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SPECIAL REPORT WORKERS' COMPENSATION

TECH SUPPORT

Wider Data Search Can Raise Red Flags For Workers' Comp Claim Investigators

BY KEVIN TURNER

RECENT TECHNOLOGICAL advancements in predictive modeling that tap some unique alternate data sources are helping to significantly boost the claims evaluation process for workers' compensation far beyond what a claim adjuster's gut instinct and overall knowledge can achieve.

These new techniques help claim managers expand the degree of information gathered, accelerate the timeliness of data collection and validate the instinctive assessment of field personnel against the likely outcomes associated with their findings.

Moreover, while a number of factors that ultimately impact the claim are not known, predictive modeling can tap additional information from other publicly available alternate data sources to more precisely predict the claim's outcome—which can considerably increase the likelihood of an employee's return to work.

There is a wealth of information gathered during the handling of a workers' comp claim—including the date and time of the injury, where the injured worker lives and receives treatment, how the injury occurred, as well as relevant medical history, prior claims, or information surrounding the domestic setting.

However, collecting data from alternative sources allows claim managers to evaluate the claim from a different, if not more comprehensive, perspective.

These additional data sources could include information pertaining to prior or concurrent employment, litigation, crimi-

nal records, financial information, census data, dependent information and more.

Predictive modeling begins with building a model based on historical data that forecasts likely outcomes.

For example, data may show that 90 percent of all claims where the distance between the employee's workplace and home is more than 40 miles results in a greater than average number of lost work days.

Data could also show that 90 percent of injured workers who live more than 40 miles from the workplace and who have worked with their company more than five years, experience fewer than average lost work days.

When applied correctly, these data combinations can predict the future outcome of the claim with a higher degree of probability as compared with the industry's traditional red flags.

Predictive models allow claim departments great flexibility in creating efficient work flows and deploying the appropriate internal and external resources to the right claims at the right time.

In the workers' comp arena, this enables claim departments to move away from the traditional medical-only and lost-time model, as well as treat all claims equally until the predicted outcome indicates the

next probable step in the process—whether that step requires no interaction with the involved parties or increased communication and action.

Predictive modeling eliminates claim reporting and verification redundancies while enabling the adjuster to focus investigative efforts on the more complex claims, creating a so-called educated workload.

What happens to those claims that do not require investigation? The decision made by claim departments and administrators is influenced by the level of comfort with data collection, data integrity and the overall predictive modeling concept.

A high level of confidence indicates a certain number of claims could be

processed through auto-adjudication or low-level claim-handling units. Modeling also allows for the establishment of triggers in conjunction with more serious and complex claims.

Triggers can be developed to indicate auto-referral to telephonic and field case management or, on the other end of the spectrum, to a special investigation unit. The same triggers can be applied to alert claim supervisors and managers to potential losses.

A fully developed model not only redistributes the workload of claims be-

SEARCH PARAMETERS

WHAT ARE THE RED FLAGS?

Factors that might be considered on a particular workers' comp claim include:

- ▶ Where the injured worker lives and receives treatment
- ▶ How the injury occurred
- ▶ Relevant medical history
- ▶ Prior claims
- ▶ Personal financial problems
- ▶ Prior or concurrent employment
- ▶ Litigation history
- ▶ Criminal records
- ▶ Dependent information

tween varying adjuster skill sets—from auto-adjudication to the highly trained specialists—but has a positive impact on the resources needed to supervise and manage a claim organization.

Despite the focus predictive modeling places on investigation, data collection and resource deployment, some of the most insightful and predictive data results come from activity that occurs after the claim has been filed and investigated.

Missed physician or therapy appointments, physician changes and other traditional events are only part of determining when a claim is about to change course, and timeliness again plays a critical role.

Repeating alternate data-mining activities throughout the life of a claim is imperative to obtaining successful outcomes.

For example, consider how an unex-

pected bankruptcy after back surgery could impact the injured worker's ability to return to work. What may have appeared to be a standard recovery could now be in jeopardy as a result of this previously unforeseen event.

By once again inputting the claim through the predictive model with any ad-



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ditional data related to these new circumstances, the adjusting team may discover a need to deploy additional resources to aid the injured worker in a successful return to work.

Overall, advanced predictive modeling

tools provide adjusters with a valuable means of assessing claims through a vast array of publicly available data.

These tools enable claim departments and organizations to significantly improve claim handling efficiency and resource deployment.

Predictive modeling can also help employers lower claim-related costs by eliminating process redundancies and help insurers reduce overall claim durations and severity.

Furthermore, predictive modeling can help ensure injured workers are receiving the appropriate and care when they need it most.

By assigning the right resources to an injured worker's case at the right time, claim handlers can not only boost an employee's chances of recovery but expedite their return to work—a key outcome for all parties. ■

► **Kevin Turner** is executive vice president of business development at Cambridge Integrated Services Group in Greenwich, Conn. He may be reached at Kevin.Turner@cambridge-na.com.

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