Auto Casualty

ePay: A Simple Solution to Improve Claims Efficiency

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Tom Kerr (TK): Most workers' compensation executives would consider improving claims efficiency a top priority, yet one of the easiest ways to help meet this goal, electronic payment processing remains an untapped resource. While most of us have replaced traditional checkbooks with online banking, bill-pay, mobile-wallet payments, the workers' compensation industry has been slow to adopt digital payments.

In today's Inside Workers' Comp Sanjog Patel, director, product management, talks about this issue and how the industry can get up to speed with electronic provider payments.

So, Sanjog. Let's start with this. What are the top trends you're seeing today regarding digital payments and how have things shifted since the pandemic?

Sanjog Patel (SP): So, one of the things that we're seeing is that remote work is continuing to stay, right? So, prior to the pandemic, about 10 percent of the professional workforce was remote. That peaked at the peak of the pandemic, somewhere around 70 percent. But after the pandemic, it seems to have normalized somewhere around the 60 percent range. So, what we're seeing is that, in the claims adjusting workforce, there's a lot of adaptations that are happening due to this. And, in driving efficiency and some semblance of similarity in how this process worked prior to the pandemic, electronic payments have become a big driving force.

Secondarily, from a technology adoption standpoint because of the COVID 19 challenges, electronic payments create a lot of efficiencies, for the claims organization and the claims process, and then just digital payments in general. So, if we look at the overall economy, consumer spending is actually over 50 percent of the US economy. So, from an innovation standpoint and from a consumer-spending standpoint, that's where a lot of investments are going to be made, and that's going to be your early adopter of digital payments.

So, what we're seeing is that from a consumer-spending standpoint, the adoption of digital payments is huge. So, that's growing very, very quickly. But the B2B payments are starting now to go mainstream in the digital payment sector.

So, if we look at some of the statistics at the end of 2023, we're expecting digital payments to be about a $9.47 trillion volume. and its compounded annual growth rate is about 11.79 percent. So, by 2027, we expect that number to rise to $14.8 trillion. That is a very, very fast growth rate in the digital payment space. But, from a B2B standpoint, most of that penetration is still largely remaining to happen. So, we expect that now to slowly start to go mainstream.

And so, from an insurance claims standpoint, we still see that a huge portion of these payments are still done via traditional paper and are very highly inefficient, and we expect that number to continue to grow over the coming years. And there's a lot of savings to be had, from going digital there from a cost standpoint once again, right?

So, making payments via paper is a very expensive process. You're paying for the paper itself. You're paying for check stock, you're paying for printer maintenance, toner and postage. And those payments are going to go out via snail mail. That means it's going to take a few days for that payment to actually be received by the entity that's receiving that payment. Reconciliation is a little bit more expensive because you have to assign those dollars to a particular claim or a bill. So, it's just a generally very inefficient process.

Through digitization and electronic delivery of not just the payment, but the related data, you're making that process tremendously efficient. We generally see savings, in the vicinity of 60 to 90 percent, when a claims organization goes to digital payments from a traditional paper check process.

TK: OK. Great. What questions should an organization ask when choosing an E?pay vendor?

SP: Yeah, so this is a very interesting question. The most important question that I think an organization should consider when they're selecting an e?payment vendor is their provider engagement model. Traditionally, from an electronic payment standpoint, the model was to send out virtual credit cards to all your providers. And then, if a provider did not want to cash the virtual credit card by punching in the 16 digit number into their point of sales terminal, they had to call either the claims organization, their adjuster, or the e?payment vendor to have a check issued instead.

And what we saw is that there was a lot of noise from the providers calling in to try and request checks instead of this particular virtual card model. And so, it's really important to understand if your payment vendor is actually proactively reaching out to the provider community and understanding their payment preferred modalities beforehand. So that by the time a payment comes through the payment vendor, they already know

how a particular provider likes to get paid. What we call this in our industry is an opt?in model. And so, if a payment vendor is reaching out to providers and proactively recruiting them into a particular payment modality that they prefer, what we see is a lot less provider friction, and that ultimately ends up in lowering support costs for the claims organization.

Secondarily, I think it's important to consider how your payment vendor integrates with your bill review or payment integrity system. So, once a bill comes into a payment integrity system, what you would ideally as a claims organization like to see is it's being repriced and adjusted. You'd just want that bill to be paid. You don't want to have to recollect that bill and then send it to a different entity somehow for it to get paid. So, if you have a payment vendor that integrates seamlessly with your payment integrity system, all you have to do is adjust and approve a particular bill, and it just gets paid.

So, that creates a lot more automation and just more efficiency through your claims workflow. So, it's an important question to ask and understand how your payment vendor integrates with your payment integrity system.

Finally, compliance. It's important to understand who's responsible to maintain compliance of your digital payment solution. Is it going to be the insurance company, or your claims organization that has to keep an eye on how electronic payment regulation evolves in all of the areas that all the jurisdictions that you do business in, or is it going to be your payment vendor that's going to keep an eye on all of the regulatory compliance requirements as they evolve within all your jurisdictions and just adjust the payment process to make sure you're remaining compliant?

We here at Mitchell make sure that we're monitoring compliance regulation across the 50 states to make sure our payment solution remains compliant.

TK: OK, great. And, how can the Enlyte Epay provider payment solution help?

SP: Yeah, so we've spent a lot of time researching the market before we actually designed our payment solution. So, one of the things that I can tell you right off the bat is we have one of the only fully opt?in models in the marketplace today. What this means is before we ever receive a payment request from a claims organization that is currently, or in the future will, utilize our e?pay solution, we already know what each and every provider's reference is.

And, if we do receive a payment request from a provider that we've potentially not heard of, or we don't have within our network, we will invariably send them a payment via check. We do not force a particular payment modality on any of our providers today.

So, what that does is reduce a lot of provider friction. You can expect your provider satisfaction to increase right off the bat. So, this is something that we've been very deliberate about designing within our process because we feel that provider friction is one of the leading causes of increase in support costs within the claims organization.

Secondarily, the way we've designed this solution is really geared towards increasing efficiency. And so, we've created seamless integration with our payment vendors that facilitate these payments on our behalf to make sure that all these payments are executed in a timely fashion.

And then, finally, we monitor compliance across all 50 states to make sure that, as the overall regulatory compliance scenario evolves within the country, that we're keeping tabs on it, making sure that our solution remains compliant with every jurisdiction that our customers do business in. If that means adjusting our e?payment solution to make sure that it remains compliant, that is what we do. But that is a burden that we take off

our customers’ shoulders.

Some of the other benefits that we also have is that we monitor shipment laws across all 50 states. So, we take the burden of unclaimed property or unclaimed checks or payments having to be sheeted back to the respective state after a certain amount of time. We take that burden off our claims organizations as well.

And we sheet that money back to the state when the time is right and when the state requires that we do. So, additionally, we also have 1099 filings with the IRS which is something that we also do on behalf of our payers for all the payments that we make for them. So that is another burden that we take off the finance and claims organizations, that leverage our product as well.

TK: Thanks, Sanjog. In the next Inside Workers’ Comp, we’ll discuss the importance of hospital discharge planning and its effect on return to work. Until then, thanks for listening.



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