Workers' Comp

Great Resignation, Reshuffle, Realization Could all be Reasons to Focus on Great Transformation

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If we've heard the Great Resignation discussed once, we have heard it discussed 100 times. It's surprising it didn't make Webster's Dictionary list of new words in 2022. It is also evolving into new terms like the Great Reshuffle, the Great Realization. Furthermore, some very interesting reports have been issued on the topic. One study, by people analytics company Viser, cited that the greater the tenure the greater the rate of resignation. https://www.vox.com/recode/23042785/the-great-resignation-older-tenured-higher-paid

However, resignations aren't the only concern in the greater workforce and specifically the insurance industry. The aging workforce combined with the Great Resignation further complicates things. The U.S. Bureau of Labor Statistics estimates that 50% of the insurance workforce will retire in the next 15 years leading to more than 400,000 open positions.https://www.uschamber.com/workforce/education/the-america-works-report-industry-perspectives These striking statistics reinforce why insurance organizations are considering reinventing the way they do things. This may mean new software and automation strategies, or even outsourcing certain functions that are less core to their businesses.

An example of this type of business transformation can be seen when looking at the claims management process. From the time the individual is injured to their recovery and return-to-work there are numerous steps in the claims management process ripe for streamlining and improvement. Some of the more obvious tasks are in the end-to-end process from first report of injury through bill payment.

In today's insurance environment, regardless of the type of payer (carrier, TPA, public entity, state fund), many operating models exist. Some payers license software to manage state reporting, utilization review, bill review, electronic payments and more, whereas others have elected to outsource these functions to organizations that specialize in them. Other payers have decided to insource some of the tasks while outsourcing others – typically referred to as a hybrid model.

Now more than ever, it is important to evaluate your business models, not purely from a cost effectiveness strategy, but also as a labor strategy. If 50% of insurance professionals are due to retire in the next 15 years, it might be time to think differently to eliminate risk. Some payers who have historically handled the range of services in house may consider outsourcing administrative cost containment functions to organizations that specialize in those tasks. Others who have outsourced may want to keep the operation in house but need to seek out software capabilities with extensive automation built in.

Automation can come in the form of straight-through medical bill processing, electronic billing, and especially electronic payments. In the case of eBilling, the benefits are not only for the provider but for the payer as well. If a bill can be received electronically, it eliminates the document intake, processing, data capture, and storage. As it relates to the labor shortage, payers can avoid staffing for those functions. For electronic payments the argument is even more significant. A paper check costs approximately $8 to $9 on average with a high of $30 per payment. Electronic payments can reduce that amount 60-90% resulting in significant cost reductions. Paper checks are not only expensive, but they are fraught with timeliness and accuracy issues. The efficiency gains from removing the paper can help organizations focus on core functions and redirect their attention to recruitment, training, and retention of claims adjusters vs. administrative staff while improving quality.

While these are only a few of the examples of ways automation can benefit insurance payers it serves to highlight some of the opportunities where technology can help with the labor market crunch. Maybe it is time for all of us to start looking inward and figuring out what it is we can do better than anyone else, what can be automated and who we want to partner with to make life a little bit easier.



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