

Time for Change

Turning innovation into action in the group benefits industry.

BY STUART MONTEITH

Technological change is all around us, and many industries—such as media, banking and retail—have used it to significant advantage.

The group benefits industry, however, has lagged behind in this area—whether caused by the complexities of industry amalgamation, the inflexibility of legacy mainframe systems or other operational hurdles. But that reaction time is shortening as the industry begins to apply technical innovations to its business in a significant way.

And it couldn't come sooner. Plan sponsors seek greater efficiencies to help manage rising benefits costs, and with plan members' increasing expectation for quick and easy benefits plan transactions, the days of filing cabinets and boxes full of paper claims, complex plan booklets and extended wait times for simple claims adjudication are numbered.

But innovation without execution is just an idea. And ideas don't help plan sponsors—or their members—get more from their benefits plans. The good news is, change has begun. The use of e-claims is

rising rapidly, with instant adjudication that typically provides payment in 24 to 48 hours for health and dental claims—and a greener future for everyone. Scanning technology turns the paper-claims process into a paperless one, with increased speed, accuracy and fraud-prevention capabilities. For plan members, it means getting their money in the bank quickly. For plan sponsors, it means greater accuracy, advanced fraud protection and better cost management—all of which lead to peace of mind.

Here's how and why technology will continue to play a greater role in the group benefits industry.

The Plan Sponsor Experience

As healthcare costs continue to outpace inflation—especially in the prescription drug area—it's no surprise that many plan sponsors struggle to maintain their current level of coverage to members. This puts sponsors in a difficult position. Their current plans may now be too costly, yet members see significant reductions to benefits as a take-away. Benefits cuts reduce member morale, and they can also eliminate a competitive advantage that the sponsor may have had in terms of attracting and retaining talent within its industry.

Increasingly, plan sponsors are looking to benefits providers for solutions, relying on them less as a claims payment processor and more as a claims management provider. This is where technology can play a critical role, allowing providers to increase efficiency, contain costs and help ensure that sponsors pay only for claims that they have agreed to cover and that are free from fraud and abuse.

A good example of the way technology drives foundational changes is in the way paper claims are processed, from submission to payment.

Going Paperless

E-claims submission and adjudication significantly reduce, or eliminate altogether, the amount of paper used in the claims process. Clearly, this benefits the environmental stewardship that many providers, sponsors and members now expect.

With claims imaging and data lift using optical character recognition, plan members' paper health and dental claims can be processed faster, more accurately and more efficiently. Since claims are tracked electronically from day one, members receive faster response times to their questions as benefits providers can immediately identify a claim within the adjudication process. Following is what happens through this paperless method.

1. As claims are received, they're scanned at high speed and automatically entered into the claims system, creating an online record of each claim.
2. Technology automatically inputs key claims data onto online forms that are fed into the adjudication system.
3. Specialized software identifies any missing information and prompts staff to make the entry required.
4. With all the information in electronic form, the claim is distributed immediately to the claims adjudicator—no couriers, no backlog and no limitation on time and place, just quick, accurate adjudication and fast payment.

The advantages for plan sponsors are many. In terms of speed and accuracy, the imaging process reduces bottlenecks and gives much greater capacity during high-volume periods. The imaging and data lift capability gives better control over claims, so there is far less risk of misplaced claims. This ultimately translates to taking fewer days to process claims while dramatically increasing accuracy. And, the bottom line is money in the bank quicker for the plan member.

Anti-fraud Technology

This technology is also invaluable from a cost-containment perspective. Benefits fraud is more easily detected, with faster access to images versus retrieving paper claims from storage. And the electronic capture of these paper claims means that insurers can more easily and effectively help plan sponsors analyze changes in claims utilization to help find ways to reduce benefits costs.

In addition to the scanning and imaging technology, powerful anti-fraud technology is now available to benefits providers. It uses data mining and profiling capabilities—looking for unusual claiming patterns from among millions of claims data points. This also means that potential fraud is much easier and faster to detect.

With plan sustainability a very real concern for plan sponsors—and cost containment an imperative—benefits providers must continue to use technology in this and other ways to help plan sponsors affordably maintain their plans.

The use of technology in claims submission and claims processing benefits plan members significantly. It means:

- plan members get their money faster if their benefits providers have instant adjudication capability;
- call centres can instantly access images of the submitted claims and can track their progress in real time; and
- claims have increased accuracy.

The Plan Member Experience

While technology can play a key role in claims management, it can also be used to communicate and educate to more effectively engage members in their plans.

Plan sponsors invest significantly in their group benefits plans—and these plans provide members with invaluable protection. They can form a key part of the total compensation package that an employer provides, yet plan members often undervalue the benefits.

It's understandable. With a densely written plan booklet, a static website and little else in the way of communication, plan members have little reason to engage and learn more about what their plans offer. So they need to improve the knowledge of the benefits they have—and the processes that are available that can save them time and effort and save the plan sponsor money.

All that is changing. Education is leaping from words on a printed page to a more engaging and interactive experience. Many popular technology-based communication

Society's Take on Technology

Based on societal demographics, a majority of plan members (generations X and Y combined) expect technology solutions as either a convenience or a necessity in their lives. And that number is growing. The group benefits industry must deliver. Here's how the demographics break down.

Early Boomers (14% of the workforce, born 1946 – 1955) learned to appreciate the convenience of technology and have gained a level of comfort using the Web for information and communicating, but many remain wary of making transactions online.

Late Boomers (24%, born 1956 – 1964) are somewhat fluent in technology in their professional and personal lives; however, their eagerness and speed to adopt new technologies are not as high as younger generations.

Generation X (37%, born 1965 – 1979) expects the “always on, anywhere” convenience. Technology is a highly valued tool, and for most gen X, a necessary part of professional and personal life.

Generation Y (almost 25%, born 1980 and beyond) considers technology an “extension of the self.” It forms the infrastructure around which Yers' lives (social, work, school) pivot. “Instant access, anywhere, any time” is expected.

Source: Statistics Canada's June 2010 Labour Force Survey

methods are bringing group benefits information to life.

Here's an example of how current technology is being used to greatly enhance the plan member experience.

Rather than just a cover letter and booklet, new plan members receive an email that is personally addressed to them, with information that reflects their age, gender and their region. It welcomes them to the plan and provides a link to a video communication that the new members can access immediately. The video explains the key benefits of plan membership in an easy, conversational style. The use of video—whether through live action or computer animation—is highly effective in terms of the level of engagement it creates. One University of Western Ontario study has shown that those who view videos retain 68% of the material they see, compared with just 10% content retention with Web text.

The following week, the plan member receives a brief, engaging print piece that provides a summary of the plan's benefits coverage. The piece contains a QR code, which is a bar code that can be scanned using a smart phone. When the member scans the QR code, it automatically loads call centre and other plan information directly into the member's phone. The plan sponsor may also use these codes in other ways, such as having the scan provide a link to a video that the member

can play directly on her phone. Of course, a detailed benefits booklet is still required for members to understand the extent of their coverage. But when the member needs the information, it can be accessed online. The online booklet is viewed using flipping-book technology. Flipping books are a Flash version of PDF documents that provide page-flip visuals. They offer a dynamic and interactive experience for users, with the ability to embed video and audio clips, animation and even surveys to help with plan member communications and engagement.

Looking Ahead

Arguably, one of the greatest innovations emerging today is the use of smart phones in the claims-submission process.

By 2011, more than 85% of new mobile devices will be capable of accessing the mobile Web, according to Gartner, an information technology research and advisory company. It will soon become the norm for individuals to handle their financial needs on the go through their mobile devices, taking advantage of constant and instantaneous connection.

Plan administrators and sponsors have a great opportunity to capitalize on this trend by implementing a smart phone-capable claims system. This allows plan members to access mobile applications with their smart phones and conveniently submit claims online—and have them adjudicated instantly



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via their mobile devices. This means money in their bank accounts a lot faster.

On the plan member education side, watch for “augmented reality” technology to add even more impact to video presentations. Augmented reality uses a computer's webcam to trigger a virtual 3-D video. Such a video could detail the benefits of members' plans or explain how to submit their claims online. It will be an exciting way for members to experience the information in a dynamic and engaging environment.

As technology continues to evolve, the group benefits industry must keep pace. Though generation Y currently makes up just less than one-quarter of the workforce, in 10 years the generation's influence will be much greater, with the demographic comprising 40% of plan members, according to a March 2008 Human Capital Institute white paper. Now is the time for plan sponsors to partner with their benefits providers to ensure that they adopt these innovative solutions that will not only meet the needs and wants of their members but also highly engage them to appreciate the value of their benefits plans. Benefits providers are responsible for ensuring that they provide clients with the cost-effective tools they demand while continuing to innovate and use emerging technology. **BC**

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