Auto Casualty

Managing Third Party Auto Claim Trends During COVID-19

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5 MIN READ

Fewer cars on the road, increasing accident severity, an uncertain economy—these are just a few of the unprecedented challenges the auto insurance industry has faced in 2020. Now, third party liability insurers are seeking the best method to adapt to this ever-changing situation. Let's take a closer look at some of the trends the third party market has experienced in 2020 and the potential changes you can make in your claims workflow today to better manage in the current environment.

2020 Third Party Trends

Mitchell analyzed its third party bill review data to identify multiple trends through June of 2020 including claim activity, sites of service, injury types, treatments patterns and more. When reviewing the trends, first note that third party claims typically have a natural lag time for claim reporting and subsequent bill creation. According to Mitchell's data, only about half of claims have less than six months between date of loss and demand date and three quarters have at least a month between demand date and subsequent bill creation date.

High Level Third Party Claim Trends

Third party auto casualty claims organizations have not been immune to the changes we've seen across the auto insurance industry this year. Mitchell's data has shown decreased claim frequency, extensions in treatment time and latency in the time it takes for demands to be sent to carriers when comparing the first six months of 2020 to the first six months of 2018 and 2019.

Sites of Service and Injury Types

Anecdotally, we have heard that some people have been avoiding going to the emergency room during the COVID-19 pandemic, and Mitchell's data confirms those narratives. We have seen a 32% reduction of total charges associated with the emergency room in the first months of 2020 compared to the same time period in 2018 and 2019. On the other hand, inpatient stays have increased 157% in the same time frame.

The percent of total charges associated with soft tissue injury claim decreased.



The percent of total charges associated with fracture and traumatic brain injury increased.

To help explain some of the factors behind these changes, we took a closer look at the injuries that have been reported this year. The percent of total charges associated with soft tissue injuries have decreased in 2020 compared to previous years, while the percent of total charges associated with fractures and traumatic brain injuries have increased.

Treatment Patterns



The percent of total charges associated with telemedicine and pain management have increased but neither makes a significant impact.

Within the first six months of 2020, the percent of total charges associated with chiropractic treatments has remained steady when compared to previous years. While telemedicine has seen a significant increase—2000% growth in April 2020 compared to April 2019—it hasn't made a huge impact as it currently represents less than 1% of total charges associated with third party claims. Additionally, pain management treatments are on the rise—which is a continuation of an ongoing trend in recent years—but like telemedicine, still contributes to less than 1% of total charges.



State mandated lockdowns have resulted in large treatment gaps.



Individual states are experiencing these gaps in a manner consistent with their response to COVID-19.

We have seen significant increases in treatment delays for third party claims through June of 2020. For example, for dates of service in early March 2020, third party claims averaged about eight days between each date of service. By the middle of June, that gap had increased to 14 days—a 63% jump. So far, treatment gaps have mostly aligned with state-mandated COVID-19 regulations and closures.

Steps to Manage Third Party Challenges and Trends in 2020 and Beyond

Many of these trends have presented changes and ongoing challenges for insurers that process third party claims. In order to address and overcome some of these challenges, carriers can consider implementing the following updates in their own workflows:

Implement New Workflow Rules

By adding new workflow rules, carriers can help their adjusters focus on key findings related to the trends listed above. For example, a rule around treatment duration or gaps could automatically notify adjusters when an in-person treatment was billed at a time when a certain jurisdiction was under COVID-19 shelter-in-place orders. Utilizing a software solution that can be dynamically configured to identify these scenarios and alert adjusters to them, can be a very efficient way to ensure adjusters are always considering important treatment factors.

Use Rules to Append Endnotes

Set up workflow rules to send notes to adjusters based on certain situations. For example, for any claims where there is a gap in treatment, an endnote could provide short but clear instructions for how all adjusters should handle the situation that are aligned with the carrier's evaluation practices, helping adjusters to solve for this challenge consistently across the organization.

Apply Medicare Fee Pricing

Using a custom multiplier of Medicare can make it easier for adjusters to negotiate with attorneys, helping carriers to better manage demand costs.

Review Provider Data

Leveraging a provider data tool like Mitchell's Provider Data Explorer can help enable carriers to take a closer look at billing behavior to spot outliers and cycle those insights into internal training and workflow rules.

Adjust Expected Recovery Date

To help better address gaps in treatment, Mitchell DecisionPoint® bill review customers should update the Expected Recovery Date feature to consider the extenuating circumstances of the pandemic. Updating this feature to allow for more time based on the treatment gap trends listed above can help reduce the number of bills that are being flagged for additional manual scrutiny. By making these changes—and assessing their workflows on a regular basis as the pandemic continues—claims organizations can begin to better manage the trends and changes that the third party industry has experienced in 2020. Mitchell clients can contact their Mitchell client services manager for more information about making any of the above changes in their programs.

*Treatment gap is measured by counting the days between treatments and graphed based on the second date of service.



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