CHICAGOLAND RISK FORUM
CHICAGO & MID-ILLINOIS RIMS CHAPTERS

EMPOWERING RISK MANAGEMENT 2018

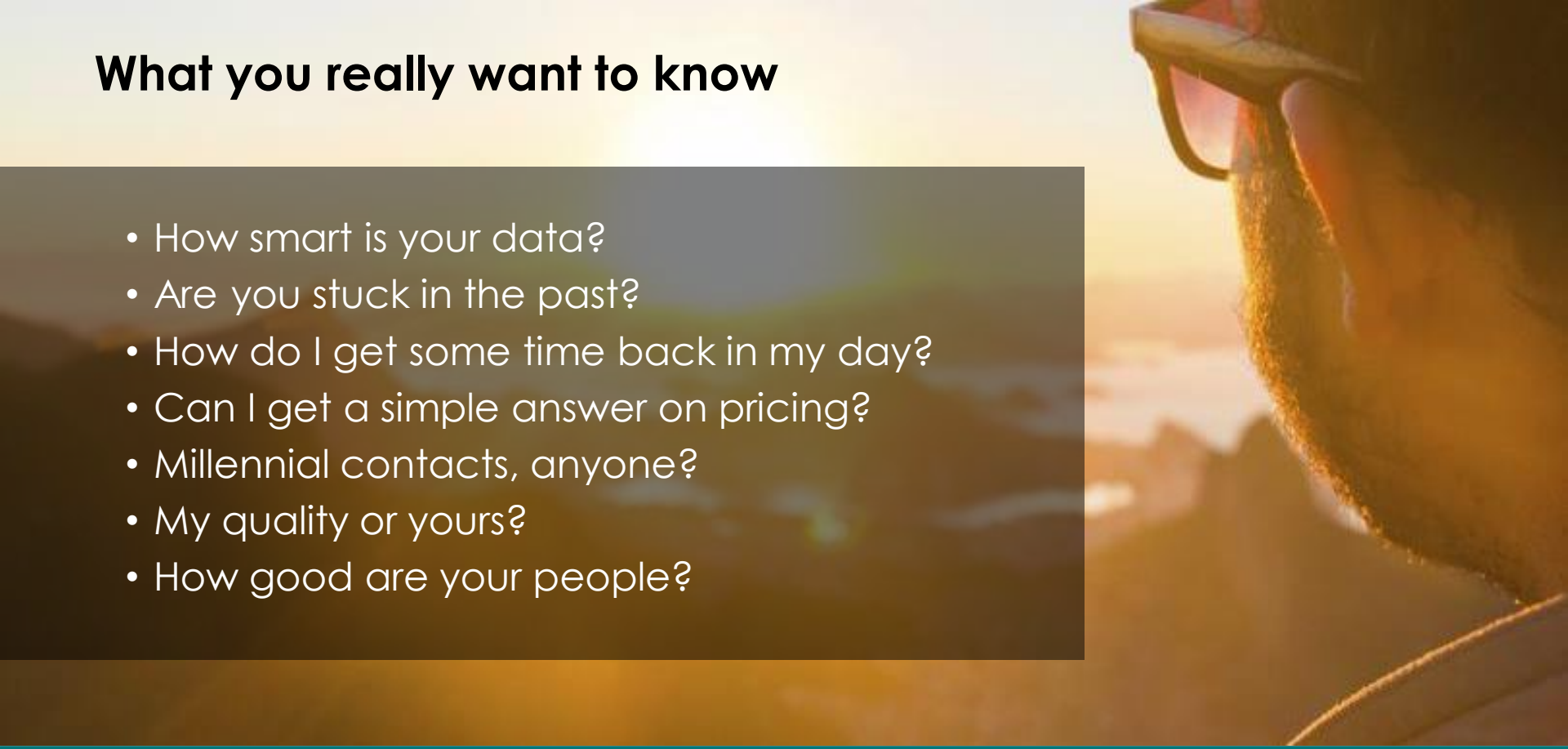
Gia Sawko & Joe Powell, Gallagher Bassett

# *So you want to be my TPA?*

## *~~X~~ Questions You Should Ask Your TPA Today*

*several!*

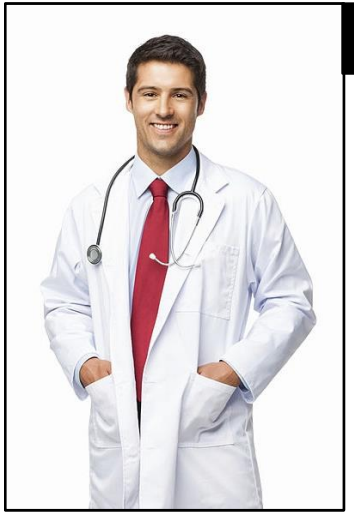
# What you really want to know



- How smart is your data?
- Are you stuck in the past?
- How do I get some time back in my day?
- Can I get a simple answer on pricing?
- Millennial contacts, anyone?
- My quality or yours?
- How good are your people?

# Question 1: How smart is your data?

***When assessing outcomes, how do you normalize for claim complexity?***



**Dr. Goodman, M.D.**

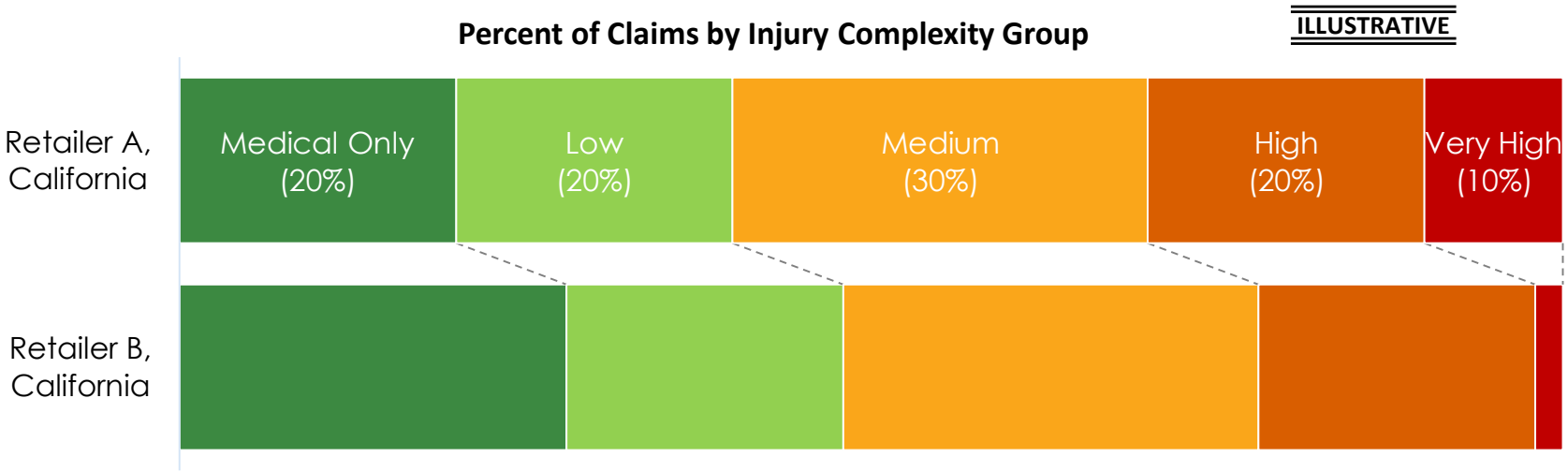
- **Average Cost Per Claim: $12,000**
- Handles the **most complex claims** in his practice
- Located in a **high-cost metro** area

**Dr. Costly, M.D.**

- **Average Cost Per Claim: $9,000**
- Handles **lower severity injuries**
- Located in a **lower-cost rural** area

**Without normalization, results can be misleading**

# Even within a state and industry, claim complexity can vary



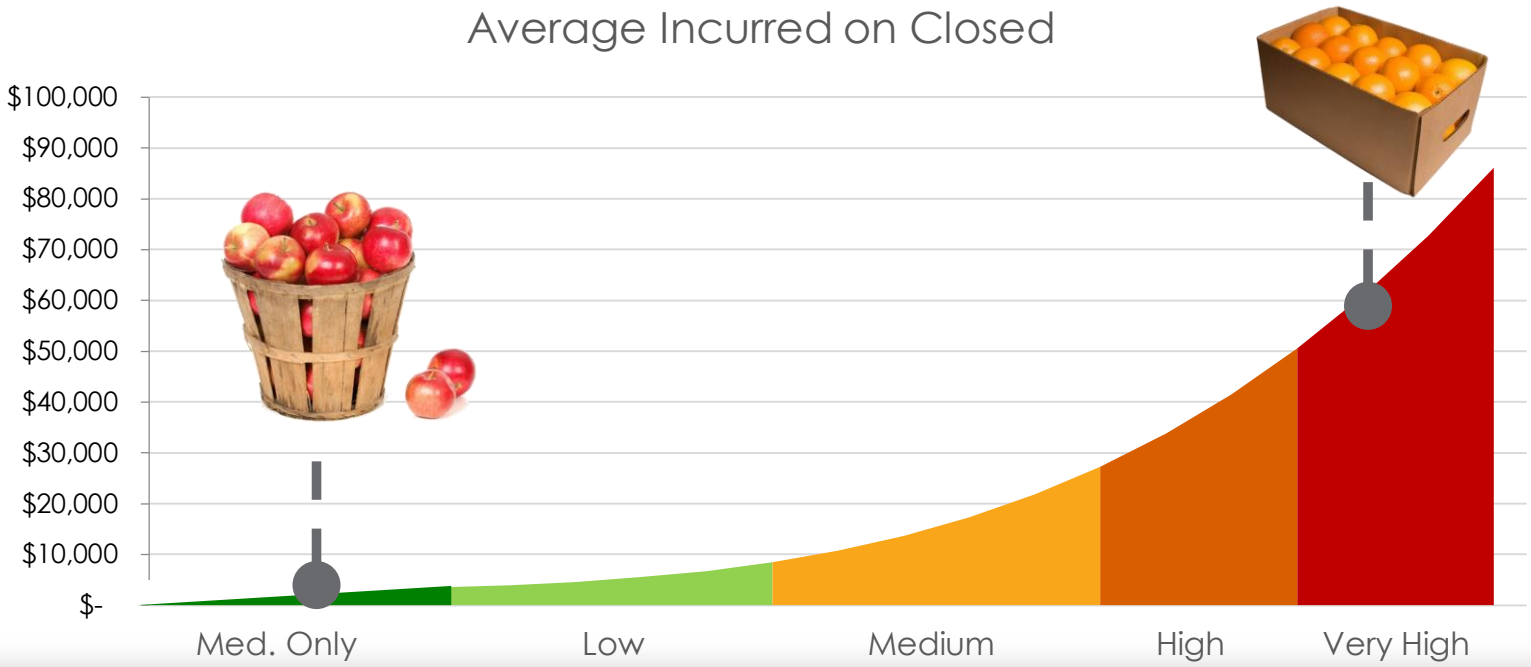

**We should not compare claim outcomes across these two programs!**

# Is your benchmark comparing these claims?

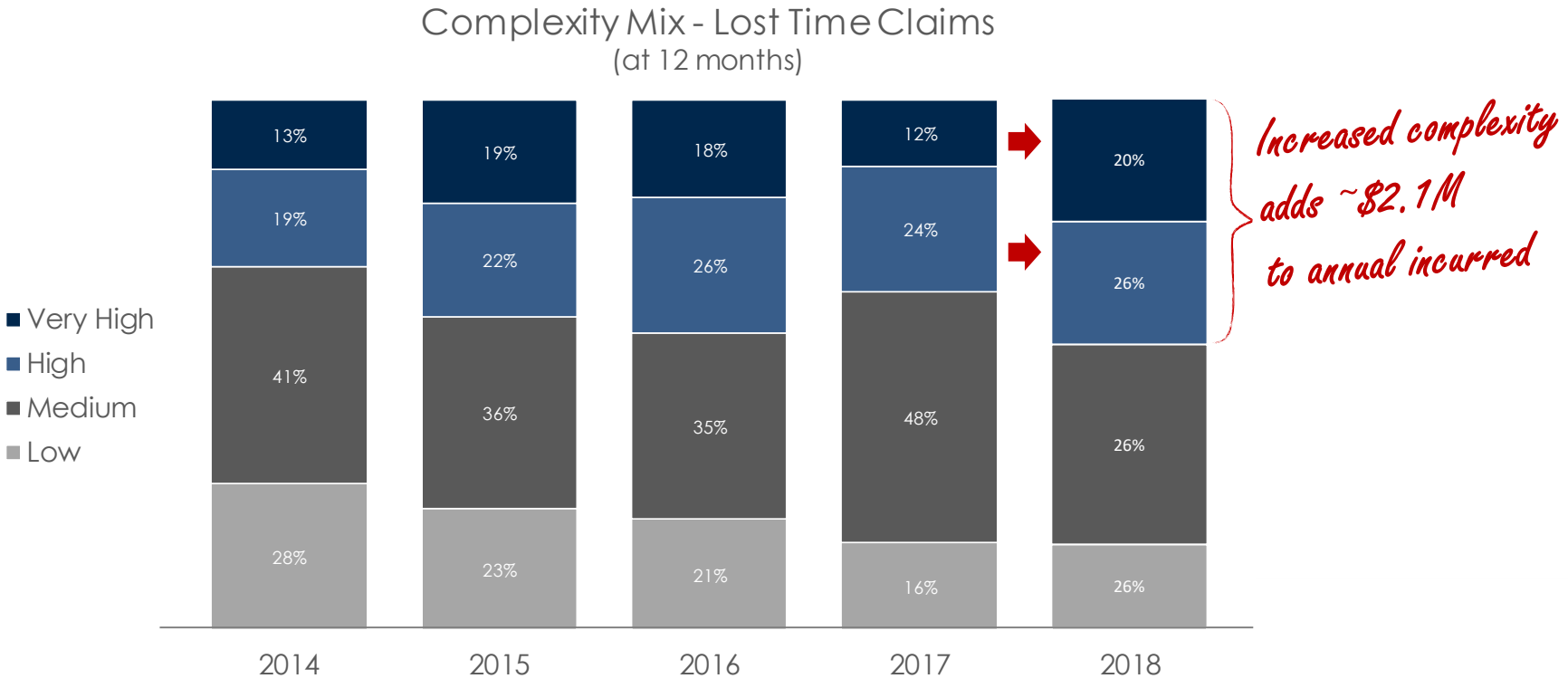
**Low Complexity Claim**
**Accident:** Cut on forearm
**Claimant Age:** 25
**Comorbidity:** None
**State**: Michigan

**Very High Complexity Claim**
**Accident:** Fractured skull
**Claimant Age:** 55
**Comorbidity:** Diabetes, smoking
**State**: California

# Ideally, you compare apples to apples



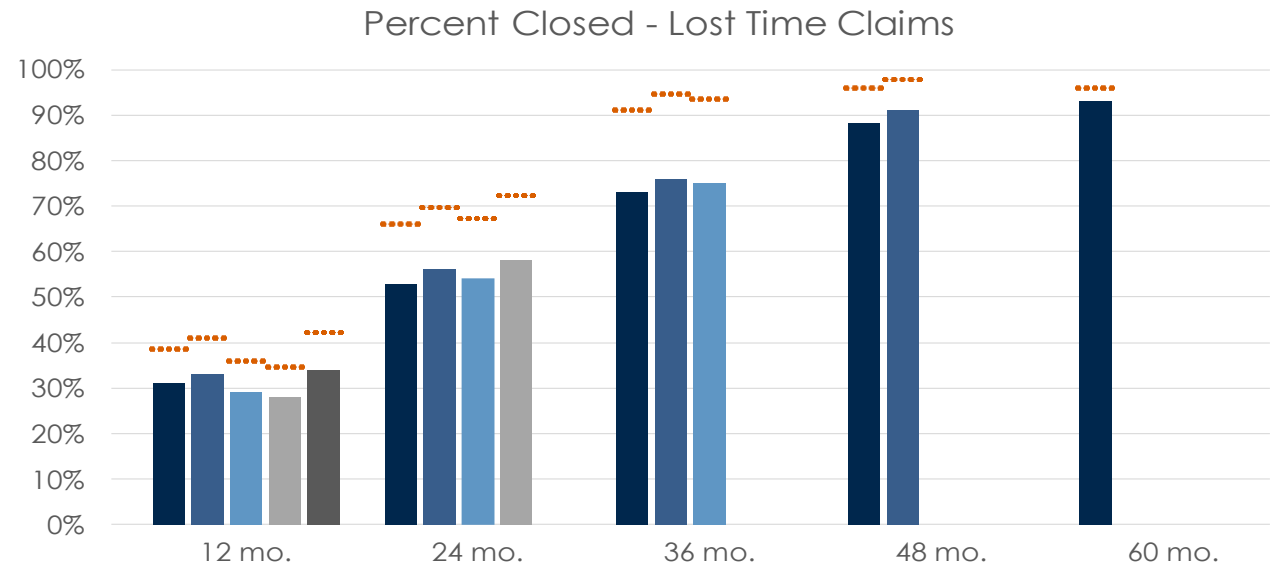
# Understanding complexity allows you to see financial impact of 'bad safety years' (or safety improvements)



# This also helps with assessing performance on managing claim outcomes

**Client Result**

**SMART Benchmark**

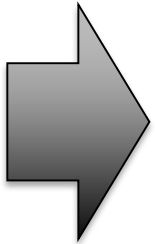



| | 12 mo. | 24 mo. | 36 mo. | 48 mo. | 60 mo. |
|---|---|---|---|---|---|
| 2013 | 31% | 53% | 73% | 88% | 93% |
| 2014 | 33% | 56% | 76% | 91% | |
| 2015 | 29% | 54% | 75% | | |
| 2016 | 28% | 58% | | | |
| 2017 | 34% | | | | |

# When comparing results across TPAs, be sure to account for as many of these factors as possible

**Does your benchmark account for:**

- ❑ Industry mix
- ❑ State mix
- ❑ Claim maturity
- ❑ Closure rate
- ❑ Reopen rate
- ❑ Loss development factors
- ❑ Mix of accident types, age, part of body, etc.



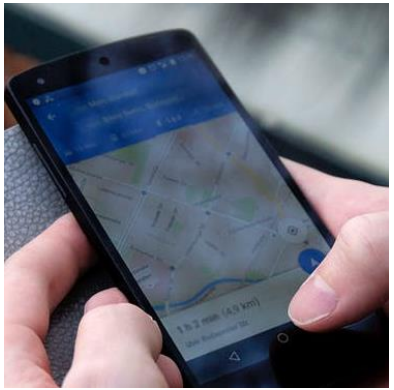
"Can you share data on how the benchmark compares to my data on these points?"

# Question 2: Are you stuck in the past?

***What guidance do your adjusters receive on key decisions?***

**Broad direction**

**Context**



**Decision Support**

**Increasing level of sophistication**

# Question 2: Are you stuck in the past?

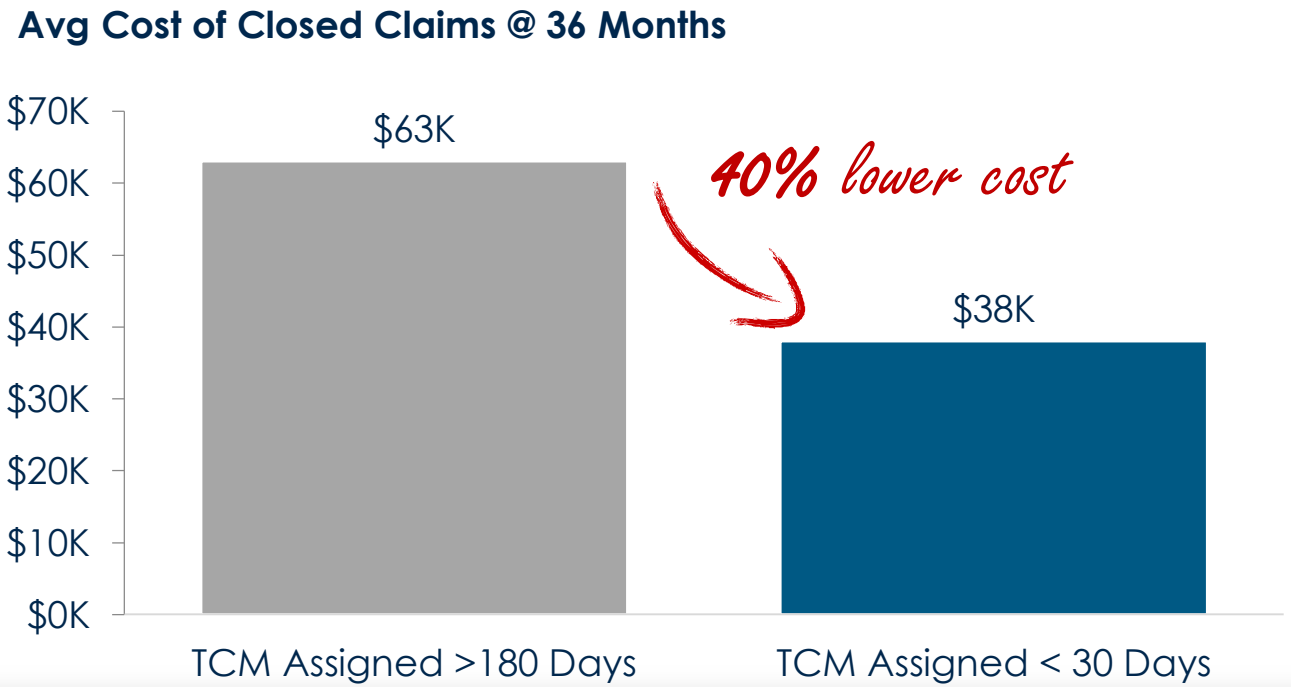
***"What guidance do your adjusters receive on key decisions?"***

A. What are you trying to solve for, and why?

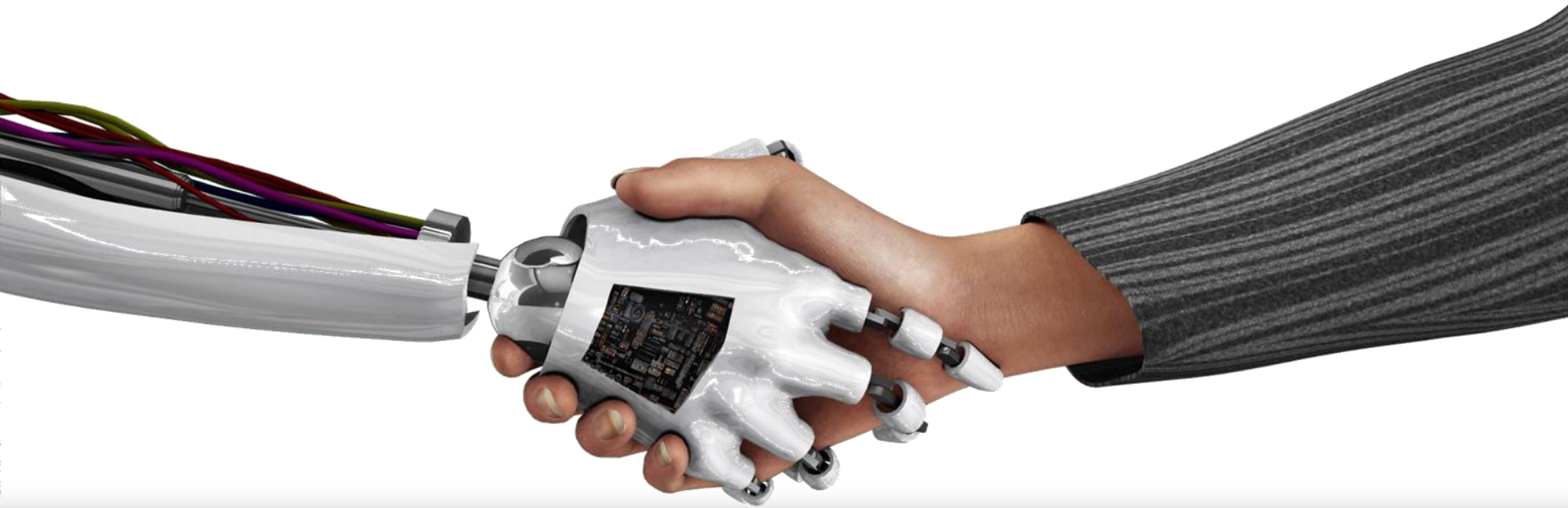
B. Is the system actually changing behavior/decisions?

C. What are the results?

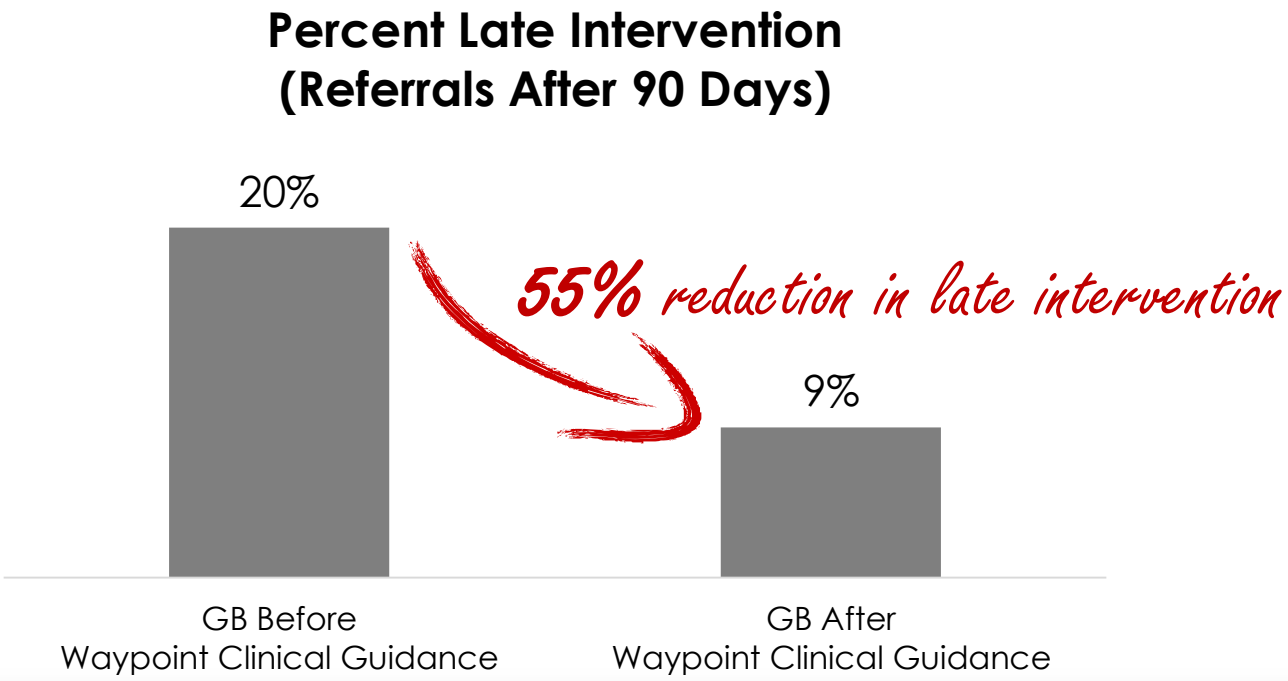
# A Purpose: Why is this a good decision to target?



# B How are you actually influencing behavior?
*(It's about trust!)*



# How are you measuring results?



# A helpful check-list of questions to ask

## A — What are you trying to solve for, and why?

- ❑ Is the system aimed at a **specific purpose** (decision)?
- ❑ Does it **recommend actions,** not just provide raw data?
- ❑ Does it provide a **rationale** and/or confidence level?
- ❑ Was the system **tested by claims staff** before rollout to ensure efficacy?

## B — Is the system actually changing behavior/decisions?

- ❑ What is the **compliance rate**?
  - ❑ Do decision makers appear to trust the system?
  - ❑ Does the system leave room for human judgment?
- ❑ What are the **top reasons for non-compliance**?
- ❑ Is **decision review** part of the management process?

## C — What are the results?

- ❑ Is the system consistently **recommending the right action** (percent accuracy)?
- ❑ **Has decision making improved** since implementation?
- ❑ What is the quantified **impact on outcomes**?

# Question 3: Can I get some time back in my day?

***What tools do you offer to help me focus on key claims and trends?***

# Factors important in knowing where to focus

## Claim Basics

- Total incurred
- Duration
- Litigation status
- Disability status
- Reporting lag
- Surgery indicator
- Branch
- Claimant age
- State / jurisdiction

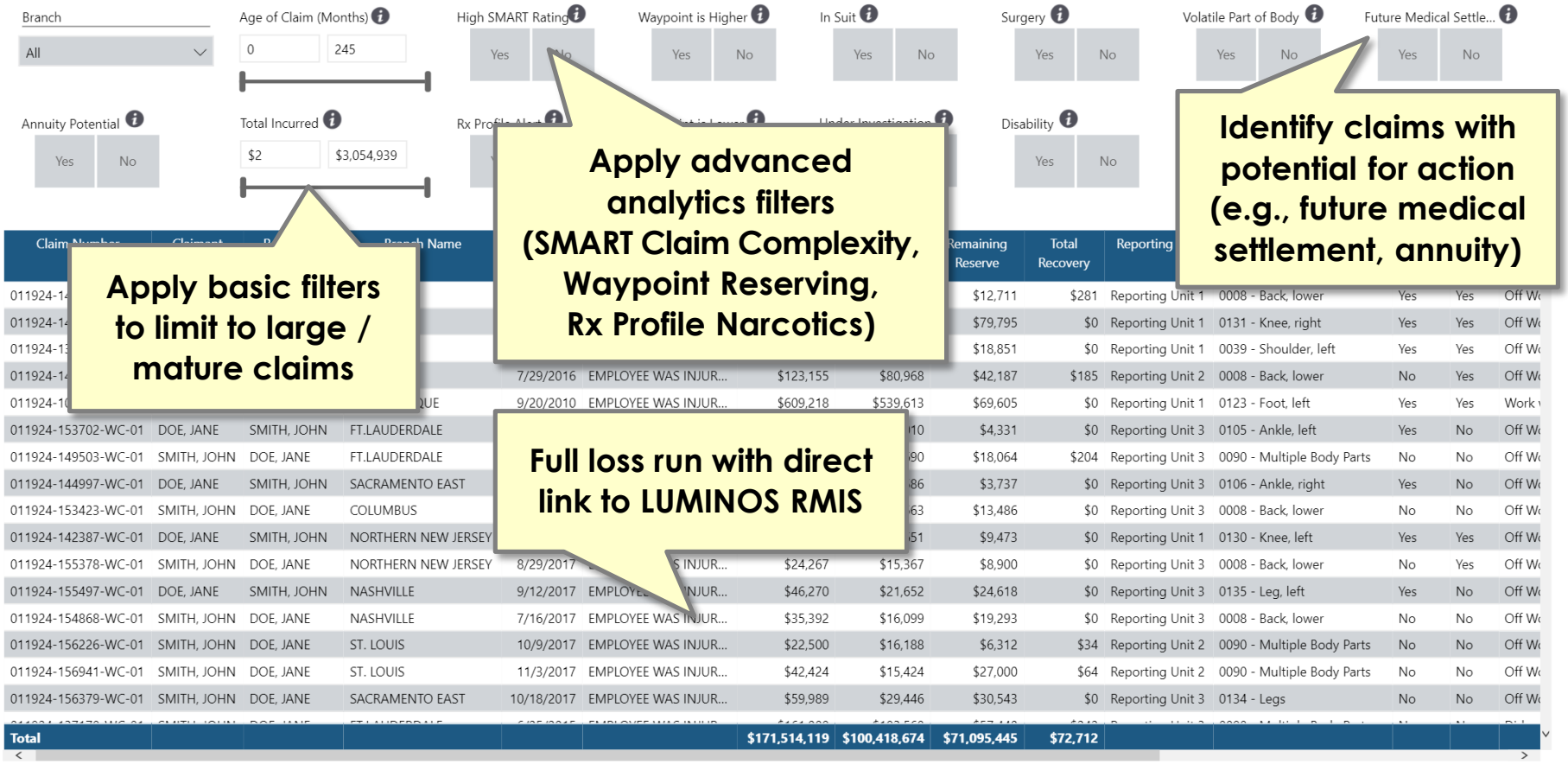
## Predictive Analytics & Future Events

- Claim complexity model
- Reserving model
- Narcotics model
- Upcoming litigation events
- Upcoming statute of limitations
- Upcoming Medicare eligibility

## Risks & Potential Solutions

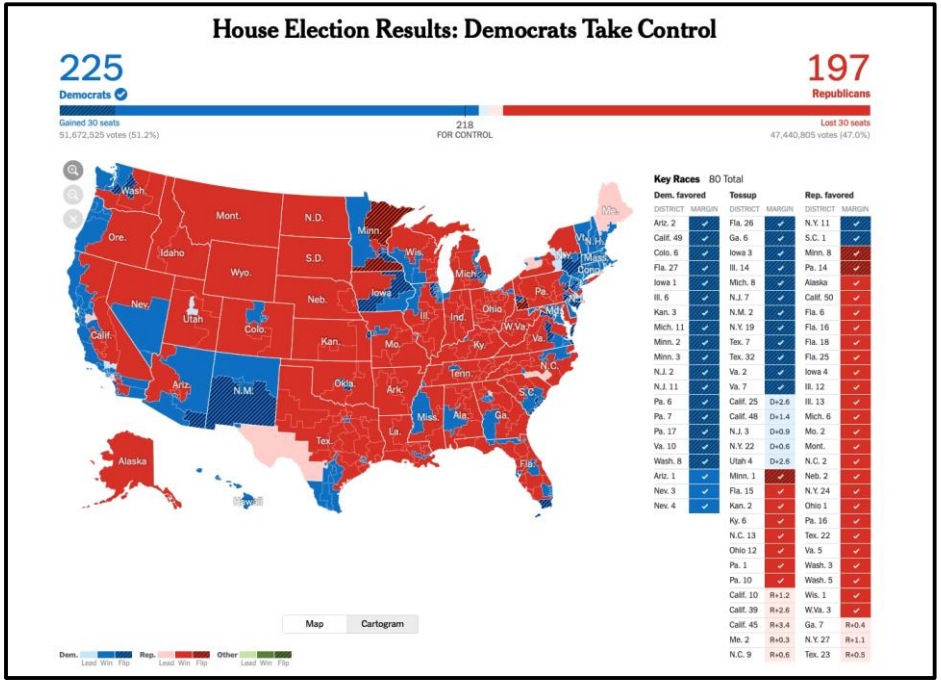
- Volatile part of body / severe nature of loss
- High severity venue
- Annuity potential
- Future medical settlement
- Risk Transfer potential

# Claim Strategy Dashboard

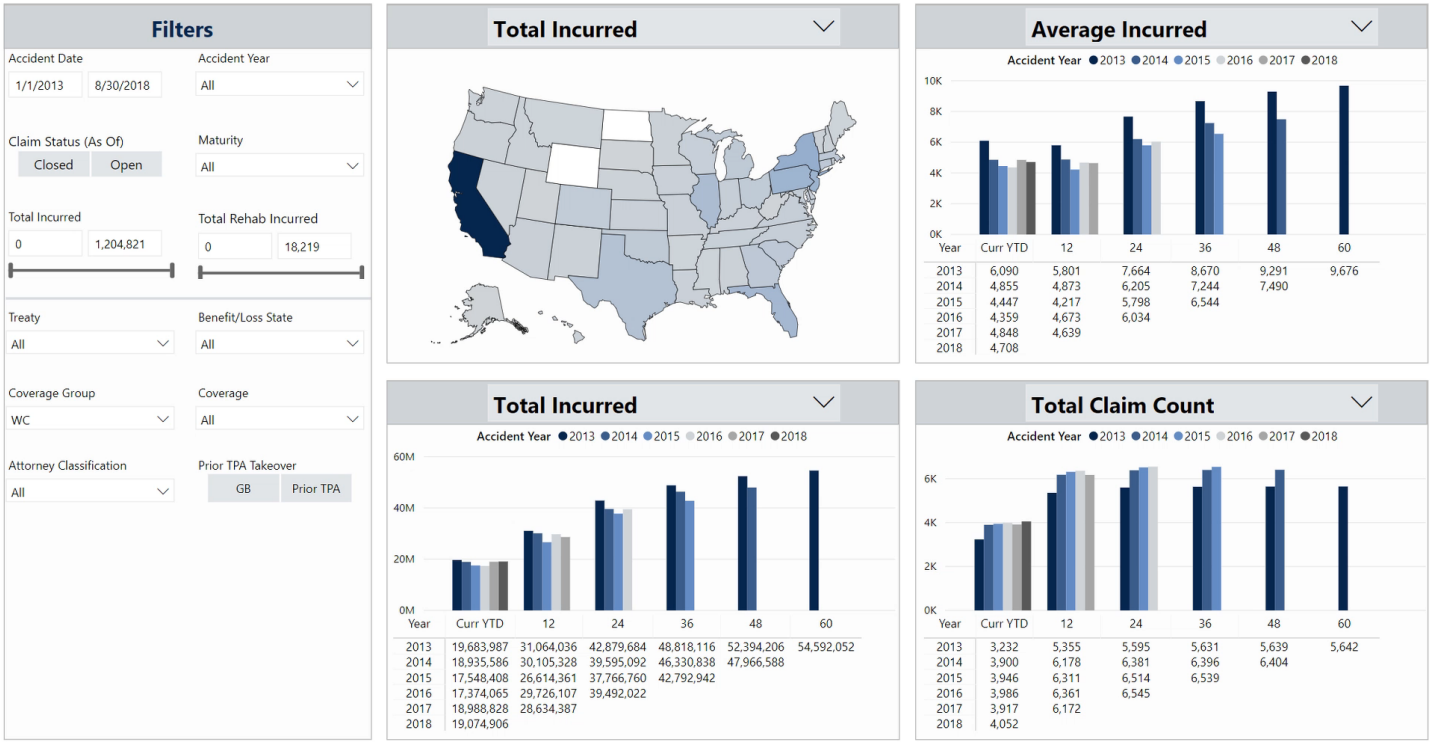



| Claim Number | Claimant | | Branch Name | | | | | Remaining Reserve | Total Recovery | Reporting | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 011924-14 | | | | | | | | $12,711 | $281 | Reporting Unit 1 | 0008 - Back, lower | Yes | Yes | Off W |
| 011924-14 | | | | | | | | $79,795 | $0 | Reporting Unit 1 | 0131 - Knee, right | Yes | Yes | Off W |
| 011924-13 | | | | | | | | $18,851 | $0 | Reporting Unit 1 | 0039 - Shoulder, left | Yes | Yes | Off W |
| 011924-14 | | | | 7/29/2016 | EMPLOYEE WAS INJUR... | $123,155 | $80,968 | $42,187 | $185 | Reporting Unit 2 | 0008 - Back, lower | No | Yes | Off W |
| 011924-10 | | | QUE | 9/20/2010 | EMPLOYEE WAS INJUR... | $609,218 | $539,613 | $69,605 | $0 | Reporting Unit 1 | 0123 - Foot, left | Yes | Yes | Work |
| 011924-153702-WC-01 | DOE, JANE | SMITH, JOHN | FT.LAUDERDALE | | | | 010 | $4,331 | $0 | Reporting Unit 3 | 0105 - Ankle, left | Yes | No | Off W |
| 011924-149503-WC-01 | SMITH, JOHN | DOE, JANE | FT.LAUDERDALE | | | | 90 | $18,064 | $204 | Reporting Unit 3 | 0090 - Multiple Body Parts | No | No | Off W |
| 011924-144997-WC-01 | DOE, JANE | SMITH, JOHN | SACRAMENTO EAST | | | | 86 | $3,737 | $0 | Reporting Unit 3 | 0106 - Ankle, right | Yes | No | Off W |
| 011924-153423-WC-01 | SMITH, JOHN | DOE, JANE | COLUMBUS | | | | 63 | $13,486 | $0 | Reporting Unit 3 | 0008 - Back, lower | No | No | Off W |
| 011924-142387-WC-01 | DOE, JANE | SMITH, JOHN | NORTHERN NEW JERSEY | | | | 51 | $9,473 | $0 | Reporting Unit 1 | 0130 - Knee, left | Yes | Yes | Off W |
| 011924-155378-WC-01 | SMITH, JOHN | DOE, JANE | NORTHERN NEW JERSEY | 8/29/2017 | S INJUR... | $24,267 | $15,367 | $8,900 | $0 | Reporting Unit 3 | 0008 - Back, lower | No | Yes | Off W |
| 011924-155497-WC-01 | DOE, JANE | SMITH, JOHN | NASHVILLE | 9/12/2017 | EMPLOYE... NJUR... | $46,270 | $21,652 | $24,618 | $0 | Reporting Unit 3 | 0135 - Leg, left | Yes | No | Off W |
| 011924-154868-WC-01 | SMITH, JOHN | DOE, JANE | NASHVILLE | 7/16/2017 | EMPLOYEE WAS INJUR... | $35,392 | $16,099 | $19,293 | $0 | Reporting Unit 3 | 0008 - Back, lower | No | No | Off W |
| 011924-156226-WC-01 | SMITH, JOHN | DOE, JANE | ST. LOUIS | 10/9/2017 | EMPLOYEE WAS INJUR... | $22,500 | $16,188 | $6,312 | $34 | Reporting Unit 2 | 0090 - Multiple Body Parts | No | No | Off W |
| 011924-156941-WC-01 | SMITH, JOHN | DOE, JANE | ST. LOUIS | 11/3/2017 | EMPLOYEE WAS INJUR... | $42,424 | $15,424 | $27,000 | $64 | Reporting Unit 2 | 0090 - Multiple Body Parts | No | No | Off W |
| 011924-156379-WC-01 | SMITH, JOHN | DOE, JANE | SACRAMENTO EAST | 10/18/2017 | EMPLOYEE WAS INJUR... | $59,989 | $29,446 | $30,543 | $0 | Reporting Unit 3 | 0134 - Legs | No | No | Off W |
| **Total** | | | | | | **$171,514,119** | **$100,418,674** | **$71,095,445** | **$72,712** | | | | | |

# What about broader trends? The New York Times uses data visualization to make a point – so why can't we?



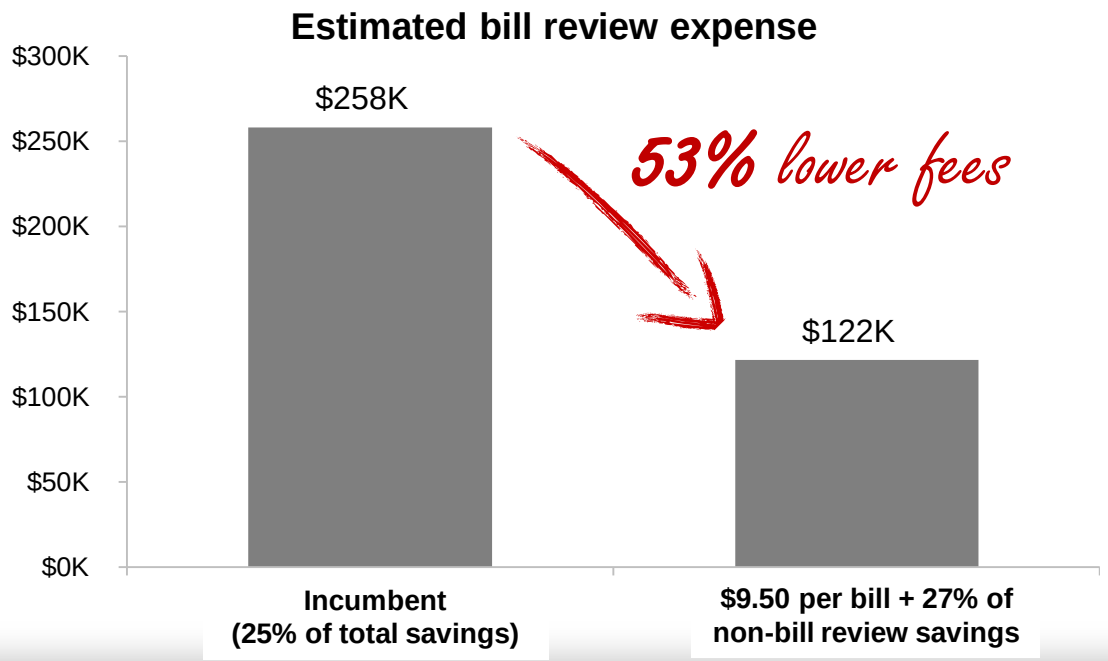
# How visualization can help you in risk management



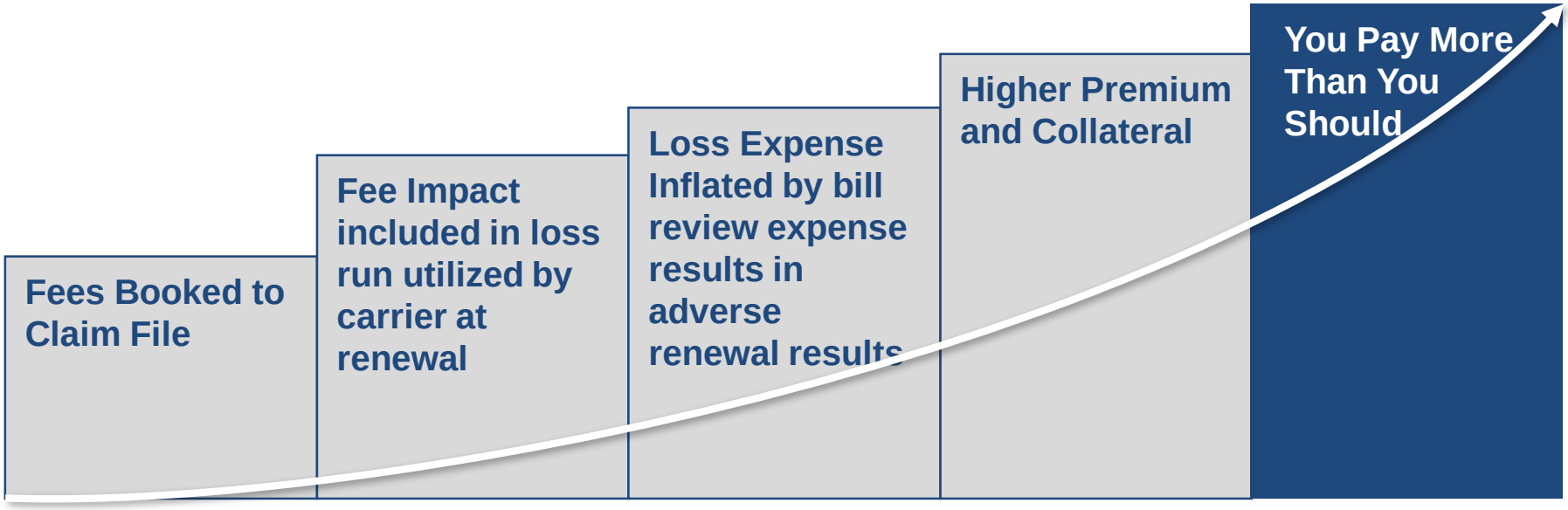
# Question 4: Can I get a simple answer on pricing?

***How do you charge for managed care services? What's the fine print?***

*Seemingly minor changes to pricing models may drive significant changes to TCOR*



# Question 4: Can I get a simple answer?



# Don’t forget to read the fine print!

# Compare fees to the benefit of the services rendered

## Managed Care Savings

GALLAGHER BASSETT

| State | Number of Bills | Total Charges | Gross Savings | Gross Savings % | Total Expense | Net Savings $ | Net Savings % |
|---|---|---|---|---|---|---|---|
| California | 4957 | 3,633,854.54 | 3,146,797.44 | 86.6% | 75,847.97 | 3,070,949.47 | 84.5% |
| Connecticut | 30 | 78,535.01 | 49,028.66 | 62.4% | 1,076.77 | 47,951.89 | 61.1% |
| Florida | 1739 | 2,273,522.19 | 1,445,957.87 | 63.6% | 61,320.28 | 1,384,637.59 | 60.9% |
| Georgia | 242 | 167,670.83 | 100,038.74 | 59.7% | 4,033.65 | 96,005.09 | 57.3% |
| Hawaii | 585 | 250,897.78 | 168,087.53 | 67.0% | 6,721.69 | 161,365.84 | 64.3% |
| Illinois | 1340 | 1,726,525.66 | 1,154,588.84 | 66.9% | 35,625.29 | 1,118,963.55 | 64.8% |
| Indiana | 527 | 598,847.88 | 367,411.57 | 61.4% | 31,811.10 | 335,600.47 | 56.0% |
| Kansas | 4 | 2,080.62 | 1,238.86 | 59.5% | 47.73 | 1,191.13 | 57.2% |
| Kentucky | 288 | 311,449.06 | 186,641.20 | 59.9% | 6,146.50 | 180,494.70 | 58.0% |
| Maryland | 786 | 325,395.96 | 207,287.57 | 63.7% | 14,614.10 | 192,673.47 | 59.2% |
| Massachusetts | 34 | 61,502.72 | 38,522.53 | 62.6% | 317.04 | 38,205.49 | 62.1% |
| Michigan | 510 | 227,823.67 | 132,247.87 | 58.0% | 7,170.31 | 125,077.56 | 54.9% |
| Minnesota | 50 | 15,426.63 | 11,693.18 | 75.8% | 510.49 | 11,182.69 | 72.5% |
| Missouri | 3 | 2,758.80 | 2,758.80 | 100.0% | 21.75 | 2,737.05 | 99.2% |
| Nebraska | 73 | 38,636.67 | 10,986.91 | 28.4% | 1,143.76 | 9,843.15 | 25.5% |
| Nevada | 345 | 194,306.62 | 121,492.04 | 62.5% | 10,283.58 | 111,208.46 | 57.2% |
| New York | 423 | 319,118.06 | 217,463.44 | 68.1% | 4,813.02 | 212,650.42 | 66.6% |
| North Carolina | 326 | 262,201.64 | 169,894.00 | 64.8% | 5,774.64 | 164,119.36 | 62.6% |
| Ohio | 595 | 517,013.54 | 373,181.49 | 72.2% | 7,278.59 | 365,902.90 | 70.8% |
| Oklahoma | 581 | 497,130.00 | 308,919.66 | 62.1% | 14,474.66 | 294,445.00 | 59.2% |
| Pennsylvania | 47 | 42,962.61 | 28,196.94 | 65.6% | 674.71 | 27,522.23 | 64.1% |
| Tennessee | 90 | 67,930.89 | 48,147.14 | 70.9% | 1,051.56 | 47,095.58 | 69.3% |
| Texas | 435 | 247,204.92 | 169,698.41 | 68.6% | 5,134.51 | 164,563.90 | 66.6% |
| Washington | 1190 | 472,637.14 | 260,136.97 | 55.0% | 13,693.10 | 246,443.87 | 52.1% |
| **Total** | **15200** | **12,335,433.44** | **8,720,417.66** | **70.7%** | **309,586.80** | **8,410,830.86** | **68.2%** |

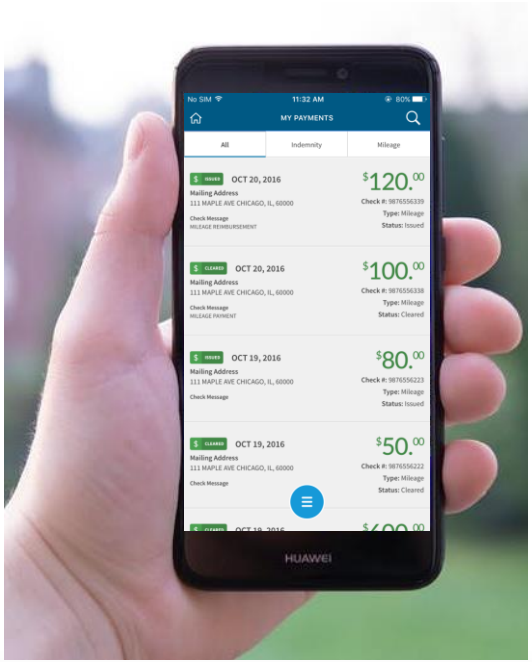
# Question 5: Millennial contacts, anyone?

***How has your TPA adapted to millennials?***

Unknown numbers?

Scam Likely?

What area code is….702?




I'm working when you're working!

I can only accept texts.

# Question 6: My quality or yours?

***Exactly what does your quality measure?***

- Audit Functions
- Outcomes versus scores
- Empower or bury
- Task Masters 2010-2017
- Work, time, impact and results

Counter Intelligence AI/EI

- ❖ Work at the outcomes and not the task
- ❖ Create the new adjuster, not take away what made us great

# Healthy Diagnostics

- Internal and external metrics
- Both matter separate and apart
- Both matter as complimentary agents of success
- Avoid 1,000 cuts and band aids
- Its all about us

# When we started our career in claims…

The purpose of the POA:
-Current status
-Quick summary
-WRTBD

The reality of the POA:
-Copy and Pasted info
-Reporting the news
-Data Entry
-Outdated, sometimes boring

Photo Source: Medium.com

# A new dawn

| Relevant Data | + | Hands-on audits | + | Cutting-edge interactive dashboards | = | Tools to drive best-in-class performance |
|---|---|---|---|---|---|---|
| • Timeliness<br>• Presence of key data points | | • Copy/paste<br>• Execution<br>• Follow up | | • Visualized results<br>• Drill-downs | | |

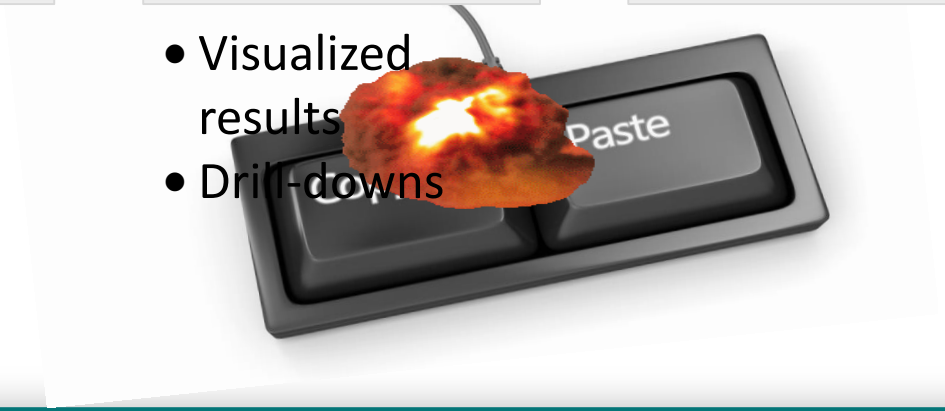


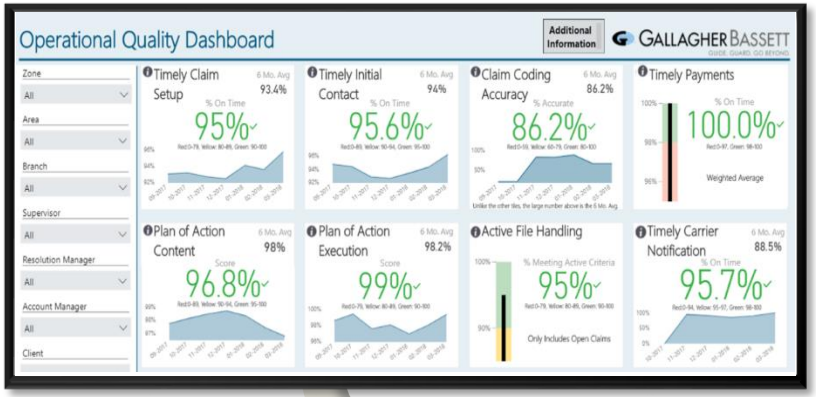

Photo Source: Medium.com

# Things changed, have we?

- **2018** 2009 2000
- 2017 2008 1999
- 2016 2007 1998
- 2015 2006 1997
- 2014 2005 1996
- 2013 2004 1995
- 2012 2003 1993
- 2011 2002
- 2010 2001

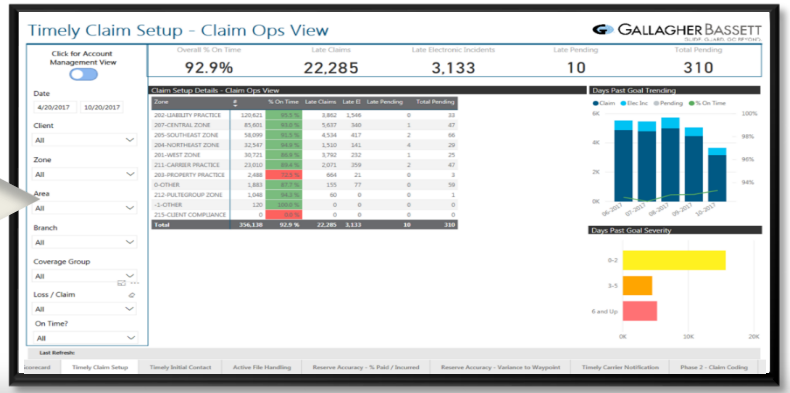
# 2018 – just the beginning

**Quality Dashboard**




- Provides both Claim Ops and Account Management view of performance
- Metrics refreshed daily to enable active management of servicing priorities

**Metric Drill Down**




Drill down functionality enables our team to navigate down to the claim level for each metric

# Question 7: How good are your people?

***How does your TPA celebrate their staff, your team?***

- The science of people and incentives…
- …the people factor!

# How good are your people?

## Where is the next gen of adjusters coming from?

Ask me?

# Questions to ask your TPA: A checklist

| What you really want to know | How to ask |
|---|---|
| **How smart is your data?** | • When assessing outcomes, how do you normalize for claim complexity?<br>• What are the characteristics of the benchmark you're showing me? |
| **Are you stuck in the past?** | • What guidance do your adjusters receive on key decisions?<br>• How do you know that decision support is working as intended? |
| **How do I get some time back in my day?** | • What tools do you offer to help me focus on the claims that matter?<br>• What tools do you use to diagnose trends and root causes? |
| **Can I get a simple answer on pricing?** | • How do you charge for managed care services? What's the fine print?<br>• What's the impact on outcomes of the services I'm using? |
| **Millennial contacts, anyone?** | • Who are your claimants today?<br>• Can my claimants get the information they need using their smartphones? |
| **My quality or yours?** | • How do you measure and monitor quality (including audit results)?<br>• How do you know whether your program is on track? |
| **How good are your people?** | • How do you celebrate successes and recognize top talent?<br>• Where are you hiring your next generation of adjusters from? |