INFOSYS SOLUTION FOR CLAIMS LEAKAGE REDUCTION

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Navigate your next

Claims management is the foundation on which the edifice of the insurance business is built. Although a large contributor of cost to an organization, it is critical to ensuring customer satisfaction. Today's tough economic conditions compel insurance providers to focus on enhancing productivity and increasing their profits, even as they reduce costs.

Can they, in such circumstances, afford to have significant claims leakages?

The simple answer would be, 'no;' for the adequate management of claims leakages, has the potential to ensure significant savings.

Claims leakage spending trends

Higher spend on updating existing claims-systems	• **5%–10% of all submitted claims have errors**
Rising medical expenses	• **Expected increase of 2% in inaccurate claim payments, costing an additional $3 billion in 2014**
Rising operating expenses	• **$6 billion–$8 billion wasted annually due to errors and inefficiency**
Higher spend on procuring automated claims analysis solutions	• **Majority of insurers failed to improve their accuracy rating in the American Medical Association's (AMA) assessment report**

Figure 1: Claim leakage spending trends[1]

Why do leakages occur?

- **Human error is a leading cause of leakages** due to an over-reliance on manual processes, the lack of required automation, and non-assignment of claims according to processor skill level, further resulting in poor identification of critical issues and wrong decision-making
- **Inaccurate determination of coverage** compounded by the use of inaccurate and outdated procedure code
- **Inefficient subrogation** and recovery of claims
- **Inadequate management** of external vendors, external legal and medical professionals, and cases
- **Failure to document**, store, and disseminate investigation results, compounded by poor communication across parties, thus causing inconsistencies in claims handling
- **Lack of planning**, along with a lack of proactive leakage analysis and prevention measures

[1]According to American Medical Association (AMA) and Center for Medicare and Medicaid Services (CMS)

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Why claim leakages must be addressed

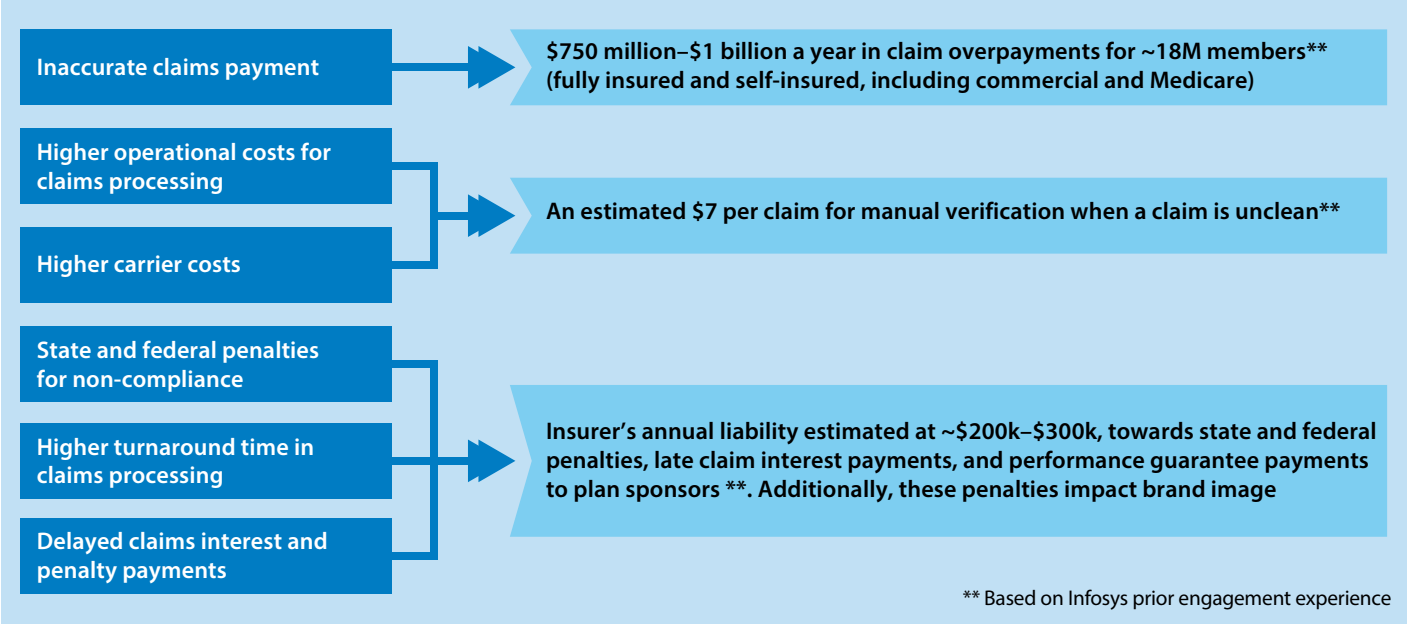

Figure 2: The fallout of claim leakages

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The Infosys solution: Claims leakage reduction analysis approach

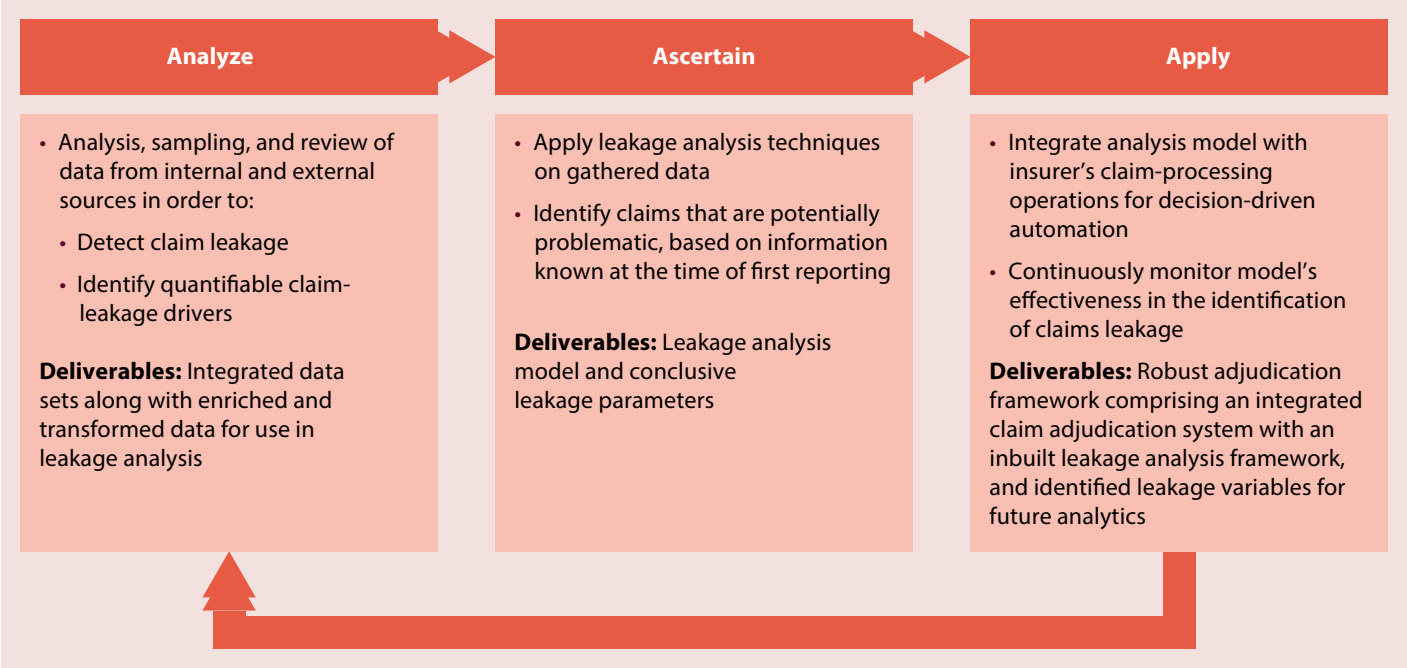

Figure 3: Claims leakage reduction analysis approach

Benefits of the Infosys approach: *Beyond claims leakage reduction*

Adopting the Infosys approach to leakage analysis can:

- Reduce leakage cost
- Improve the operational efficiency of your claims-processing system
- Lead to a better customer experience, resulting in satisfied customers

Our approach goes beyond this to offer additional enterprise-wide benefits:

- **Increased flexibility** by enabling customization across the different business units – claims data can be grouped for varying analysis in various permutations and combinations
- **Performance improvement**, by enabling the use of the aggregated data to move beyond the measurement of claims performance, and quantify processor performance as well
- **Facilitating the prioritization of initiatives** by focusing on areas of improvement that can deliver major business impact
- **Enhanced recovery potential** through claim reviews, which serve to identify overpayments and building cases for recovering monies

Thus, focusing on claims leakage is well worth the investment since the potential savings from reducing leakages are far more than the resources and time invested.

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The Infosys value proposition

Strong consulting experience	• Significant experience in executing similar platform consolidation and rationalization for leading global insurers • Developed reusable artifacts, frameworks, and methodologies, based on rich experience and industry best practices
Rich domain expertise	• Comprehensive understanding of industry business processes, system functionalities, IT application landscape, and typical organization cultures due to long-standing association with healthcare clients (over 10 years)
Unparalleled expertise on industry-leading solutions	• Partnerships with leading third-party package providers across policy administration, claims, new business processing, and incentive compensation management areas
Rich set of tools and enablers	• Proprietary consulting tools and templates (STRATEM, IMPACT) to facilitate faster analysis and decision-making • Well-defined templates for each phase of IT application consolidation and rationalization

Figure 4: Infosys value proposition

Case study: *Building rule-based claim audit logic into the claims adjudication process to reduce claims leakage and operational costs*

The client

A large health insurance company in the U.S. selling individual and group health insurance.

Client challenges and requirements

In order to increase the accuracy of claims payment and enable efficient auditing, the client deployed an automated, rule-based mechanism. The mechanism would identify and flag specific claims that would pass through further internal audits, before final adjudication and payment is made. However, the system was plagued with problems:

- The existence of disparate data sources resulted in delayed audit processes. Additionally, the system allowed only for a threshold-based audit, lacking other policy-sensitive audit conditions. *The client was looking to build an efficient mechanism to flag high-dollar claims and other error-sensitive policy claims for internal audit, before final adjudication and payment.*

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- The different systems lacked effective and integrated communication capabilities. *The client sought speedy, seamless, and unified data propagation through the correlation of the automatic adjudication system, audit-result-capturing system, operational reporting system, and processor performance system.*

Infosys solution

Infosys developed a solution that involved infusing the claims adjudication process with rule-based claim audit logic. The solution facilitated the ability to modify the centrally located audit rules, based on policy changes. It further provided a unique feature — the ability to audit claims based on their volume percentage, which served to solidify the threshold audit process. The solution also enabled seamless flow of data from the adjudication system, all the way to the process performance system.

Benefits to the client

- Sharp reduction in manual effort, resulting in lowered operational costs
- Introduction of diversity in audit conditions with rule-based audit
- Increased accuracy in the prepayment audit processes
- Quicker, effective, and accurate claim adjudication due to efficient auditing and the seamless, end-to-end capture of audit results

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