



Total Outcome Performance (TOP) for Insurance Carriers - A Focus on Workers Compensation Claims

We focus on the effectiveness of TOP in positively influencing claims settlements, especially in Workers Compensation.

Curiosity and Prompting the Claims Professional:

Proactively prompting the claims professional with TOP technologies is designed to encourage a higher level of curiosity. Curiosity about the strategy and tactics of taking a claim forward to resolution, settlement and closure.

Informing the claims professional about alternative settlements, such as further litigation avoidance at the optimal point in the life of the claim, will engender better, informed decision making.

A large number of these decisions are based on the ability or inability to decipher and appreciate the value of data intelligence which has been gathered via the TOP model and presented to the claims professional.

This offers additional insights into how the history of “similar claims” have been settled and within which financial median boundaries.

For example, trending on historical claims which have similar characteristics, quantum and conditions, or severity and complexity involved.

Using the Organization’s Claims Knowledge Base:

By applying TOP, the claims professional is provided with access to the organization’s “knowledge base” of prior claims. Provided that a sufficient number of claims meets the criteria for what is defined as “similar”, then this is extremely compelling information when it comes to determining the next, sometimes critical, steps in resolving and settling a claim.

As explained in the TOP overview section, the use of technology to empower the claims professional cannot be understated here. Tapping into the national or global knowledge base for the organization is similar in significance to having access to Google during a college exam.

TOP uses electronic “prompts” via proactive messaging on the claims professional’s desktop or mobile device. These can be tailored to suit the needs for information about a specific claim type, such as Workers Compensation [WC].

WC claims hinge in many cases around medical condition analysis, professional advice from physicians, medical examiners and attorneys. What these professionals don’t have access to is the vast history of prior claims for your organization.

This discussion paper is not designed to disparage the work of any professional giving advice. These are highly valued advisors helping to settle claims.

TOP will also utilize the inputs of all those involved in the claim to capture key metrics and characteristics which can be used to drive the prompts to claims professionals at the right time.

Given the nature of WC claims, these tend to lend themselves well to the TOP approach. Apart from highly complex, severe claims, most fall into small and medium-level severity brackets. With a high volume of WC claims filed each year, the organization can rapidly build trending models, based on all type of “similarity characteristics”, including Injury Codes.

Injury Codes in Workers Compensation Claims:

Injury codes by nature define the type and likely severity of the impact for the injury to the insured or claimant/plaintiff.

By using sophisticated analyses of individual and combination injury codes against each claims profile, these data can also be added into the TOP approach and modelled to support more accurate trending of similar claims’ results.

The trending of prior claims does not in itself provide the right answer or settlement offering. However, it does provide an excellent guide to which the claims professional can make reference. His or her colleagues have resolved and settled hundreds or even thousands of claims which have some level of similarity to those facing the claims professional today.

A Third Pair of Eyes:

While most claims professionals will consult with co-workers and seasoned colleagues, these still do not present the same level of view of all available claims trends pertinent to settling this claim today.

The TOP approach provides a third pair of eyes for the claims professional precisely at a time when he or she needs additional consultative advice on what is the best resolution and

settlement strategy and tactics to adopt in order to close the claim at the optimal point along the timeline.

Decisions Drive Results – Time is Money:

Using the TOP approach, getting more curious over the claims trending data than usual, due the TOP prompt message, is a new phenomenon which requires senior management buy-in and further training and education in the claims operations of the organization.

When properly and consistently applied, the TOP approach can drive significant time and cost-saving efficiencies. More timely and well informed decision-making at the claims professional’s desktop will lower the average cost of claims, as it saves time. Time, as they say, equals money. So true in the claims world.

We shall now explore some of the key business drivers for adopting the TOP approach and the measures by which its benefits may be judged.

What’s the Cost of the TOP Approach?

TOP is not an instant fix and takes time, dedication and committed resources are required to fully and properly implement, so that the above benefits are realized for the organization.

Each organization is different, with varying and disparate technology platforms, so the starting point for each is also very different.

The one key measure that we can highlight is the time savings of up *25% reduction in total claims open days*.

Using this one metric alone is sufficient for any CFO or Claims Officer to evaluate the true financial benefits to the organization of implementing the TOP approach.

How to Measure the Benefits of TOP:

In this paper, we are focused on WC claims and how the TOP approach can add value. To further this, it is important that effective measures are in place to track its positive impact to the organization.

In the case of an insurance carrier, TOP can help to drive:

- Improved Closing Ratios
- Lower Costs vs Indemnity Ratio
- Improved Expense and Loss Ratios
- Lower Combined Operating Ratio
- Improve Underwriting Profitability

For a TPA, TOP can deliver:

- Increase in Revenue per Employee
- Increase in Margin per Employee
- Increase in Claims Processed per annum
- Improve Gross Revenues
- Improve Margins
- Improve Client Retention