created a paper file and stored it away. It was the same situation with handwritten notes, and if we needed to review the information again, we had to physically relocate the file. Now, we use digital documents, which can be attached to the electronic claim file with the system’s ‘sticky notes.’ With more information housed within iVOS, we can manage more workflow and information electronically.”

To further enhance its operations, the League leveraged iVOS business rules to automate tasks and monitor critical claims activity. The system’s action-based rules are designed to trigger a response to a specific action, and are usually characterized by if-then statements. For example, *if* a claim is denied, *then* inform the claims supervisor. The system’s monitoring rules check the system for a detrimental “lack of action.” For instance, if there are no active diaries for an open claim, then alert the claims supervisor.

“We knew business rules held great potential to automate tasks on behalf of our staff, but they also keep the ‘left hand’ informed of what the ‘right hand’ is doing,” said Roberts. “For example, if an

adjuster generates a letter to the claimant's attorney, the supervisor is notified, so they can review the case. The claims clerk is likewise notified, so if the claimant calls, everyone is on the same page, and the clerk can respond by saying, 'I'm sorry. You'll have to contact your attorney to get that information.'"

"Automated correspondence is another tool that provides significant efficiency gains," said Roberts. "If an adjuster needs to send a letter, pertinent information is auto-populated from the system. Once the letter is finalized, it's saved in the electronic claim file, so examiners have the option to go back and refer to it. At this point, we've automated a significant portion of our correspondence and forms, and we could benefit from automating even more."

Improved Loss Control Capabilities

IMWCA members have employees working in cities, counties, public works, and fire departments. Each member has many specific exposures in covering their municipal employees. From a loss control point of view, the League provides IMWCA members with exceptional service to mitigate these risks.

"We consider loss control our most effective strategy in helping members reduce claims and costs," said Roberts. The loss control department identifies, analyzes, and minimizes member risks, and in response, provides on-site inspections, surveys, workshops, and one-on-one consulting. In 1998, the organization began to expand its loss control services and educational opportunities by sponsoring risk management workshops and training opportunities, and maintaining a resource library of risk management presentations.

"These services are important for a number of reasons. First, a single claim can impact the entire pool, so it's important to continually invest in loss control capabilities," said Roberts. "Second, a critical component to our risk management approach is to focus on high-risk entities, helping them to define risk factors and better manage these risks for the benefit of all members."

IMWCA has defined a criteria and a sanctioning process to deal with "high risk" members. If members are unable to address their loss history or follow appropriate loss control recommendations, they are assessed a surcharge or face possible expulsion from the Association.

To help enable these loss control efforts, iVOS is a vital tool that provides staff with reports that track member claims, and analyze losses and common types of work-related injuries. Member statistics are continually monitored to identify possible loss control interventions, such as new training topics, and to identify "high risk" organizations. Reports are shared with the IMWCA members, allowing them to see how many new claims were opened, how many were transferred out, and how many were closed.

"One trend we identified was the high rate of shoulder injuries among garbage collectors. We used this information to develop a loss control strategy, in which we tested the effectiveness of mechanical lifts. We then used the reports to monitor how well the initiative worked. Members experienced a significant reduction in shoulder injuries. When we see this type of improvement, we have the gratification of knowing there's been an improved quality of life for workers as well," said Roberts.

Enabling Superior Member Services into the Future

“Valley Oak Systems provided our organization with superior data reporting tools; document-imaging and electronic data interchange that enabled a more paperless environment; and a robust set of claims management functions,” said Roberts. “Our claims staff now has the tools to focus their attention on the most important task at hand, and they are equipped with the reporting capabilities that help to identify and address trends that affect member losses and the overall performance of the pool.”

To provide stable, affordable workers’ compensation coverage, the administrative staff uses a three-pronged strategy of prudent financial management, highly specialized claims and loss control expertise, and leading-edge technology to support these business objectives. With this sophisticated approach, the League is able to provide an unparalleled level of service now and into the future, uniquely positioning the organization for continued growth and success in the marketplace.

“We were an early adopter of browser-based technology and many iVOS features. As a result, we had the opportunity to provide significant input into the system design, which makes it feel highly optimized to our environment,” said Roberts. “Today, we’re definitely better off for having made this early leap to a modern platform and contemporary claims-handling capabilities.”

About Valley Oak Systems, Inc.

Valley Oak Systems, an Aon company, is headquartered in San Ramon, California. Founded in 1994, the company provides high quality software that enables its clients to achieve outstanding claims management performance. Its flagship product iVOS® is the leading browser-based, “one-system” solution that integrates claims management, risk management, medical bill review, policy underwriting, case management, billing, and event management capabilities for multiple lines of insurance. Due to its client-focused approach, Valley Oak Systems has established itself as an industry leader, and its iVOS claims system has been recognized for its business impact with the 2006 IASA Technology Achievement Award. For more information, go to www.valleyoak.com, or call (925) 242-4600.

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