

Group benefits trends:



going paperless

- by Stuart W. Monteith

The group benefits industry needs to continue evolving and adapting technology to create new value for the market. If group insurers are to successfully anticipate and thrive in the 'new normal,' then now is the time for fundamental changes. This article will look at some recent innovations that are aimed at taking service delivery, technology, cost containment and added value for clients to a new level.

Despite the variety of electronic claims submission options available to most group benefits plan members – drug cards, electronic dental claims,

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member submitted e-claims – paper claims continue to play a large role in the process. For example, Sun Life Financial alone handles approximately 90 million pieces of paper per year in our claims process, which is the equivalent of more than 800 trees.

Continued reliance on paper exists in some cases, because the type of claim is complex and still requires a paper-based submission. In the vast majority of cases though, plan members continue to submit paper claims because that's their traditional method of submission.

The issue for the industry is that no matter how a plan member chooses to submit a claim, they expect the same level of accuracy, efficiency and service. And that's where the traditional methods of processing paper claims fall short.

Horse and buggy processing

With many benefit plans, paper claims are still manually processed at almost every step. For large insurance carriers, tens of thousands of claims are received weekly and stacked to await opening and processing. During this time, the claim is unlikely to be registered in the insurer's system and no electronic record of it having been received exists. If it's not recorded, the status of the claim cannot be confirmed should a plan member inquire.

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Due to the manual nature of claims processing, during peak periods, days can elapse before the process actually begins. As with any manual transaction, the risk of error is a concern and mistakes can happen. This again can delay the proper payment of a claim.

Even after the claim has been adjudicated and paid, the paper form is stored typically for seven years. Should an audit, potential fraud or member inquiry occur, it means that a labour-intensive process is needed to retrieve the claim information in paper form.

Most paper claims are processed this way in a timely and accurate fashion, but at considerable risk of a disconnect between a plan member's expectation and what is actually delivered. To put it simply, members expect 21st century processing even if they submit their claims using a 20th century channel.

Technology is key to change

The good news for plan members and sponsors is that recent innovations in scanning and data lift using optical character recognition (OCR) technology, now make it possible to turn a paper adjudication process into a paperless one.

Under this new system, paper claims are still received by mail, but from that point onward technology takes over. Forms and receipts are scanned using sophisticated high-speed scanners and automatically entered into the claims processing system. Then, data lift technology using optical character recognition automatically inputs key claims data into the online forms that are fed into the claims adjudication system.

For adjudication, the claim – which now exists entirely in electronic form – can be channeled immediately to the claims adjudicator and location that can complete the process most efficiently. This also makes the entire operation, after the claim has been received, completely virtual.

Going greener – eliminating paper entirely

The move from hard copy paper claims to a paperless claims process greatly contributes to “green” initiatives by reducing an organization's carbon footprint. At a time when environmental sustainability has become increasingly important, this new technology can help group benefits organizations achieve their corporate sustainability objectives and help set them up for success as responsible corporate citizens in an era characterized by environmental concern.

A part of the group benefits industry's commitment to sustainability can be enabled through electronic claims processing. Since claims can now exist in electronic form, there is less dependence on paper, and significantly less dependence on paper claims

transportation to and from storage sites. Sun Life Financial alone uses 14,000 cubic feet per year of claim forms and receipts, which translates to roughly 7.7 times the height of the CN Tower. However, we have made it a mandate to reduce our use of energy and natural resources as we actively pursue corporate sustainability practices, resulting in a reduction of our carbon footprint, as well as expenses. Due to our integration of the paperless claims process into our operations, for everyone one per cent reduction in paper claims, approximately 400,000 pieces of paper are saved.

While we often think of the environmental impact of paper in terms of trees consumed, a more complete assessment would consider the impact of the end-to-end process, from raw materials to processing and distribution—and, at the end of the seven-year retention period for paper claims—

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disposal. In terms of storage of paper claims, beyond transportation, there is also an environmental impact associated with energy consumption from building operations in the sites where paper is stored. Through this new paperless claims technology, electronic submissions could eliminate claim forms and receipts, thereby saving an immense amount of resources and space if applied industry-wide.

Additionally, portions of claims processing work can be done remotely. This allows some claims staff to work from home, thus reducing travel and cutting down on energy resources at the claims office sites.

Paperless future

Becoming virtually paperless doesn't only apply to claims processing and adjudication. This new technology presents many opportunities to improve the course of business in the insurance

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Other paperless initiatives in the near future include the ability for insurance carriers to be able to offer clients the option of interacting with them – if they prefer – from their mobile devices and smartphones – whether it's submitting their health and dental claims

or simply checking their benefits plan coverage.

Over the next two to three years, smartphones are expected to double their market share and should account for more than 20% of the cellular phone market¹. People of all ages are quickly embracing the smartphone as a multi-purpose technology capable of performing several different tasks. It will soon become the norm for individuals to handle their financial needs on the go through their

mobile device, taking advantage of constant, instantaneous connection.

Sun Life Financial is embracing this shift and we are currently investigating a number of exciting new paperless projects for the purpose of providing innovative ways for our plan sponsors, members, and providers to file claims, search for information, and contact the company. For example, Sun Life recently launched a mobile version of its corporate website, sunlife.com, which allows viewers to search the website with simple navigation and easy access.

Benefits are many

It seems clear that the paperless method of handling claims provides plan members and sponsors with many benefits: fewer lost or misplaced claims, reduced data entry errors, and claims are tracked from day one, with quicker response times to plan member questions.

The technology can also be used to more easily analyze a plan sponsor's claims experience to help identify ways to reduce benefit costs.

The paperless processing method presents many benefits for the environment as well. Organizations can minimize their carbon footprint by reducing the amount of paper used, and decreasing the storage space and transportation that is required for claims and receipts. This new process enhances corporate sustainability practices, and helps group benefits providers reach their corporate and environmental goals.

An additional advantage of having this new claims processing and adjudication technology is that it also provides insurers with other tools to help combat benefits fraud and abuse. In Canada there is a significant amount of money lost annually to health care fraud and abuse, with some of the most common fraud schemes being false claims, altered receipts, eligibility misrepresentation, returning items after reimbursement, billing services not rendered, and misrepresenting services rendered. Fraudulent activities impose extra costs on group

benefits plans, thereby increasing plan costs as well as the risk of a reduction or loss of coverage to compensate for lost funds. This claims processing innovation can actually help pinpoint suspicious claims automatically through detecting certain claims patterns. The technology has the ability to lift and use more data to detect suspicious activity instead of relying solely on manual or other means of fraud detection. Through the use of various technologies, tools and resources, benefits carriers can leverage the use of deeper utilization profiling capabilities to more effectively detect and deter fraudulent claims going forward.

Significant opportunities exist for the group benefits industry to better utilize technology and innovation. We are making tremendous strides in leveraging technologies such as Optical Character Recognition (OCR) and data profiling. At a time when clients' expectations continue to rise, innovative new technologies can provide value added support to business areas such as health and dental claims processing. Plan Sponsors are seeking

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cost management solutions, so the ability to migrate towards overall claims management versus simply claims payment can be effectively enabled by using these evolving technologies.

Claims processing technology is just one of

the tools Sun Life Financial is using to create a better experience for plan sponsors and members. As expectations continue to rise for faster and better levels of service, the industry should be prepared to leverage technology to meet these higher standards. For claims processing, that technology has arrived. This claims technology is merely one of the many innovative solutions we will use to help bring service delivery, cost containment, fraud detection and added value to clients in 2010 and beyond.

Top 5 benefits of *paperless* claims processing

1. **Member Experience:** Claims are processed faster, clients receive reimbursement sooner, and fewer claims are lost or misplaced
2. **Sustainability:** Helps benefits providers reduce their carbon footprint, and achieve corporate and environmental sustainability goals
3. **Customer service:** Easier tracking from the time the claims is registered in our processing system, allowing for quicker response times to plan member questions
4. **Fraud:** Another tool to help insurers combat benefits fraud and abuse
5. **Accuracy:** Decreases the number of data entry errors

About Stuart: Stuart Monteith is Senior Vice-President of Group Benefits with Sun Life Financial. In this role, he sets the direction for Group Benefits and oversees all business unit initiatives to ensure they are aligned with Sun Life Financial's overall goals.



Extracted from Benefits & Pension Monitor, June 2010 issue.

¹ *www.marketnews.ca. Article "Smartphones to Take Over", by Christine Persaud, 03/02/2009.*