



Driving Claims Operations Efficiency through Analytics

Table of contents

Claim Intake	03
What does the existing process look like?	03
LatentView's Approach	04
Impact	04
Claim Adjudication	04
What does the existing process look like?	05
LatentView's Approach	05
Impact	05
Claim Management	05
What does the existing process look like?	05
LatentView's Approach	06
Impact	06

As Customer expectations evolve rapidly in the age of digital channels and accessibility, Insurers are increasingly pushed to offer experiences that are faster, intuitive and tailored to their customers' needs. Identifying and optimizing the key areas of Claim operations are important to achieve that.

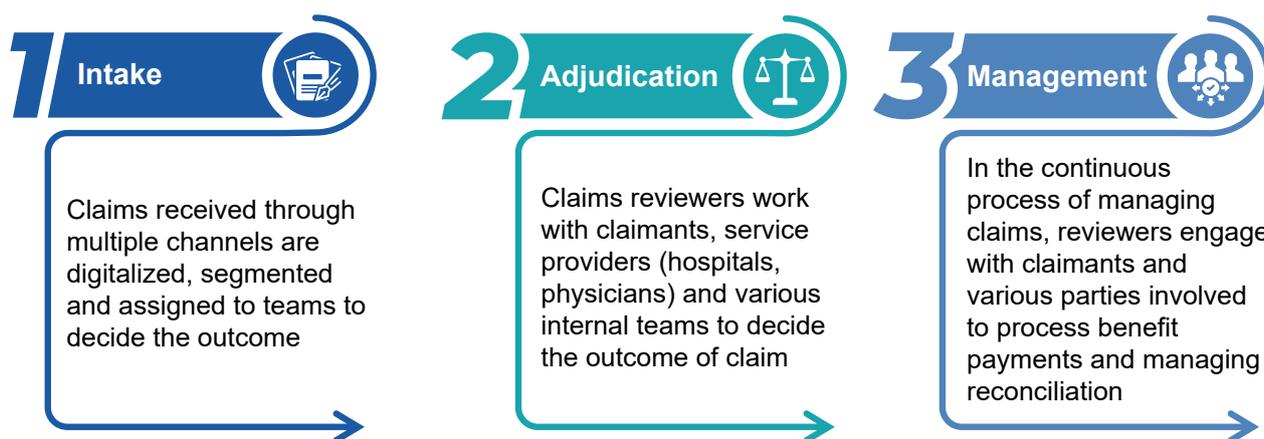
A 2018 study by [McKinsey](#), estimates that by 2030, Insurance providers can achieve Straight Through Processing on the Claims, at the rate of more than 90%, reducing the processing time from days to hours or minutes, through data driven approach and tools.

At LatentView Analytics, we had worked with a \$65B Global Insurance Company, to design a comprehensive analytics program for the Disability Product offerings. The program aims at improving the efficiency of the Operations team through Machine Learning models and Enterprise Dashboards to measure key performance indicators and make actionable recommendations and decisions.

After a customer files a Claim, Insurance providers perform various operations before they decide to decline or settle the Claim. The Claim Operations can be broadly broken down into three processes

A 2018 study by McKinsey, estimates that by 2030, Insurance providers can achieve Straight Through Processing on the Claims, at the rate of more than 90%, reducing the processing time from days to hours or minutes, through data driven approach and tools.

CLAIM OPERATIONS



Claim Intake

What does the existing process look like?

Insurance Provider receive an average of 500+ new claim requests every day through multiple channels such as telephone, web, paper submissions, and through agents. All these requests are digitized, and claims are created using an overnight batch process. These claims are assigned to team managers, who in turn assign them to individual specialists in their teams. This process is entirely manual and is dependent on the manager's ability to assess the claims and their knowledge of the team's existing workload.

Insurance Provider receive an average of 500+ new claim requests every day through multiple channels such as telephone, web, paper submissions, and through agents.

Once a claim is assigned to a claim specialist, it is segmented based on factors such as the claim's diagnosis category, complexity, the likely outcome of the claim, etc., based on which the claims are adjudicated and managed further. This segmentation process is not consistent and is prone to human bias, as the decision is subject to the knowledge, training, and perception of the claims specialists.

LatentView's Approach

We use a collaborative and consultative approach with the business teams to understand the process and develop key performance measures and techniques to support the intake process.

The techniques include:

-  A Segmentation model that automatically categorizes each claim based on the claimant's diagnosis, medical complexity, estimated return to work date, and other relevant claimant characteristics
-  A Machine Learning engine that uses the segmentation output to identify claim complexity info and club it with the operations team's bandwidth and skillset details to assign claims to the right specialists for optimum results
-  A Demand Forecasting model to predict the requirement for specialists with the specific skill set and allow the management to strategically plan and train the teams accordingly

Impact

With nearly 250K new claims received every year, automated claims assignment using a decision tree to predict and map the claims to specialists based on their skill set, resulted in faster decisions and effective utilization of the specialists' time.

Upfront segmentation of the claims helped the specialists to lay out a working plan for each claim swiftly, instead of spending time to figure out the complexity and likely outcome of the claims first. These resulted in improving the operational efficiency of Claims specialists, as they were able to start working on claims as soon as they were recorded in the system.

This overall process has reduced the claim intake time from 2–4 days to the overnight batch process. Demand prediction enabled optimum utilization of resources allowing the management to spend its valuable time on strategic decisions.

Claim Adjudication

What does the existing process look like?

Upon segmenting the claims, Claim specialists review various details to adjudicate it. This review process involves the specialist contacting claimants, physicians, and internal clinical teams to understand the medical condition of the claimant before deciding to approve or deny the claim. Specialists have to spend a considerable amount of time collating the necessary information to adjudicate the claims. This is a highly resource-intensive and inefficient process, as all the claims are dealt with the same protocol irrespective of their complexity.

LatentView's Approach

We developed an Auto-Adjudication model that would identify claims that qualify for Straight-through Processing based on key factors such as the Diagnosis category, Job Class, Age, Policy Effective date, Prognosis date, Policy Coverage, etc.,

Even with the auto adjudication model in place, there would be a significant proportion of claims which can't be auto adjudicated due to their complexity. To assist the claims operations teams with such claims, we developed a dashboard to present the high priority claims on a day-to-day basis for each claim specialist, along with relevant information such as Claim submission date, Received date, Pending days, Diagnosis category, Claimant age, Job class, Policy coverage, etc., enabling them to make faster decisions. Approved claims will be moved to the management stage, and benefits will be paid. And for the denied claims, claimants will be informed accordingly and allowed to appeal the decision within a specific time.

We developed an Auto-Adjudication model that would identify claims that qualify for Straight-through Processing based on key factors such as the presence of a prognosis date, treatment date, Diagnosis information, policy details, etc.

Impact

With the Auto-Adjudication model, nearly 35% of Claims were processed instantly. And specialists were able to quickly adjudicate the remaining complex claims with all the necessary information readily available through the priority claims dashboards. These solutions have reduced the average decision time by 10%. This improvement in efficiency helped claim specialists spend more time on claim management and early closure.

With the Auto-Adjudication model, nearly 35% of Claims were processed instantly.

Claim Management

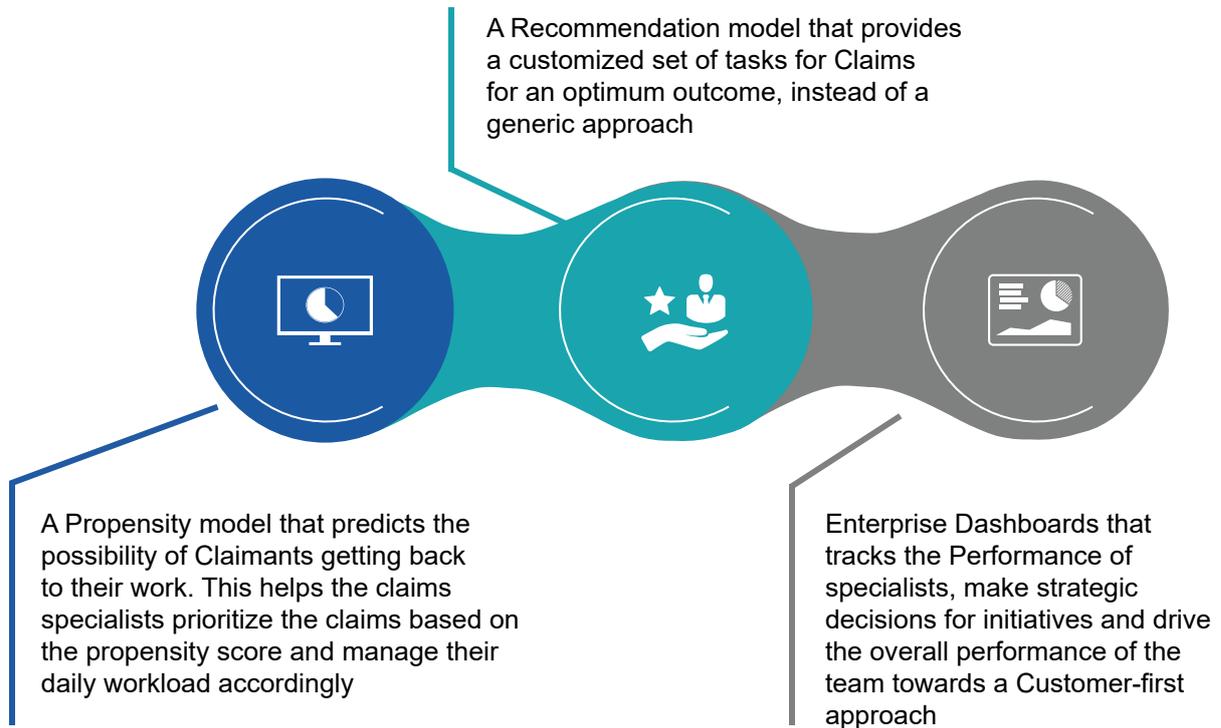
What does the existing process look like?

A Claim Specialist, on average, has about 100 open claims to handle at any point in time. They are supposed to perform various activities like adjudication of open claims, benefit payments, engaging with physicians, clinical and vocational teams to assess the medical condition of claimants and plan rehabilitation programs, coordinate with employers to provide alternative work opportunities for claimants and motivate claimants towards getting them back to work as soon as possible.

There are a predefined set of tasks to be performed for each claim at different stages of their life. This diverse set of activities to be performed by the claim specialists make their jobs complex and pose challenges to the management in measuring the performance of their teams. Also, the lack of efficient performance tracking mechanisms is not helping the cause.

LatentView's Approach

We developed a slew of analytics interventions in the Claim Management process, that includes:



With all these solutions in place, the operational resources can be utilized optimally to drive the overall efficiency of claims management, and the management team will be able to easily monitor the health of the business.

Impact

With the Propensity and Recommendation models and the newly enabled performance tracking mechanism, we noticed an increase of 31% in milestone achievement and a 1% reduction in the average claim duration.

The Bottom Line

By embracing data-driven approach to optimizing the Claim operations process, the Insurance provider was able to achieve:



With a significant reduction in the claim processing timelines and a measured approach in improving the operational efficiency, Insurance Providers can save up to \$20M every year in Benefit payouts and Operational costs, while simultaneously improving the customer experience. As the marginal gains keep compounding every year, the benefits can be passed on to the customers, which helps fuel the product growth.

About the author



Avinash Reddy Induri

As the Insurance vertical lead at LatentView Analytics, Avinash Induri assists our clients in creating and implementing strategic roadmaps for digital transformation. He has led a wide range of key engagements including Claims Process Automation, Fraud Detection, Workforce Performance Improvement, and Pricing Optimization for our insurance clients.

About: LatentView Analytics

LatentView Analytics is a leading global data and analytics service provider helping companies turn data into actionable insights to gain competitive advantage. As a trusted analytics partner to the world's most recognized brands, LatentView solutions provide a 360-degree view of the digital consumer, fuel machine learning capabilities and support artificial intelligence initiatives. LatentView's success is driven by a commitment to deliver unrivalled analytics solutions that enable Fortune 500 companies in the retail, CPG, BFSI, high tech, healthcare and other sectors to predict new revenue streams, anticipate product trends, improve customer retention, optimize investment decisions and turn unstructured data into a valuable business asset. LatentView has offices in Princeton, N.J., San Jose, Calif., London, Singapore and Chennai, India with more than 600 employees globally.

For more information, please visit www.latentview.com or write into: sales@latentview.com