

How Technology Can Enable Disability Claims



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Abstract

Claims handling has always been a critical moment of truth for the insurance industry. It is also a costly business to administer. Given that between 70% and 75% of the average insurance premium may go into claims payments, it is critical to manage the claims department appropriately. Moreover, disability claims are counter cyclical so effective claims management is more important today than at any point in recent memory. A poor economic or employment environment will lead to increased claim frequency and greater fraud. This paper examines the disability claims process, identifies inefficiencies and suggests areas where improvements could be made to what can be a slow, confrontational and manually intensive process. It poses questions about the specific issues facing claims handlers. In addition, it looks at how technology can resolve some of these issues and it concludes with an overview of FINEOS Claims[®] for Disability and the benefits it can afford.

01 Disability Claims Handling – A Complex Process

The relationship between the disability insurer and the claimant can be complicated at the best of times. At the worst of times, given the number of stakeholders, the streams of communication and the volume of documentation it accrues over a lengthy period of time, it can be chaotic. Disability insurers are starting to identify claims handling functions that require tools to improve processes and achieve better results.

From on-going discussions with consultants and co-ordination with government agencies and involvement with rehabilitation staff, the dynamics of the insurer-claimant relationship represents a careful orchestration of “interested” parties. Traditional methods for engaging these parties in a manner that supports risk and claim management strategies have relied on quasi-manual, non-integrated tools and systems. The resulting relationship is often both slow and time-consuming. The inefficiencies in the relationship are a drain on valuable resources. In addition, it is a detailed process that is difficult to co-ordinate, with much potential for miscommunication. The tedious, error-prone business processes that document the relationship compound this situation.

The formulae that calculate payment amounts are complex and without automation these complicated calculations can be difficult. With manual processes comes the potential for mistakes and inaccuracies. Implementing a modern claims platform to manage disability claims offers carriers the opportunity to better engage with and manage the claim, which will ultimately help to support a better experience for the insurer, employer, employee and claimant.

02 The Need for Automation

Due to the fact that the disability claimant may have a long and sometimes enduring link with the disability claims team, a measure of the success of disability carriers is their effectiveness in managing that relationship over time. Consider the individual claimant as the hub in the middle of the wheel; it has an array of spokes that radiate from it to represent the entities that will play a role in supporting the claim event. The spokes could be the employer, multiple doctors, nurses and rehabilitation specialists, claims administrators, investigative personnel, other recovery sources (for example, workers compensation insurers, social security, a liable third party) amongst others. While the number and complexity of the spokes varies dependent on the nature of the claim, the claim relationship still exists, whether it is, for example, a straight-forward maternity case or a complex fibromyalgia case.

Diverse processes are involved in managing a claim; adjudication strategies, file plans, focused studies and other activities provide the foundation for reviewing and approving a disability event. However, a good proportion of this can also be attributed to routine tasks; some activity based studies show that up to 40% of an adjustor's time may be spent on administrative tasks. Effective automation of these processes is necessary to reduce manual involvement, particularly with the ageing population of claims assessors who are retiring and the difficulties that exist in replacing their knowledge and expertise.



Figure 1 - Typical Disability Claim including parties involved in a typical disability claim

03

Identifying Problems in Managing Disability Claims

Consider the following challenges in the typical disability claims business:

- How many claims handlers are leaving institutions as they reach retirement age and taking vast volumes of information with them?
- How much time is spent by claim handlers ramping up when they take over existing files? With manual handling, there is a large issue around consistency, and files which are managed by one handler can pose practical, time-consuming challenges for the next handler if rules are not automated and discretion is allowed. The new claims handler can spend hours simply trying to understand how the status quo has been reached and where there is a history of inconsistent application of rules.
- Given the complexity of the claims process, are the risk practices that apply to the claims business consistent across claims teams? Does everyone apply the same framework and philosophy to the same claim type? There is universal acceptance of the premise that good disability claim management is an art, yet the underlying framework for good decision-making, risk practices and documentation remains constant. It's really a science based on a good foundation of practice. So, how can it be ensured that those practices and principles are being used – and not by some, but by everyone?
- It is necessary to be fully conversant with the contents of the claims pipeline – is this the case? For most the answer is a cautious “I think so”. With increased service level expectations and the increased time constraints due to regulatory demands and financial pressures, it becomes critical to know on a daily or hourly basis what is coming through the process, and what is being paid out.

- Performance monitors to ensure that tasks and follow-ups are completed on time are increasing in importance, as team benchmarks were traditionally more informal or driven from large mainframe-centric infrastructures. Addressing issues such as whether claims managers really know which desk is up-to-date and which is behind and if there are good objective measurements to support that impression is vital.
- Finally, is there full capture of the complete range of contacts that need to occur in the management of the claim file? Dr. Morrison, for example, has a history of treating many claimants suffering from back strain, is this recorded? Is there a clear picture of the steps being taken by the employer to find alternative, short-term work options? Most importantly, is this information presented in a way that is easy to objectively assess? It's no surprise that the challenge to maintain, monitor and manage the many parties involved in disability claims management is frequently on the agenda of claims institutions' management team meetings.

04 Technology that Can Address the Challenges of Claims

Handling

Insurers already acknowledge the financial and business impacts of the effective management of the relationship between the disability insurer and claimant. Implementing a technology solution to manage disability claims can reinvent how the claim is handled internally – and the relationship, long term, with the claimant. Any improvements in customer service here will also entice policyholders to renew their policies, thus improving a carrier's retention rate.

Technology can ensure that consistency applies across the board in all of the unique activities undertaken in management of the claim. It can serve as a central repository for all of the information pertinent to the claimant and it can make all of this information easily accessible and useful to the claims handler and by extension the carrier.

A fully optimized claims platform can increase efficiency levels, payment accuracy and improve business processes. Using technology to define processes can reduce the manual work required on the file. Rules can be used to reduce manual involvement and define processes, including automation of forms and payments, and streamlining the process to provide a better claimant experience and improve productivity. Rules and analytics can assist claims handlers with the consistent application of best practices, decision support, fraud scoring and identifying recovery sources. In addition, claims management can benefit from increased visibility and having easy access to data for them to gain deep understanding of their claims department and trends relative to staffing workloads and claims trends.

05

A Disability Claims Management Solution at Work

Automating the disability claim eliminates the possibility of human error by raising flags to prevent mistakes. It automates routine tasks and generates correspondence, and makes routing the claim event much more straight-forward. With a claims management solution, “missing” information can be used to trigger tasks, activities and follow-ups. Information that is vital to claim decision-making can raise particular alerts to the claims team to take a certain course of action with the file. Payment speed and accuracy can be addressed with the help of payment functionalities that automatically issue payments and assist with calculations including the recognition of various types of offsets. Management staff can have hands-on access to the key detail that exists in these files at their fingertips. Where disability claims are so much more than keeping up with financial reserves and incoming claims, a fully optimized claims platform in disability can truly enable the entire claims team to deliver a more effective level of performance.

Another important reason for considering the implementation of a claims management system in the disability claims process involves speed. The use of a solution as the basis for file storage and disability management allows access to multiple parties who work on the file – at the same time, thus reducing the time required to process the claim. It also allows claim work to be conducted from any location, releasing carriers from the constraints of traditional operating models, resulting in savings on employee-related overheads and making it easier for carriers to attract and retain talent.

06 FINEOS Claims for Disability

FINEOS has created a solution that provides a full-feature claims management system for disability insurance claims and provides employer, employee and physician tracking and management. This solution is known as FINEOS Claims for Disability.

FINEOS Claims is built on the FINEOS Enterprise Platform, a component-based enterprise infrastructure. With the integrated FINEOS Process Composer engine, work processes can be defined from start to finish. This enables routine tasks to be automated while more complex tasks can be routed appropriately and accompanied with automatic follow-ups to ensure that service levels are always maintained. In a complicated claims environment, the ability to define and automate processes through the use of business rules can have a significant impact on improving efficiencies.

FINEOS Claims for Disability features a web-component which can offer the functionality for claimants, employers and physicians to provide claim information online. With an optional bridge to document management solutions, all incoming documents can be linked to the electronic file, which makes it universally accessible. And, as is important to any claims business, the processes, screens and formats can be tailored to the insurance company's unique requirements. The system is highly flexible allowing the business owners to establish appropriate hierarchies and views and to react quickly to new product offerings or changes in process. The flexibility in the system also allows the appropriate information to be seen by the appropriate persona, for example, handler, manager, and so on.

FINEOS Claims for Disability facilitates the delivery of superior customer service while providing necessary transparency in this highly-regulated industry. The solution provides a real-time, single view of the customer, allowing claims handlers to provide superior and personal service. FINEOS Claims for Disability provides operational insight into the entire claims process, ensuring that regulations (self-imposed and regulatory) are followed at all

times. Changes to processes and procedures can be made at the business-level, facilitating rapid responses to changing conditions.

The solution offers complete financial management, including handling of complex calculations and payment scenarios and support for reserving. It also allows the establishment of automatically recurring payments in addition to back-dated or out-of-sequence payments. In addition over payments, reimbursement and subrogation can be automated by FINEOS Claims for Disability. Insight into reserving and claim data allows for more precise development of disability products and pricing.

The injury management features within FINEOS Claims for Disability deliver all relevant information to claims handlers in a single system, providing them with the data they need to make informed decisions and speed the resolution of a claim. In addition the solution is integrated with the Reed Group's Medical Disability Advisor (MDA), which enables claims handlers to closely monitor return-to-work scenarios and make decisions faster. FINEOS Claims can also provide predictive analytics capability through Claim Analytics to estimate disability periods.

Importantly, the system provides users – and claims managers – with a single location where they can quickly access all of the information related to any claim, thus breaking down departmental silos and preventing the loss of information when employees move on. The solution delivers enhanced injury management which allows the management of claims to a desired outcome. Irrespective of the type or length of the disability claim, using FINEOS Claims for Disability means that business critical data truly becomes a part of the management of that business. And, when managers are asked if they know what is going on in their business, the answer will no longer be a cautious “I think so”, as the power of technology to assist institutions will replace caution with confidence.