The Future of Technology in the Claims Process

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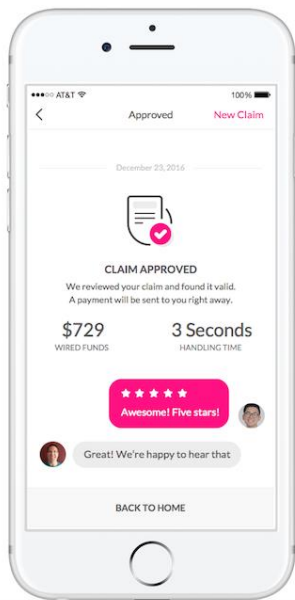

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"Touch-Less" Claims Automation

Automating certain tasks that claims professionals perform to free up their ability to be more focused on higher-level tasks and the human interactions of the claims process.

Future of Claims | Lemonade Sets World Record

3 Second Claim

"The process had taken only **a few minutes and zero paperwork.** That's unheard of for an insurance claim. But what happened in the next 3 seconds sets a world record: his claim was paid."

Automation in Auto Insurance

This notion of full automation in the claims process is becoming more prevalent in the **auto casualty and physical damage space**.

Solera 2020 Survey: Auto Claim Automation

Survey Demographics

500 — Global Insurance Carriers

500 — Enterprise Body Shops

1,500 — Auto Insurance Consumers

Survey Findings

Most claimants have experience using auto digital claims tech—**56% had submitted a claim online** and **51%** had used digital tech **to track claim status.**

72% of respondents **cited confidence in an automated claims** and repair journey.

67% of consumers would **switch insurers** for a faster digital experience and **73% would choose an insurer using AI** to process claims quicker.

Source: https://www.solera.com/2021-press-releases/consumers-desire-fully-automated/

P&C Trends – AI/ML & Automation

221%
increase

25-40%
improvement

50%
automation

In the past 7 years, share of IT in total operating costs of P&C insurers **increased 221%.**

Tech like machine learning can help P&C insurers **improve profit margins by 25–40%.**

McKinsey prediction: **50%** of the tasks associated with claims **will be automated.**

Sources: McKinsey, Forbes

Can Digitization Replace the Human Touch?

We expect **humans to continue to be essential** to the claims process. The industry will evolve to combine the best **blend of technology and human intelligence.**

Workers' Comp vs. Auto Claims

Work Comp Claims

- Many touchpoints involved in the claims ecosystem.

- Claims duration can be multi-year or lifetime, longer claims resolutions.

- Proactive clinical involvement and intervention throughout the entire claim lifecycle.

- **Healing needs the human touch.**

Auto Claims

- Less touchpoints in an auto casualty or auto physical damage claim and ecosystem.

- Shorter claims duration, quicker claims resolution.

Automation in Workers' Comp

The idea of **touch-less claims** and increased automation is **not new to the workers' compensation industry.**

Workers' Compensation Market Drivers

Increasing Severity

- Since January 2018, the Mitchell aggregated industry has experienced a **121% increase in cumulative average charge per claimant.**

- In the same time frame, there has been a **109% increase in cumulative average allowed per claimant.**

New Generation of Workers

- In 2020, **50%** of insurance industry employees were **45 years or older.**

- Median tenure of workers ages **25 to 34 is 2.8 years.** For workers aged **55 to 64, average is 10.1 years.**

- High adoption of new technologies and new paradigms of communications.

COVID-19 Pandemic Effects

- In 2020, all industry sectors except healthcare + transportation/ warehousing experienced a **decrease in the total number of claims.**

- Average delta between DOL and DOS **increased 13%**

- **Lasting effects: 25-30%** of the workforce will be WFH multiple days per week by end of 2021.

Sources: US BLS, Mitchell Data, Global Workplace Analytics

Workers' Compensation Market Trends

Increasing Severity	New Generation of Workers	COVID-19 Pandemic Effects
Further need for **new cost containment and proactive clinical and pharmacy management** that leverage AI driven decision support and automated workflows.	**Streamlined processes and better institutional knowledge** built in the solutions. New opportunity for more advanced technologies.	Accelerated adoption **of automation, advanced technologies, and digital experience** to help with further efficiencies.

Mitchell 2021 Workers' Comp Survey

Survey finds the COVID-19 pandemic is the main driver behind adopting automation and advanced technologies.

COVID-19 Changes/Pressures — **40%**

Efficiency — **21.5%**

Cost Containment — **20%**

Better Quality & Consistency — **8.5%**

Less than 5% each: fraud, faster return-to-work, better use of adjuster skills

Workers' Comp Claim Touchpoints

Provider Billing and Payments

Bill Review

PPO, Bill Audit, SBR & Negotiations

Ancillary Networks

Independent Medical Exams

Pharmacy Benefit Management

Regulatory & Compliance Reporting

Reporting & Analytics

FROI/SROI

Clinical Services: Utilization Review & Case Management

Automation: FROI/SROI and Reporting

Automation applied to the FROI/SROI process can increase efficiencies as well as decrease resources needed to manage the process. We have seen **increases in reporting efficiencies by 75%** when moving from a manual process to an automated process. We have also seen an **increase in compliance by 20%** through this same automated process.

BENEFITS

- Analytics can help segment and route each claim quickly to appropriate claim handler and resolution channel.

- Streamlines triage of claims.

- Consistency in claims handling and state reporting.

RISKS

- Potential for missed opportunity to freeze statements and facts.

- Complex claims and customer interactions requiring nuanced judgment can result in key flags be missed.

Automation: Utilization Review

Automation applied to the utilization review (UR) process and decision-making can increase efficiencies for all stakeholders involved. Claims organizations can experience as much as **50% in efficiency gains** by running URs through automated treatment guidelines. **Potential higher rates can be achieved** when utilizing UR software that supports custom rules where additional claim data points can be utilized, as well as a UR software integrated with bill review software.

BENEFITS

- Portals, optical character recognition tools, & AI for **quicker RFA submissions & processing.**

- **Streamlines comms** – the faster and more effective requests can be submitted for review, the sooner claimants receive appropriate care.

- **Automated UR decisions & treatment guidelines** shift focus for nurses to spend more time on critical referrals and approvals.

RISKS

- Complex claims and provider interactions requiring nuanced judgement may result in some flags being missed.

Automation: Case Management

Automation and advanced technologies like predictive modeling can ensure timely, targeted nurse intervention, leading to increased efficiency gains. Additionally, when nurses are engaged early, claims can see nearly **30%+ in medical spend savings.**

BENEFITS

- **Early intervention** – automation can provide insight into when a work comp claim may benefit from medical professional guidance.

- **Eliminates rote**, **repetitive** administrative tasks.

- Enables **human interaction** with the focus of building personal connections with claimants.

- **Streamlines communications** – automated alerts and referrals when a case manager is needed.

RISKS

- Missed opportunity to freeze statements and facts.

- Push notifications substitute for human communication could lack quality, tone and overall empathy in the conversation.

Automation: Provider Billing and Payments

Reduce payment and bill processing costs and **improve efficiencies by over 60%** by going paperless. On average, writing a paper check could cost up to $8 each.

BENEFITS

- Controls costs and **improves efficiencies**.

- **Increased automation** and outsourcing payment solutions allows adjusters to focus on core tasks.

- **Helps maintain compliance** – 5 states currently have work comp regulations related to ePayments.

RISKS

- Selection of the right partner with extensive track record of handling secure financial workflows, as well as an established relationship with provider community with meaningful footprint of provider participation.

https://www.zurichna.com/knowledge/articles/2016/09/claims-case-study-early-nurse-referral-can-result

Automation: Medical Bill Review

By leveraging automated custom rules engines, users can experience between **50% to 90% automation**.

BENEFITS

- Reduce the amount of **manual labor** required to process medical and non-medical bills.

- **Facilitates smarter decision-making** and allow for enhanced efficiency and employee productivity.

- Shorten the claims lifecycle and **lower costs.**

RISKS

- Legacy system and resistance to change.

- Job security and tech averseness.

- Potential loss of data ownership.

https://business.illinoisstate.edu/downloads/katie/affect_of_technology_and_automation.pdf
https://www.mckinsey.com/industries/financial-services/our-insights/the-growth-engine-superior-customer-experience-in-insurance
https://www.zurichna.com/knowledge/articles/2016/09/claims-case-study-early-nurse-referral-can-result

Total Efficiency Gains

+30%

EFFICIENCY GAINS
Automate and leverage predictive modeling for early **nurse case management** and realize more than 30% in medical spend savings and increased efficiencies.

+50%

EFFICIENCY GAINS
Claims organizations running **utilization reviews** through automated treatment guidelines.

+60%

EFFICIENCY GAINS
Reduce payment and **bill processing** costs and improve efficiencies by over 60%.

+50%

EFFICIENCY GAINS
Leveraging **auto throughput** custom rules engines.

+30%

LOWER COSTS
Lower cost of a claim journey by **digitizing.**

+75%

EFFICIENCY GAINS
FROI/SROI moving from manual to automated process.

+20%

EFFICIENCY GAINS
Increase in compliance and efficiency moving from manual to automated process for **FROI/SROI.**

Mitchell Data, McKinsey

What Does Technology & Automation Mean for People?

Improved Efficiency and Accuracy

Straight through processing simplifies processes by automating repetitive and rote tasks, helping to reduce error.

Enables Greater Human Action

Freeing up more time for people to focus on complex billing situations that require human intervention.

Improved Actionable Insights

Emerging technologies, like AI, can process info that evaluates data and insights for humans that support decision-making.

For more on this topic and other industry trends,

visit **www.mpower.mitchell.com**