Auto Casualty

Using Data Analytics to Optimize Insurance Claims Management

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For insurance carriers, finding ways to capitalize on the growing volume and velocity of information being generated and collected in their claims systems and operational databases is a critical challenge. Today's overabundance of data can be an asset. However, without the professional expertise to turn this disparate data into actionable optimization and measurable intelligence, the data is powerless. Since property and casualty is a dynamic and consistently evolving industry, carriers are discovering the need to boost the results from targeted claims data analytics by combining the data with a consultative approach to claims management. The potential advantages to be gained from this convergence are substantial, ranging from the pure economics to the ability to outperform in your industry. But getting it right is the key. That's why it is vitally important for insurance carriers and organizations in the property and casualty space to acquire the available tools, techniques and personnel with breadth of knowledge and expertise to leverage the vast amount of data effectively—or risk potentially losing millions of dollars in revenue. The power-inspired combination of data and expertise changes the information landscape to help carriers strategize for optimal outcomes and stay a step ahead of foreseeable industry changes based o trending data.

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The Stress Created by the Explosion of Information Into Big Datasets

First, let's define big data. Big data is "extremely large data sets that may be analyzed computationally to reveal patterns, trends and associations, especially relating to human behavior and interactions." The insurance industry is rich in data, and the claims arena is no exception. As the industry collects huge amounts of data on each claim, all of that information becomes a resource for ongoing discovery and analysis. However, big data on its own, with its increasing volume and variety, can stress any carrier's data processing operation, preventing any kind of

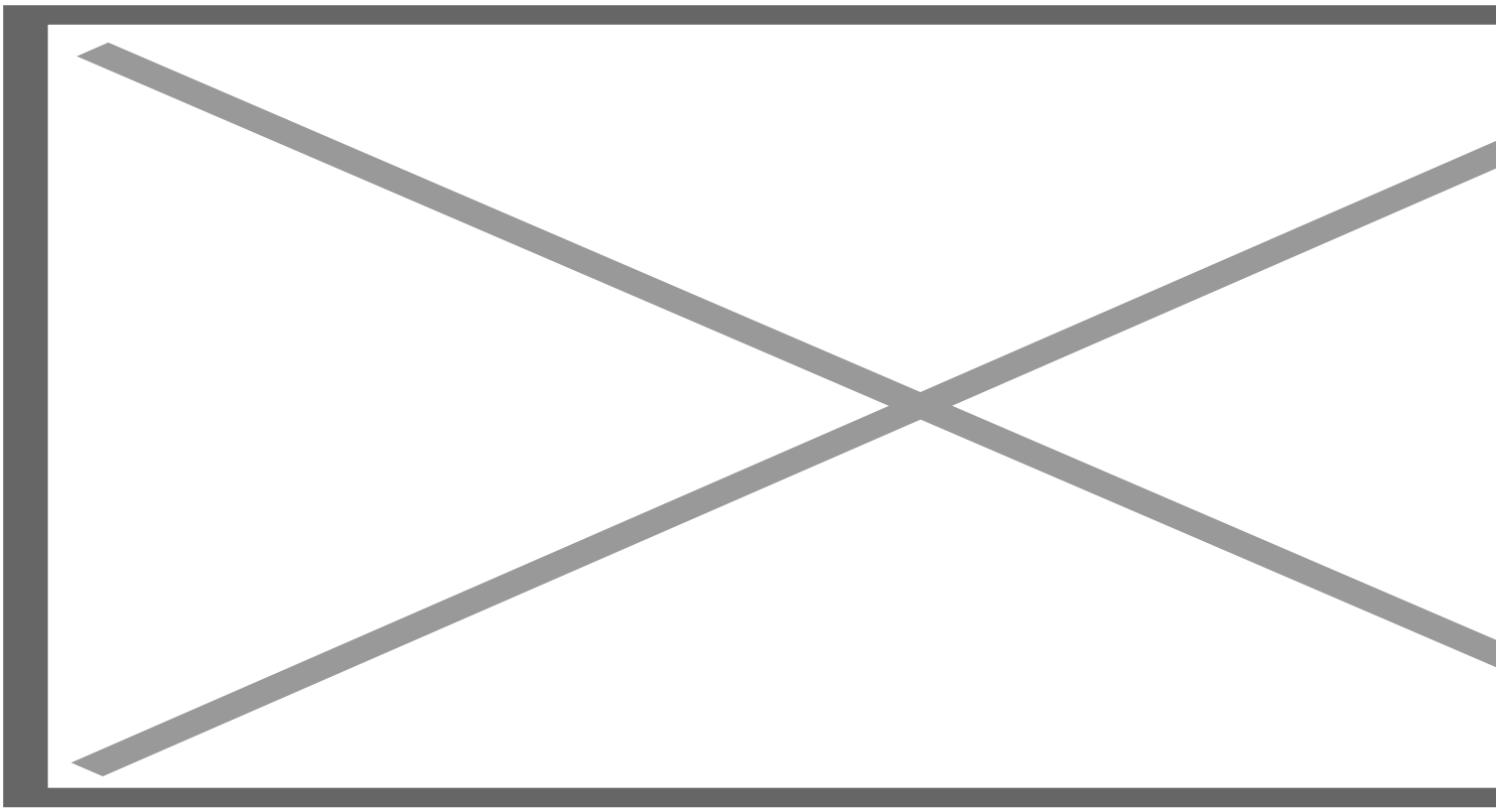
effective use of it.

Relieving the Stress: Infuse Human Expertise Into Your Big Data for Results

It is quintessential to see not only carriers, but many other companies as well, proactively integrating analytics-fluent expertise into their big data. Being able to leverage and interpret these datasets increases the value of professional experts and consultants who know how to drive the value of large medical claims data that exists, to identify untapped opportunities leading to claims management effciencies and an effective overall cost-containment strategy. If we want to capitalize on the data available to us, we need to match it up with human insight. Having the right personnel performing data analysis—and taking the next step to communicate the results they find in a clear, concise narrative form—is the way to truly cultivate new opportunities and benefit from the data available.

The Critical First Step: Unlock the Powers of Two by Combining Data Analytics With Expertise

The marriage between the two facets, data and expertise, relative to the property and casualty industry, is a powerful union that helps carriers optimize claims performance management by being able to:



Leveraging Data and Expertise to Assess and Influence Claims Processes

Faster and better insights will give insurers the ability to interpret what is going on in their claims processes and claim population. Together, data and expertise improves their speed in identifying previously hidden correlations and untapped opportunities to respond quickly to potential challenges. A carrier that can respond faster than its peers to emerging trends or consistently pursue untapped opportunities will significantly improve claims results over the long term. This suggests that the ability to identify and capture untapped opportunities over time can be a source to gaining a competitive advantage.

A claims optimization example: one customer's path to better business outcomes

In this case, Mitchell's Claims Performance Consulting analytics were used to optimize Mitchell's medical bill review application in a Personal Injury Protection (PIP) state. The Mitchell team was asked to analyze a company's performance and compare it to others in the same industry and market. The team reviewed the functionality of the products that the company was using, then compared the company's results to overall industry experiences based on the large data repository. What they found was that the trend and best practices for bill review options in that state were not being leveraged to the company's advantage. Our data consulting and analysis allowed us to affect the customer's results by providing the right solutions down to the state and regional areas of the country and address the challenges one company is experiencing over the industry. As a result, the company saw an 18 percent improvement by implementing our recommended changes.

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Leveraging Data and Expertise to Reveal Meaningful Patterns and Trends in Data

Data and expertise by themselves cannot create a game changer. It takes the right combination of talented, experienced and analytic personnel to effectively reveal meaningful patterns and trends and interpret them in ways to make them actionable intelligence for others.

A fraud revealing example: leveraging data and expertise to identify fraudulent activity and behavior

Possibly the most popular use for data insights and analytics is in identifying a claim's potential for fraud. We recently had the opportunity to have a roundtable session with a group of surgeons. During the course of discussion, one of the surgeons mentioned that he regularly billed his surgery procedure codes several weeks after the procedure was performed and well after all of the global surgical follow-up periods were completed. He explained that he did this simply as a record-keeping process. A conversation like this encountered by someone less familiar with correct coding (i.e., claim adjuster) may have been dismissed as nothing more than a quirk in the provider's workflow. Luckily, the conversation was part of a consultative discovery meeting attended by our consultation team. Documenting the provider's statements, they thought to initiate a detailed investigation of claim data to discover if this provider's strange workflow was unique or widespread and whether this practice adversely affected claim severity. According to National Correct Coding rules, follow-up office visits performed during a global follow-up period are included in the surgical procedure and should not be reimbursed separately. The length of the global follow- up period is specific to the surgical procedure code and based on the surgery's level of complexity. When providers bill in a manner consistent with date of service, it is easy to see that a surgery was performed and that a global follow up period should be applied. However, when the provider bills

out of date of service order, the application of this simple rule becomes much more difficult. An investigation into provider billing patterns as they relate to surgery revealed that this provider's unique billing workflow was anything but unique. These patterns of billing surgical follow-up visits prior to the surgery are wide spread and accounts for several million dollars of billed services.

> We were able to enhance our product and add a functionality that can help catch fraud.

Your Path to Optimized Utilization of Data and Expertise

Tools are now available to help shine a light on important issues within the property and casualty industry. Utilizing data analytics, coupled with the deep industry experience and consultative guidance, provides the opportunity to optimize claims to achieve greater efficiencies and effectiveness. There's value in having outside personnel with deep industry expertise assess your claims and compare results with industry benchmark data and data analytics. The process can result in greater efficiencies and effectiveness throughout all your business processes. Leveraging a consulting partner who works shoulder-to-shoulder with you to help reach the next level of claims management is often best suited to help enable an insurance carrier find answers in data they did not know previously existed.

Your Path to Optimized Utilization of Data and Expertise

1. **Develop an analytics-driven culture from the outside in** Carriers don't have the breadth of data to see trends going on in the industry, or within the scope of their claims operations for that matter. They only see what's going in their own house.
2. **Have a conversation** What it really comes down to is engaging in a conversation. If you have the slightest inkling of an anomaly, or if you have a suspicion, but you can't put your finger on it, talk to a consultant. Let them ask you the questions that will identify where the research needs to go. There are no wrong questions in conversations like these. You hear this often, but asking questions can help uncover new opportunities and reveal leakages in the data that you may not be familiar with.
3. **Engage with a consultant in ongoing, multiple intervals** It's a matter of going back and revisiting the data often. When recommendations are implemented, you should also implement ongoing monitoring of the changes so they can continually be optimized. You should be monitoring the data consistently to see if new trends are developing, make adjustments and proactively manage the processes.

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Conclusion

The competitive edge to be gained from the combination of data analytics and expertise is vast. Carriers that commit to making the most out of a partner with the power of two are already ahead of the curve. A wait-and-see attitude is a comfort that competitive companies may not be able to afford.



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