CLAIMS STANDARDIZATION & AUTO ADJUDICATION

Who's doing it?

Why do it?

How can we do it?

What is the outcome?

ILTCI

Claims & Underwriting

Current Trends and Rules-Based Adjudication Opportunities

Shannon Perschy, LICSW, CCM, LTCP
Senior Business Consultant
John Hancock Insurance Operations Transformation Office

16th Annual Intercompany Long Term Care Insurance Conference

Terminology

Rules-Based Auto-Adjudication

- Contract language or requirements is translated into a set of rules
- Claim specific data is entered (either manually or via data-feed) and compared to the rule-set.
- System renders a decision based on multiple criteria and determines level of human review needed

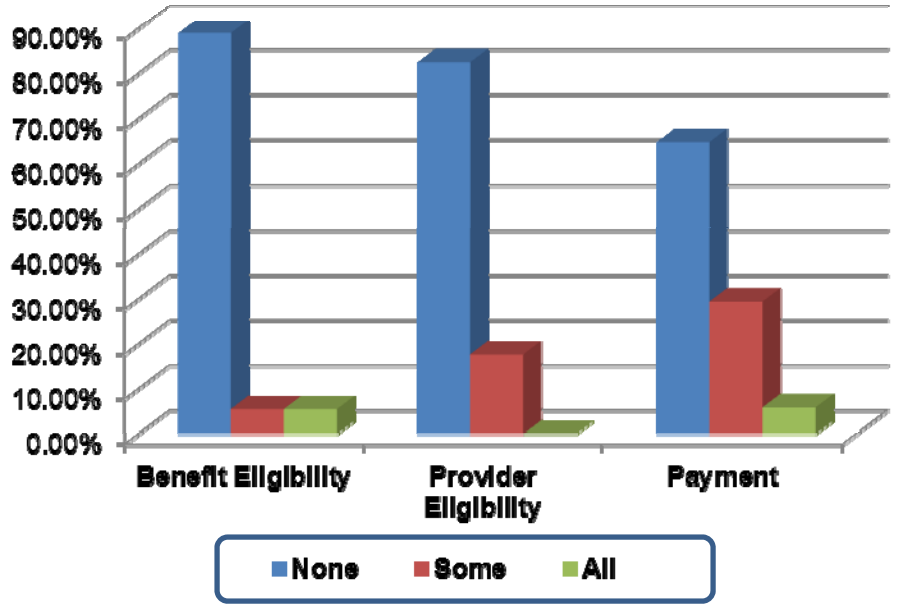
Straight-Through Processing

- Structured data-set is fed into a system and compared to the rule-set
- Task is processed by the system with minimal or no human interaction
- Auditing is developed by algorithm based criteria

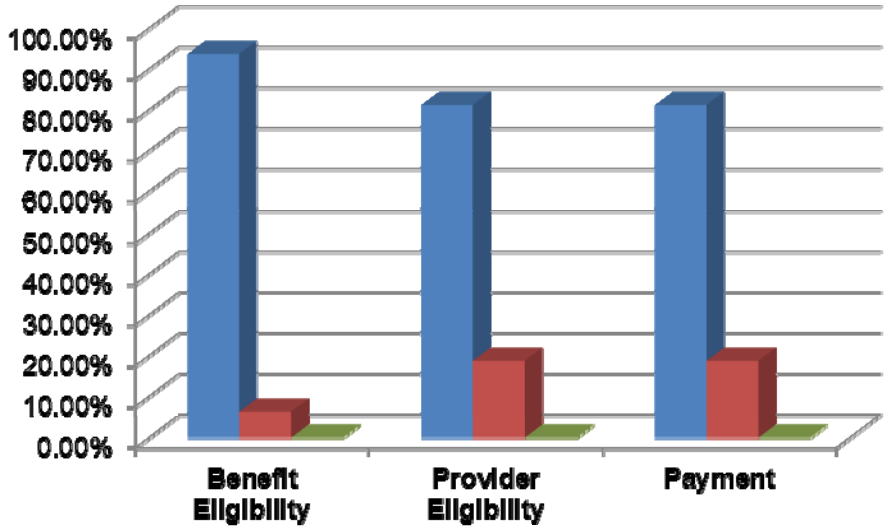
Current Trends

Based on results from "**ILTCI conference session survey - rules-based auto adjudication and straight-through processing "**

Do you currently include any **rules-based auto-adjudication** in your claims practices?



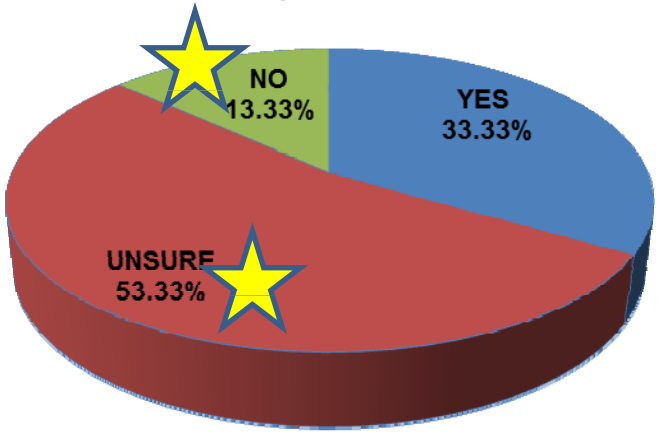
Do you currently perform any **straight-through processing** in your claims practices?



Current Trends

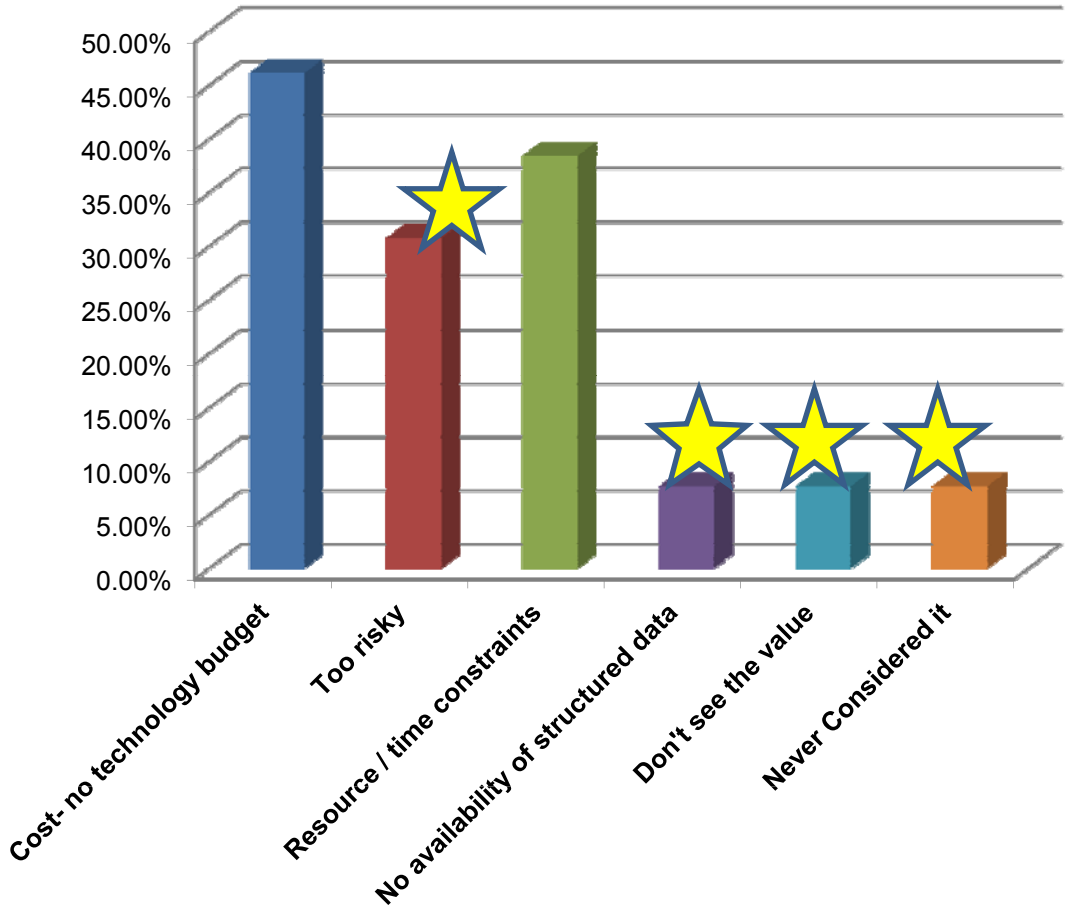
Based on results from "**ILTCI conference session survey - rules-based auto adjudication and straight-through processing "**

Do you have plans to incorporate any rules based auto-adjudication or straight through processing in the future?



IT'S POSSIBLE…..

If you DO NOT USE any rules based auto-adjudication or straight-through processing, what are your barriers?



Where do we start?

**********BARRIERS**********

- Large block of variable business
- Variable text within a single product (state variations)
- System Limitations

- Build to lowest risk population
- Build to lowest common denominator
- Build to highest volume of need

**********OPPORTUNITIES**********

Benefit Eligibility Determination

You are eligible for benefits under this Policy if You are a Chronically Ill Individual.

You are a Chronically Ill Individual if You:

- ✓ are unable to perform without Substantial Assistance from another individual at least two Activities of Daily Living due to the loss of functional capacity for a period expected to last at least 90 days ; or
- ✓ require Substantial Supervision to protect Yourself from threats to health and safety due to the presence of a Cognitive Impairment

Benefit Eligibility Data Points

Assistance Types to Trigger	
Hands on Dependent	YES
Hands on Assist	YES
Stand-by Assist	YES
Stand-by Supervision	NO

ADL TRIGGER	
1	NO
2	YES
3	NO

ADLs	
Bathing	YES
Dressing	YES
Transferring	YES
Toileting	YES
Maintaining Continence	YES
Eating	YES
Ambulation	NO
Medication Management	NO

90 Day Certification	
Required	YES
Not Required	NO

Substantial Assistance + 2 + Defined ADLS + 90 Day Certification

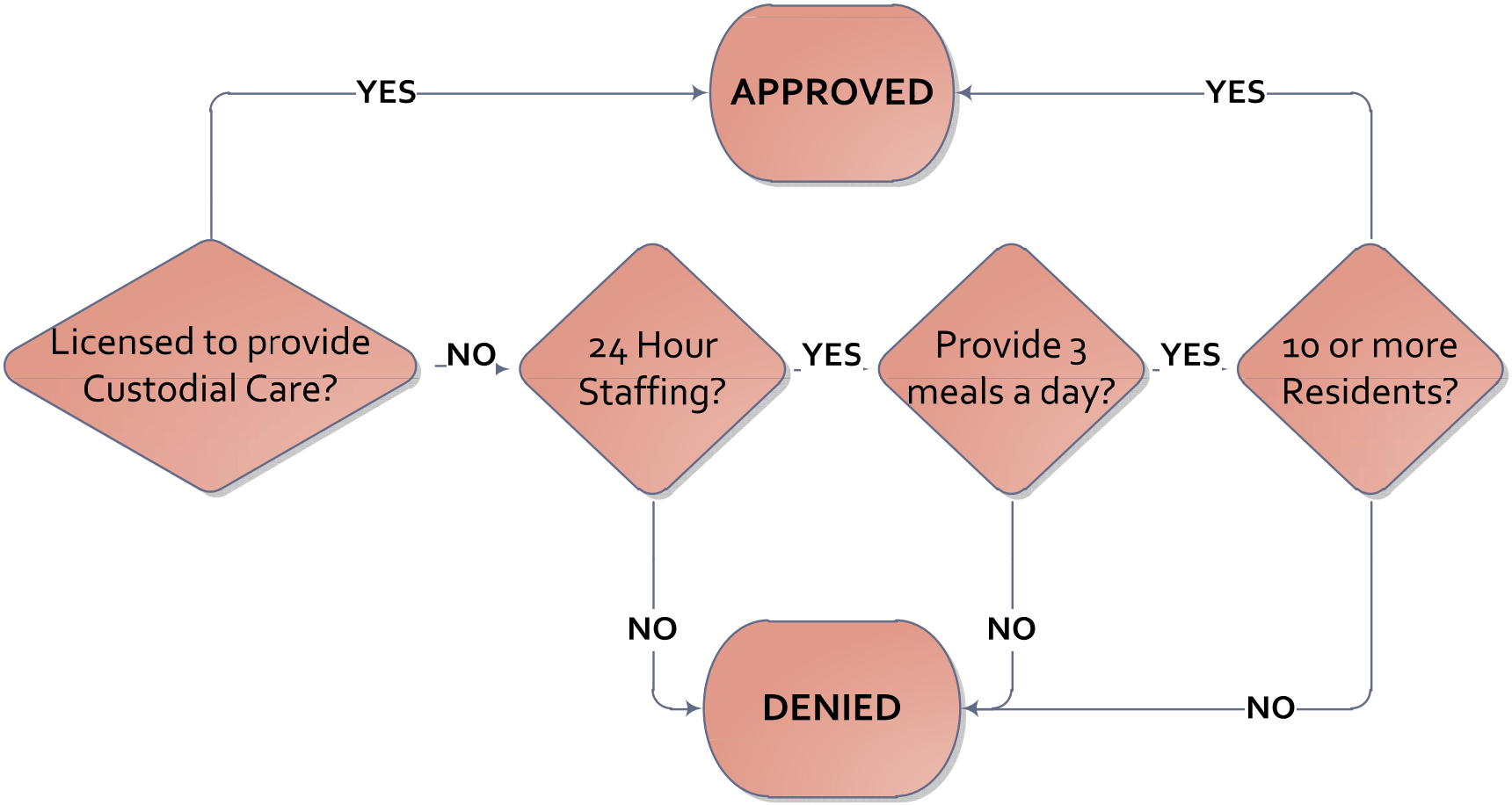
You decide where the risk exists

Provider Eligibility Determination

Assisted Living Facility means a facility which:

- is licensed to provide Custodial Care according to the laws of the jurisdiction in which it is located; or
- if licensing is not required, meets all of the following:
  - ✓ has a 24-hour on-site staff to provide Custodial Care;
  - ✓ provides Custodial Care services for a charge, including room and board;
  - ✓ provides 3 meals a day and can accommodate special dietary needs; and
  - ✓ provides Custodial Care services to 10 or more persons .

Provider Eligibility Data Points



Build to your lowest common denominator and decide where you want to apply human intervention

Claims & Underwriting

Why Consider Rules-based Auto-Adjudication?

Eric Bremberg
General Director, LTC Claims Operations
John Hancock US Insurance

Why Do it?

Improve Customer Experience

VA | U.S. Department of Veterans Affairs

News Release

Office of Public Affairs
Media Relations

Washington, DC 20420
(202) 461-7600
www.va.gov

FOR IMMEDIATE RELEASE
July 14, 2014

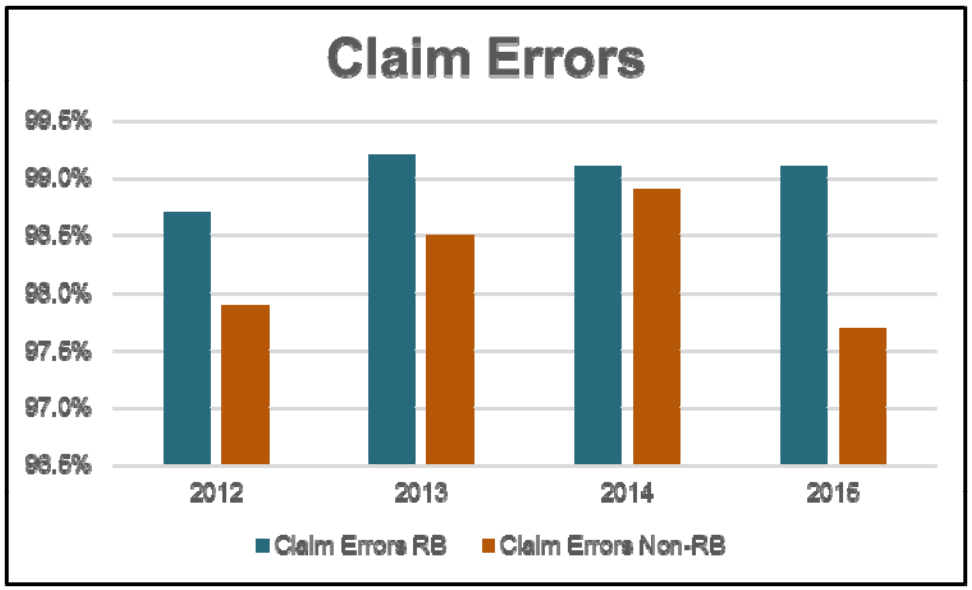
Veterans Benefits Administration Processes One Millionth Claim in FY 2014
Agency Expects to Process 1.3 Million by Year's End

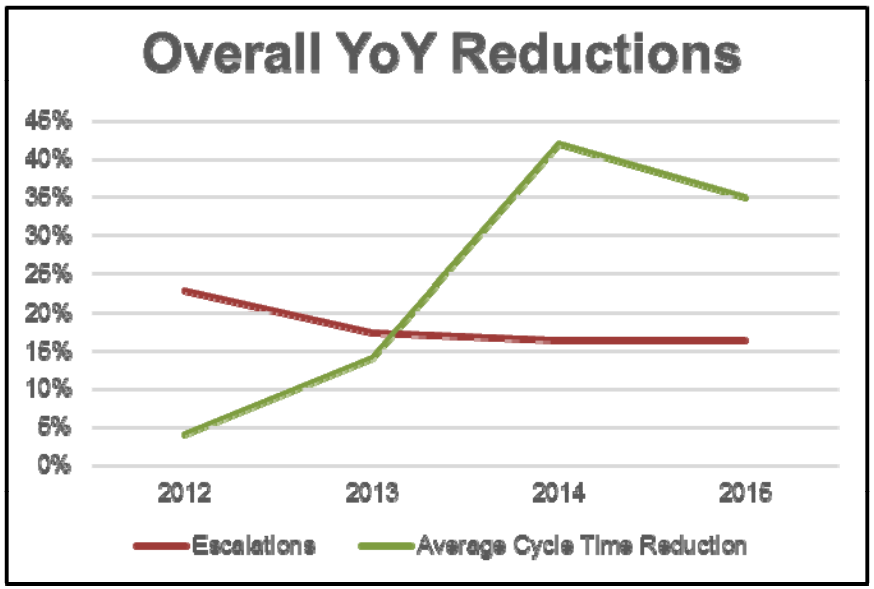
Morning Workload Report. These categories also have increased as more rating claims are completed, but VBA has not lost focus on non-rating work. VBA has taken the following actions to automate and improve the timeliness and accuracy of non-rating claim decisions:

- **Online Dependency Claims** – VBA developed a new Rules-Based Processing System (RBPS) to automate dependency claims. Since inception, self-service features in RBPS have enabled over 75,000 Veterans to add or change the status of their dependents online. Over 50 percent of the dependency claims filed through RBPS are now automatically processed and paid in 1-2 days.
- **Dependency Claims Contract** – VA recently awarded a contract for assistance in entering data from paper-based dependency claims into VA's electronic rules-based processing system. The contractor is entering the information from the paper-based

Improve Customer Experience

- Reduced Cycle Times
- Improved Accuracy
- Call Reduction/Avoidance

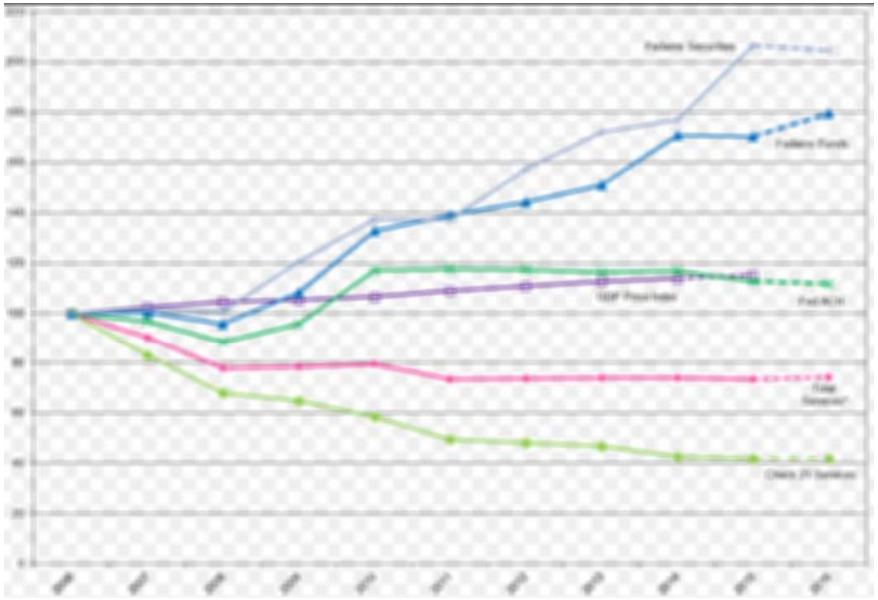




Improve Predictability & Consistency

Improve Predictability & Consistency

- Experience
- Reporting
- Fraud Detection



- **25% Reduction is Payment Recoveries**

Reduce Expenses

Reduce Expenses

- Staff Levels
- Training Cost
- Unit Cost

Claims & Underwriting

Claim Standardization: Getting to the Data

Michael J. Gilbert
President
AssuriCare LLC

Why Claim Standardization?

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STRUCTURED DATA IS NEEDED!

Why Focus on Claim Payments?

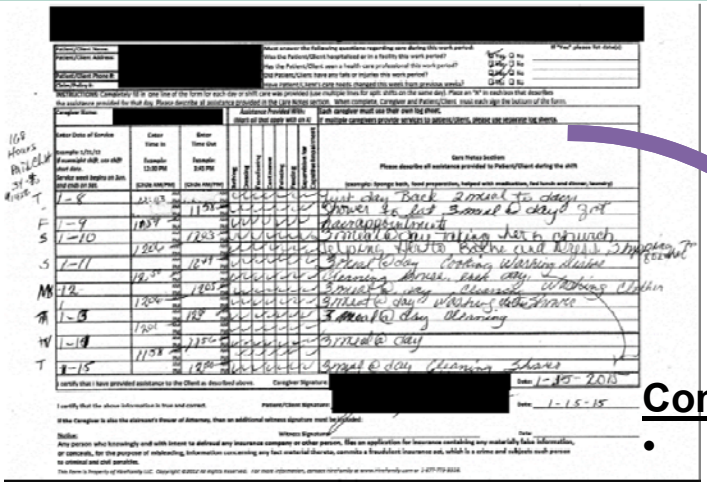
Payment is the biggest pain point because of the:

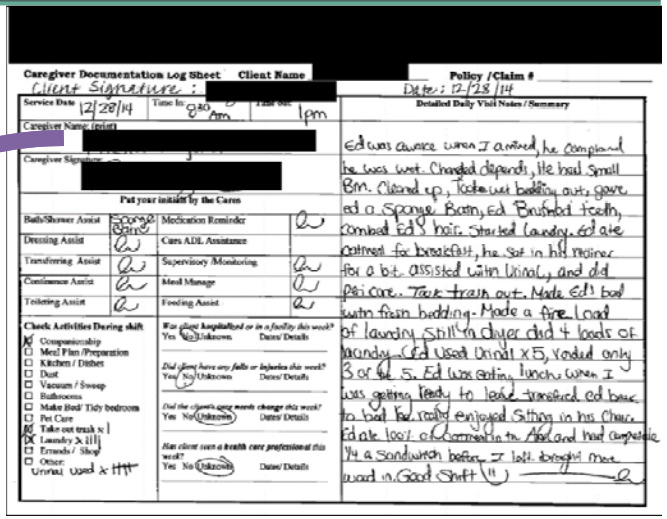
Volume,

Frequency,

and
Complexity of Data.

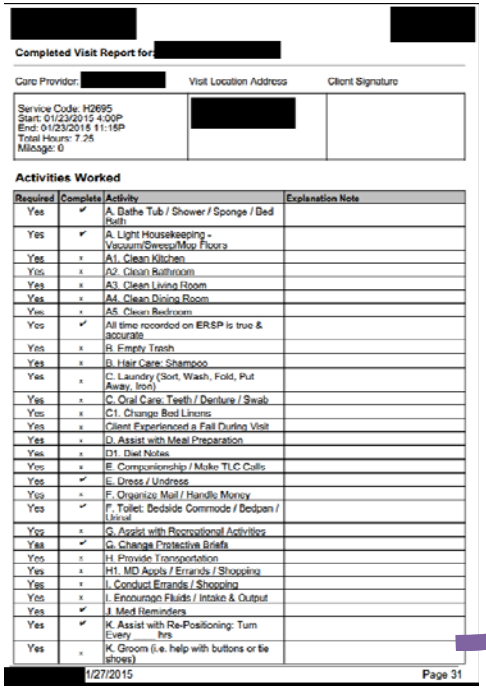
Common Issues





Common issues include:

- Receiving images, not data
- Non-Standardized forms
- Missing information needed to adjudicate payment
- Legibility of hand-written notes
- Difficult to adjudicate against covered services
- Weekly receipt of service invoices
- Hidden charges and fees included in service invoices



Completed Visit Report for [redacted]

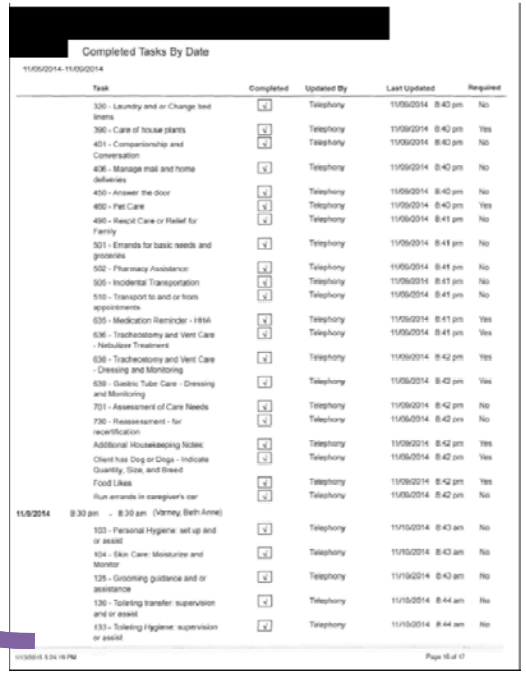
Care Provider: [redacted] Visit Location Address: [redacted] Client Signature:

Service Code: H2695
Start: 01/23/2015 4:00P
End: 01/23/2015 11:15P
Total Hours: 7.25
Mileage: 0

Activities Worked

Required	Complete	Activity	Explanation Note
Yes	✔	A. Bathe Tub / Shower / Sponge / Bed Bath	
Yes	✔	A. Light Housekeeping - Vacuum/Sweep/Mop Floors	
Yes	x	A1. Clean Kitchen	
Yes	x	A2. Clean Bathroom	
Yes	x	A3. Clean Living Room	
Yes	x	A4. Clean Dining Room	
Yes	x	A5. Clean Bedroom	
Yes	✔	All time recorded on ERSP is true & accurate	
Yes	x	B. Empty Trash	
Yes	x	B. Hair Care: Shampoo	
Yes	x	C. Laundry (Sort, Wash, Fold, Put Away, Iron)	
Yes	x	C. Oral Care, Teeth / Denture / Swab	
Yes	x	C1. Change Bed Linens	
Yes	x	Client Experienced a Fall During Visit	
Yes	x	D. Assist with Meal Preparation	
Yes	x	D1. Diet Notes	
Yes	x	E. Companionship / Make TLC Calls	
Yes	✔	E. Dress / Undress	
Yes	x	F. Organize Mail / Handle Money	
Yes	✔	F. Toilet: Bedside Commode / Bedpan / Urinal	
Yes	x	G. Assist with Recreational Activities	
Yes	✔	G. Change Protective Briefs	
Yes	x	H. Provide Transportation	
Yes	x	H1. MD Appts / Errands / Shopping	
Yes	x	I. Conduct Errands / Shopping	
Yes	x	I. Encourage Fluids / Intake & Output	
Yes	✔	J. Med Reminders	
Yes	✔	K. Assist with Re-Positioning: Turn Every ____ hrs	
Yes	x	K. Groom (i.e. help with buttons or tie shoes)	

[redacted] 1/27/2015 Page 31

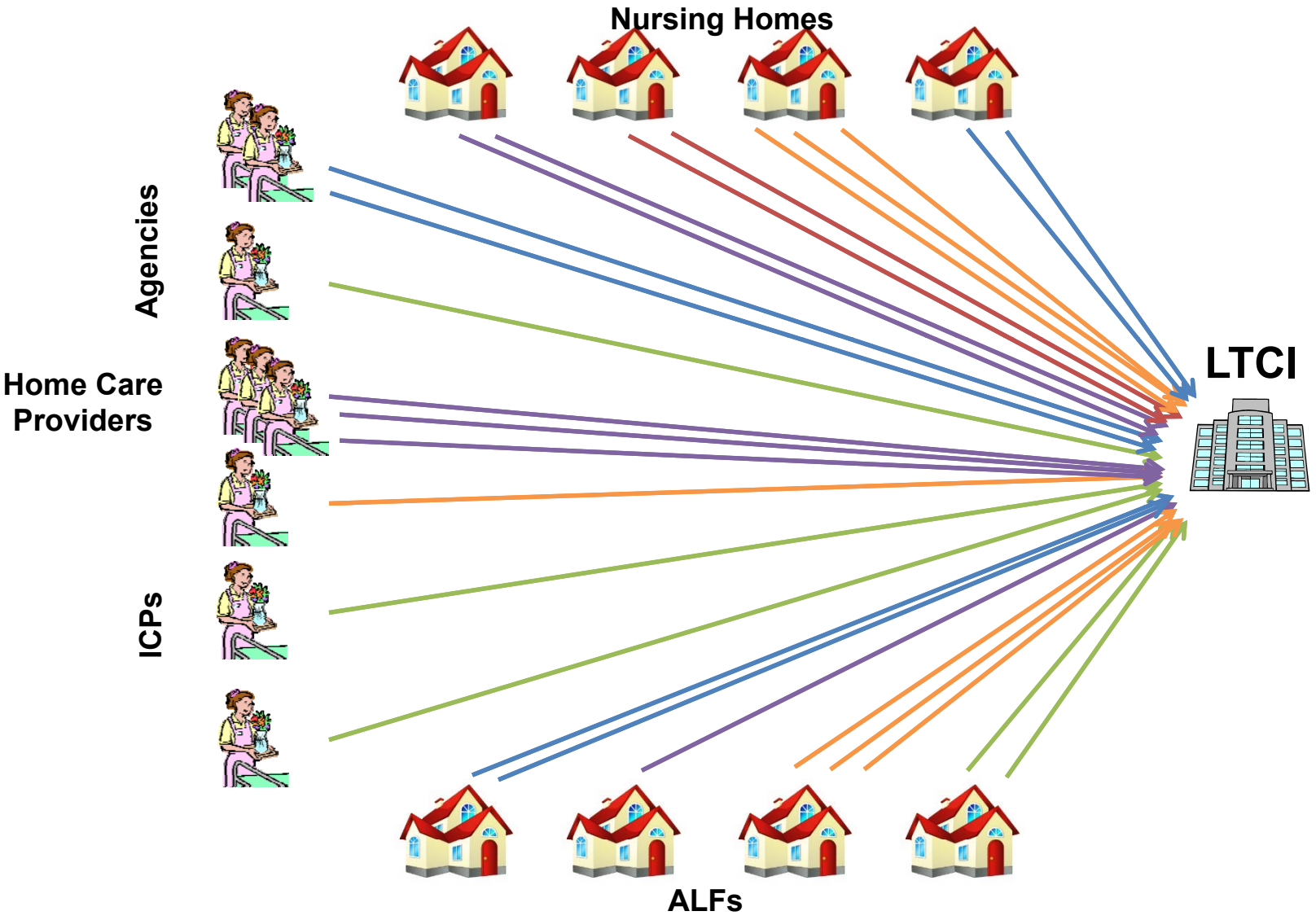


Completed Tasks By Date

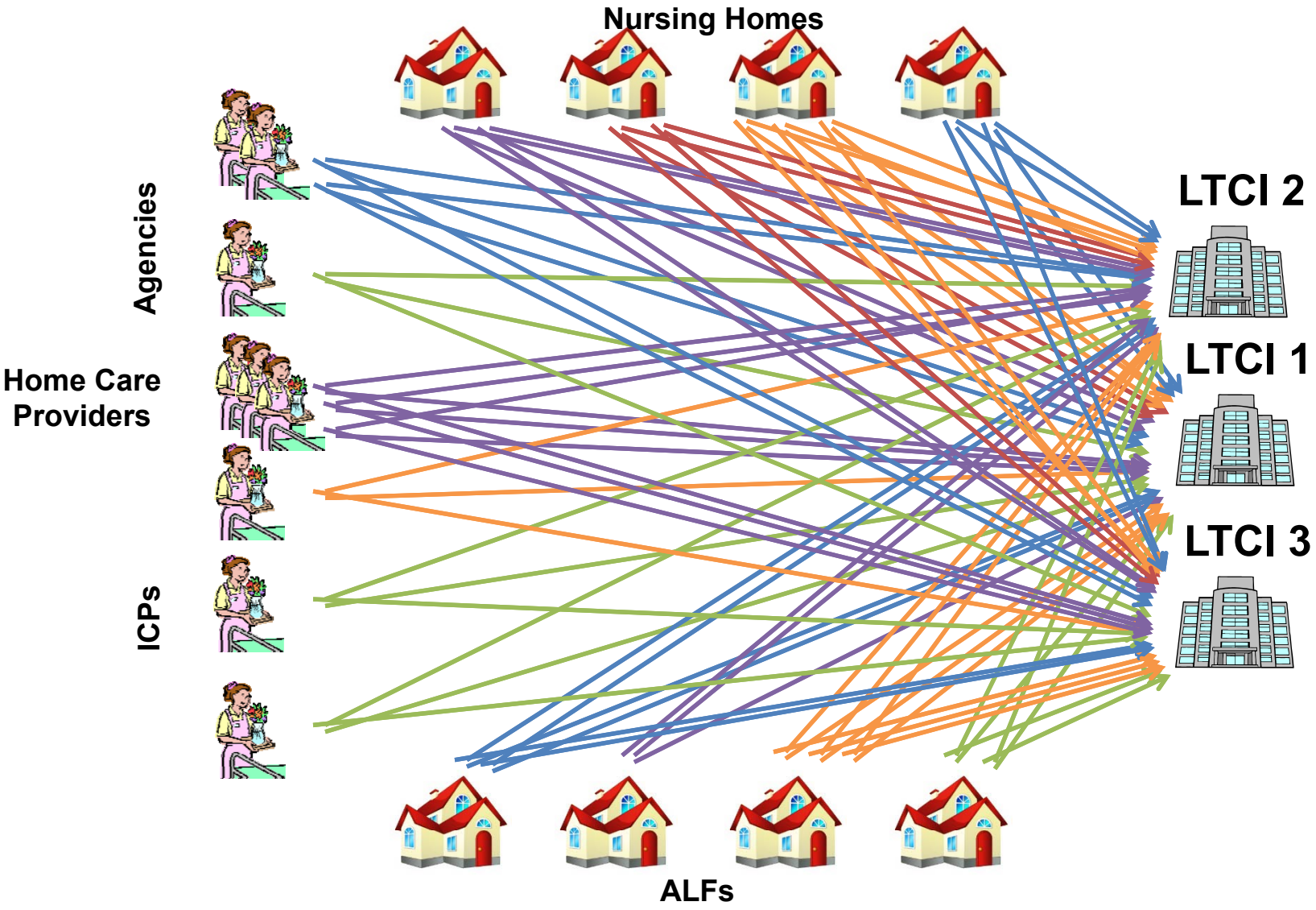
11/05/2014-11/09/2014

Task	Completed	Updated By	Last Updated	Required
320 - Laundry and or Change bed linens	✓	Telephony	11/09/2014 8:40 pm	No
360 - Care of house plants	✓	Telephony	11/09/2014 8:40 pm	Yes
401 - Companionship and Conversation	✓	Telephony	11/09/2014 8:40 pm	No
406 - Manage mail and home deliveries	✓	Telephony	11/09/2014 8:40 pm	No
450 - Answer the door	✓	Telephony	11/09/2014 8:40 pm	No
460 - Pet Care	✓	Telephony	11/09/2014 8:40 pm	Yes
490 - Respit Care or Relief for Family	✓	Telephony	11/09/2014 8:41 pm	No
501 - Errands for basic needs and groceries	✓	Telephony	11/09/2014 8:41 pm	No
502 - Pharmacy Assistance	✓	Telephony	11/09/2014 8:41 pm	No
505 - Incidental Transportation	✓	Telephony	11/09/2014 8:41 pm	No
510 - Transport to and or from appointments	✓	Telephony	11/09/2014 8:41 pm	No
535 - Medication Reminder - HHA	✓	Telephony	11/09/2014 8:41 pm	Yes
536 - Tracheostomy and Vent Care - Nebulizer Treatment	✓	Telephony	11/09/2014 8:41 pm	Yes
538 - Tracheostomy and Vent Care - Dressing and Monitoring	✓	Telephony	11/09/2014 8:42 pm	Yes
539 - Gastric Tube Care - Dressing and Monitoring	✓	Telephony	11/09/2014 8:42 pm	Yes
701 - Assessment of Care Needs	✓	Telephony	11/09/2014 8:42 pm	No
730 - Reassessment - for recertification	✓	Telephony	11/09/2014 8:42 pm	No
Additional Housekeeping Notes:	✓	Telephony	11/09/2014 8:42 pm	Yes
Client has Dog or Dogs - Indicate Quantity, Size, and Breed	✓	Telephony	11/09/2014 8:42 pm	Yes
Food Likes	✓	Telephony	11/09/2014 8:42 pm	Yes
Run errands in caregiver's car	✓	Telephony	11/09/2014 8:42 pm	No
11/8/2014 8:30 pm - 8:30 am (Varney, Beth Anne)				
103 - Personal Hygiene: set up and or assist	✓	Telephony	11/10/2014 8:43 am	No
104 - Skin Care: Moisturize and Monitor	✓	Telephony	11/10/2014 8:43 am	No
125 - Grooming: guidance and or assistance	✓	Telephony	11/10/2014 8:43 am	No
130 - Toileting transfer: supervision and or assist	✓	Telephony	11/10/2014 8:44 am	No
133 - Toileting Hygiene: supervision or assist	✓	Telephony	11/10/2014 8:44 am	No

Uncontrollable mix of Invoices/Forms/Relationships

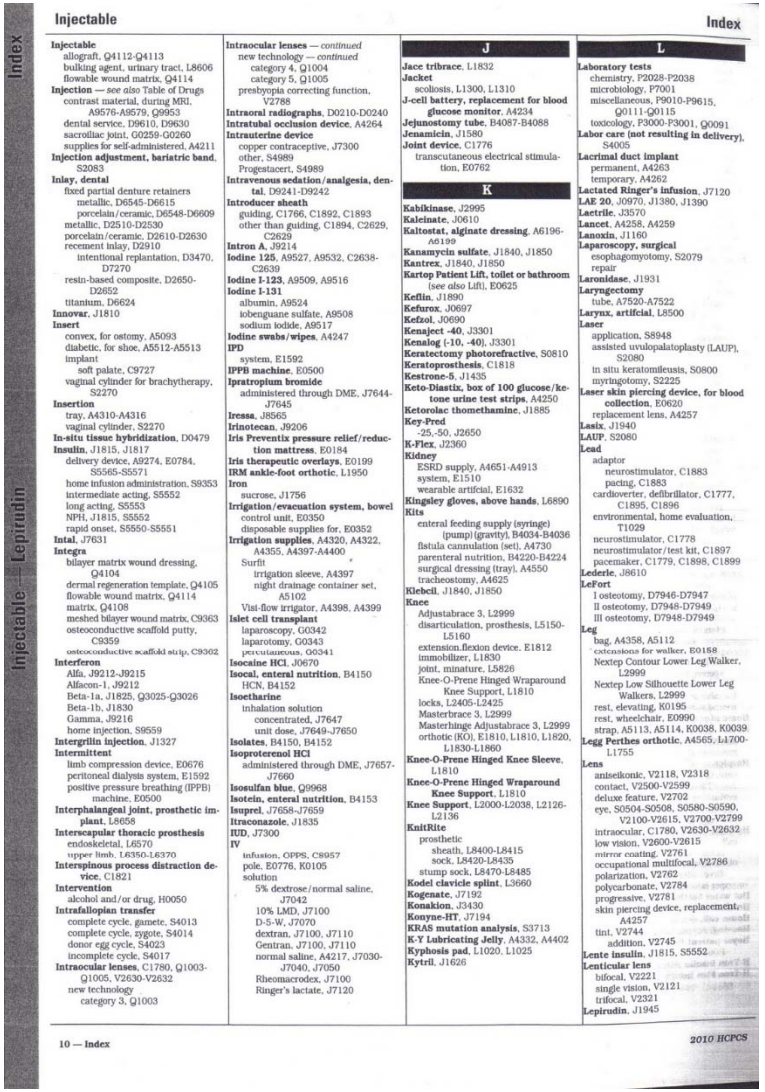


Uncontrollable mix of Invoices/Forms/Relationships



A view to Healthcare: ICD codes

- Standardized billing event-based codes
- EDI communication standards and protocols



ICD-9 versus ICD-10: Code structure changes

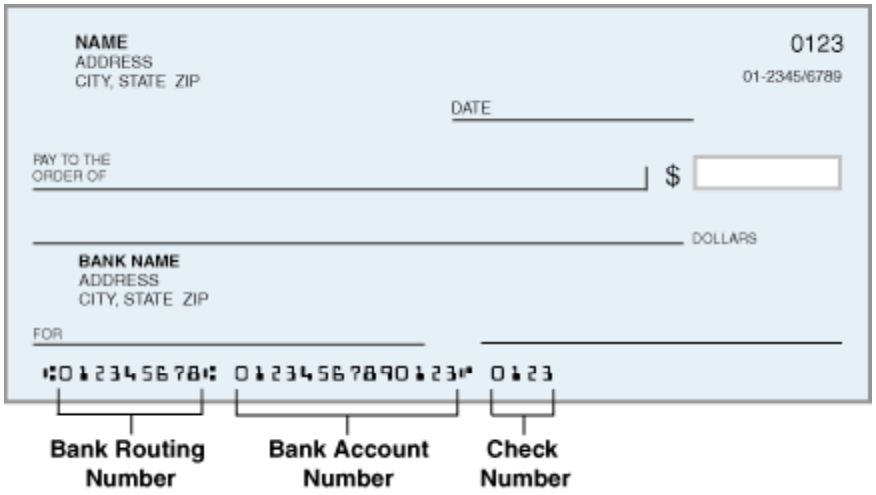
ICD-9-CM codes are three to five digits while ICD-10-CM codes can be from three to seven characters, with the seventh character extensions representing visit encounter, subsequent, or sequelae for injuries and external causes, etc.

ICD-9-CM Code Format	7 3 3	8 2	
	category	etiology, anatomic site, manifestation	
ICD-10-CM Code Format	S 4 2	1 1 1	K
	category	etiology, anatomic site, severity	extension

Source: Renee Stantz, CPC, billing and coding consultant with VEI Consulting Services.

Another example: Banking industry

- Scanning checks
- Government-standardized check format
  - Data types
  - Data formats
  - Locations on form
- Enables scanning, optical character recognition (OCR) and structured data retrieval



Another example: On-Line Ticketing

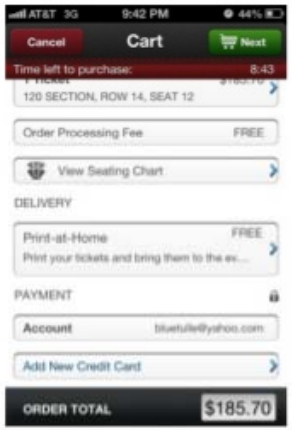
- 3rd-party “de-facto data standardization”
- Consumers use a “clearinghouse” to buy different types of tickets from different types of venues
- Consumer/user sees a consistent interface and experience regardless of the venue
- Venue receives payment and customer information regardless of where the customer made the transaction
- All data received by venue as a single data stream

Stub Hub

Online Concert Ticketing + Resale Options + Group purchasing

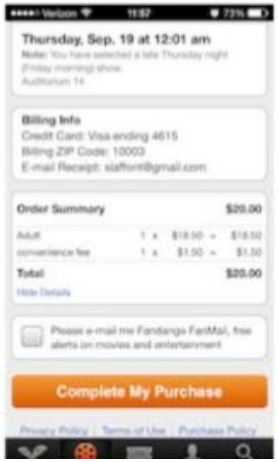
Ticket Master

Online Concert Ticketing



Fandango

Online Movie Ticketing



Data Standardization in LTCI

Past efforts to standardize – why haven't they worked?

- Carriers didn't agree on BE criteria
- Carriers didn't agree on covered services
- Carriers had different administrative procedures

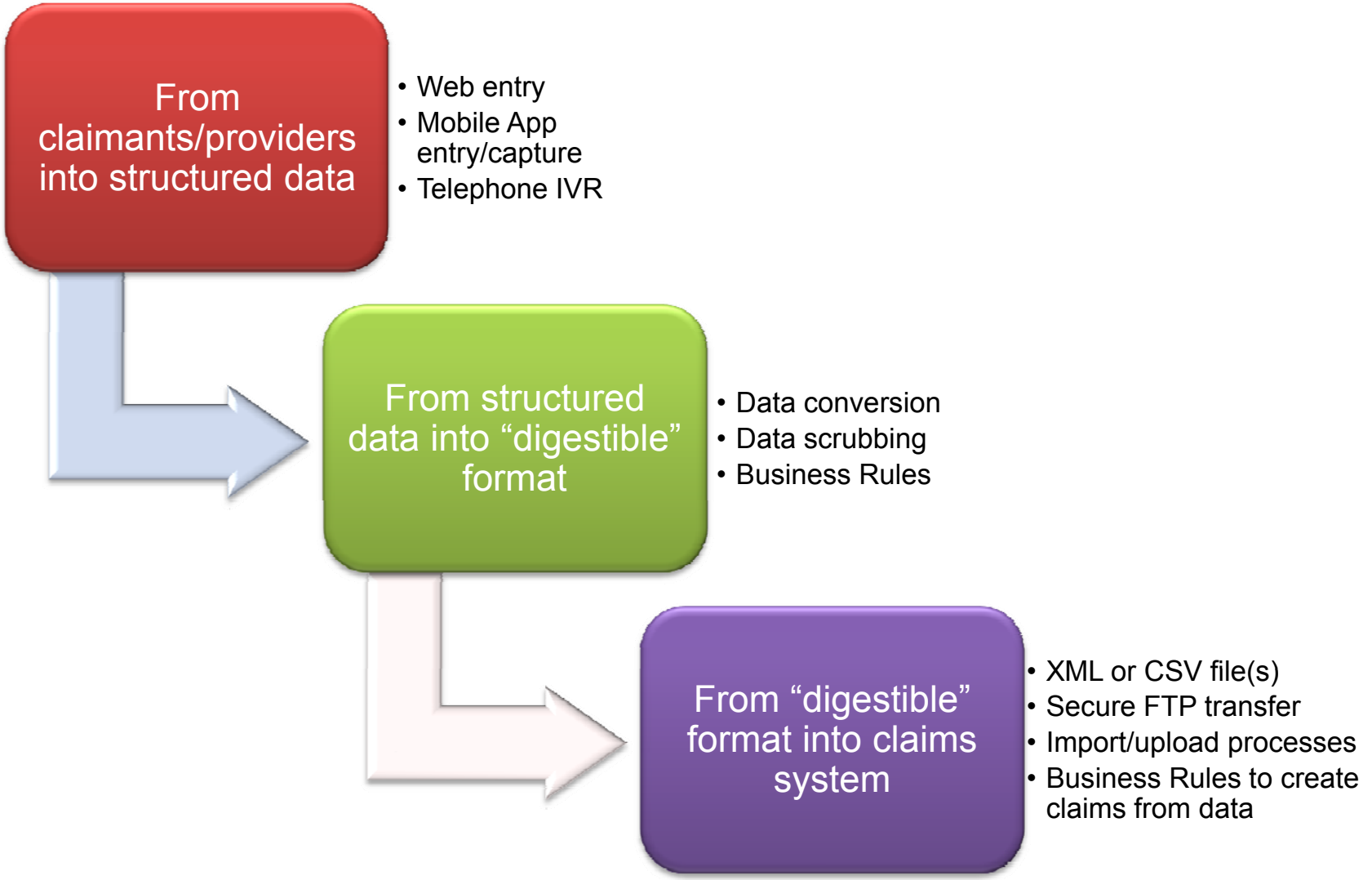
Would top-down standardization work in LTCI? Difficult.

- No standardized policy language
- TQ and NTQ and medical necessity policies
- Covered services and covered providers change based on carrier and policy type
- Carriers would have to agree on codes and usage
- Enormous non-partisan investment would be needed

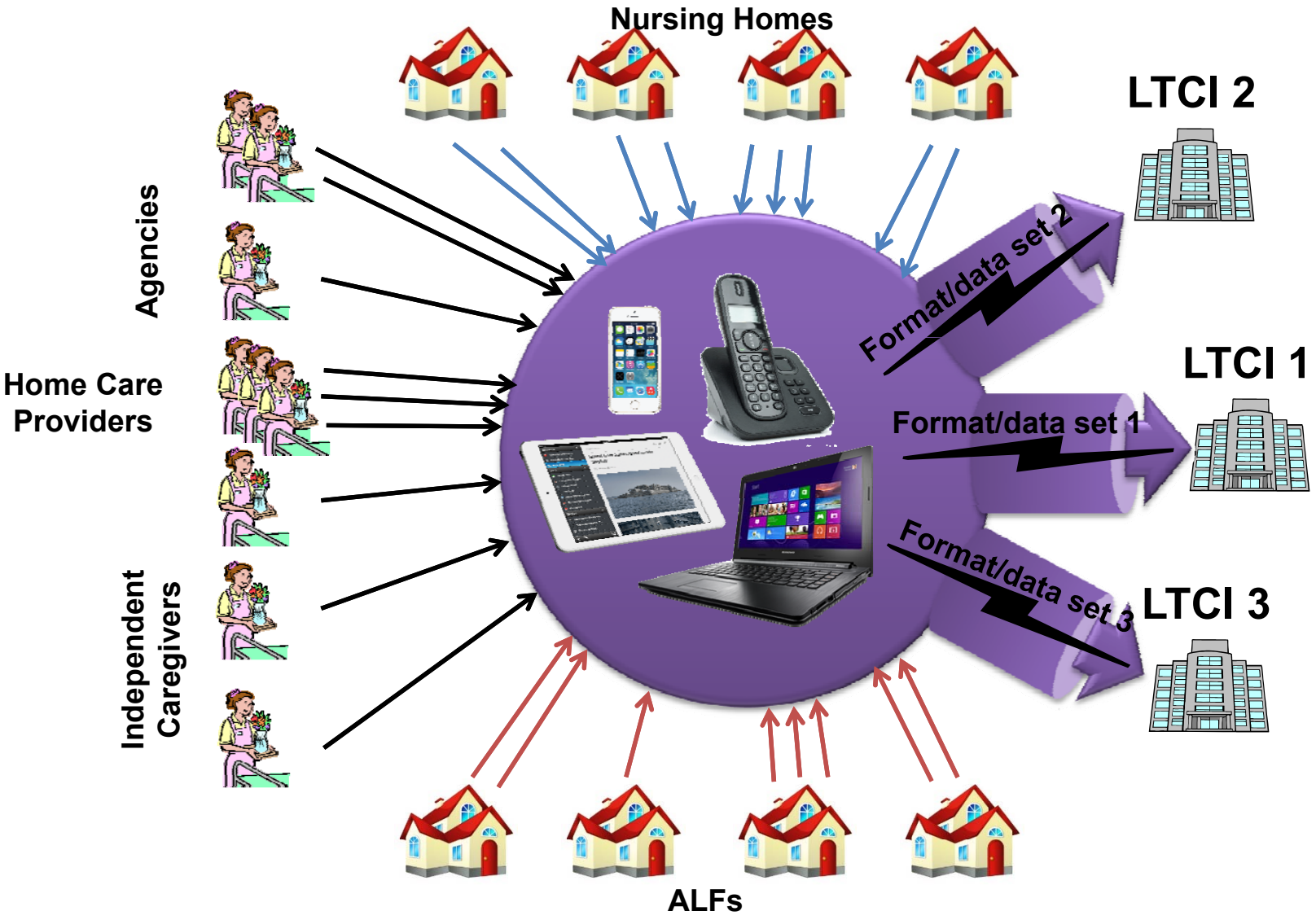
So what would work? Or what is working?

- Currently using structured data
  - Acquired directly from providers/claimants using technology
- De-facto Standardization
  - Clearinghouse model
  - Common structured data in: “super set”
  - Service/invoice information customized by provider type
  - Simple customized data set out to LTCI carrier
  - Business rules-based claim creation from data file

How are we getting the data in?



End Result: Standardized, Structured Data



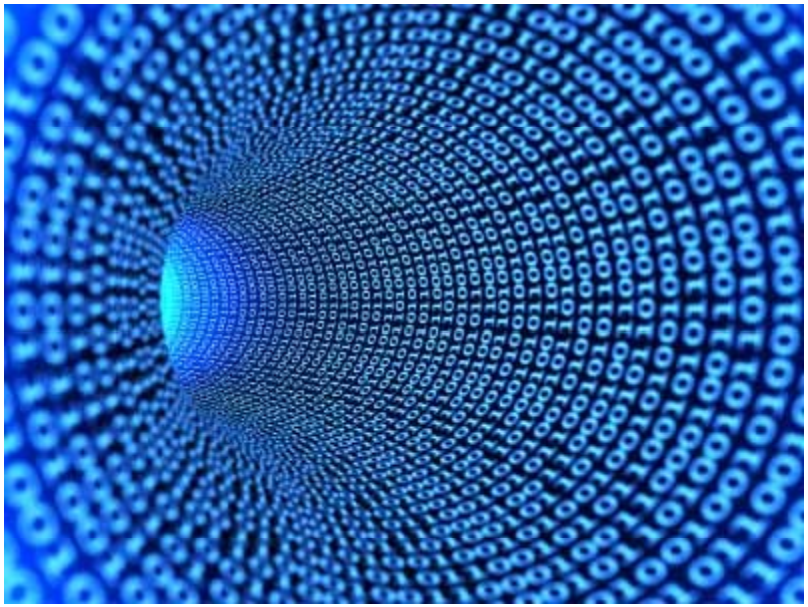
Claims & Underwriting

Application and Outcome of Straight-through Payment Processing

Jim DuEst
Chief Information Officer
TriPlus Services, Inc

ILTCI

How to make this work?



Data is the key!

Objectives

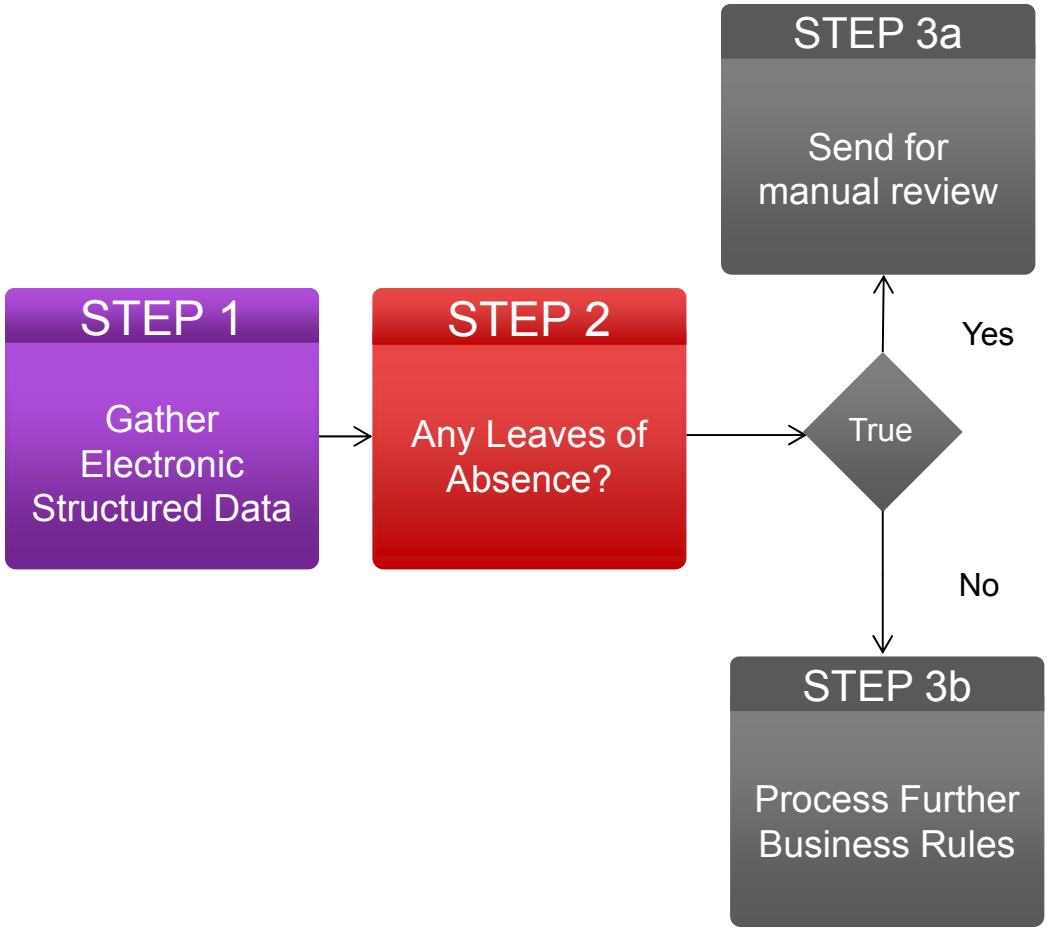
- Mission: Find ways to scale our claim payment operation, leveraging our existing system of extensive, automated claim payment validation to allow us to pay an increasing number of claimants efficiently.

- Goals:
  - Decrease Cycle Time without sacrificing payment accuracy or increasing payment leakage
  - Improve Customer Service
  - Decrease Costs

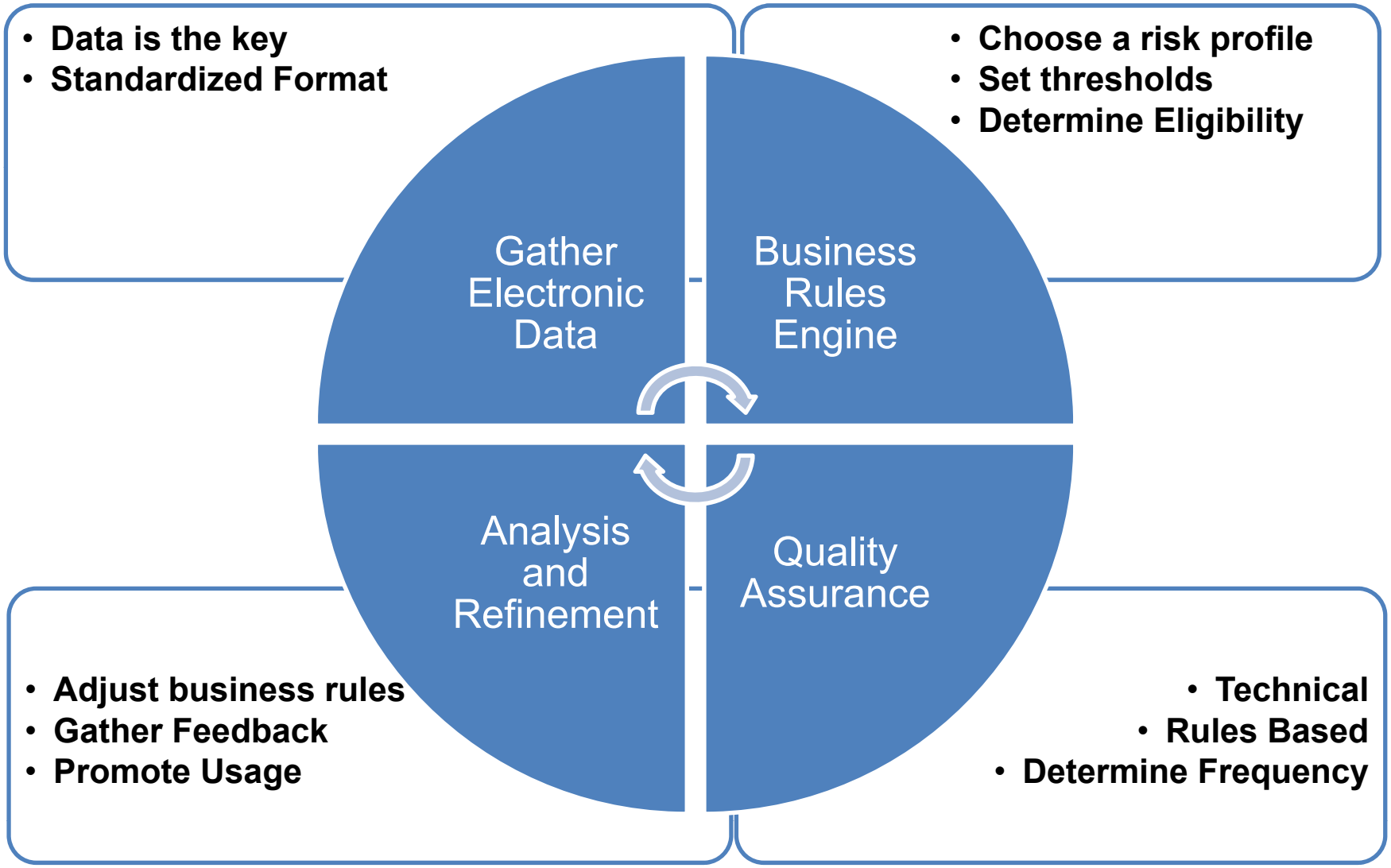
How to get started?

- Define: Target a specific set of low risk claims
- Plan and Implement: Create a pilot program for targeted claims
- Monitor: Run quality assurance checks on payments
- Analyze: Gather results from the data to improve business rules

Business Rule Example



How is it working today?



Results

- Electronic data transmission grew by 10% in the first six months
- Accuracy rate of 99.0%
- Expansion of the program allowed for more growth
- Communication is key

THANK YOU!

Any Questions?

ILTCI