



Turn untapped workers' compensation data into actionable insights

Data is abundant—but real insight is scarce.

The complexities involved in workers' compensation—across the spectrum of activities from underwriting through claim resolution—are so massive that insurers struggle to connect the dots.

Businesses that use analytics are twice as likely to be among the top quarter of financial performers and five times more likely to make decisions much faster than their competitors.¹ In insurance, experts believe that actionable data—held to exacting standards—drives far better results for our industry. This perspective is underscored in a recent report focused on workers' compensation insurers, which stated, "Forward-thinking businesses are capturing and using relevant data in new ways to develop innovative metrics and operate more effectively. With more precise information in hand, managers can better evaluate, track and measure outcomes to make quicker, more informed decisions."² Unfortunately, many insurers aren't taking advantage of the analytical tools currently available.

The challenge for insurers is not only in using the right data but also in managing information effectively across functional areas of the business. Established operating models and tools don't allow insurers to work this way, resulting in missed opportunities and increased risk.

Fortunately, numerous activities in the workflow can be supported by and streamlined with more innovative, technology-driven data and analytics.

The following examples demonstrate how analytics helped improve EDI compliance at Liberty Mutual and for the Commonwealth of Virginia.



Without
insight, all
that data is

just white noise

Liberty Mutual achieves improvement in EDI compliance with wcAnalyzer™

The national expansion of electronic data interchange (EDI) represents a twofold challenge for data reporters. The first challenge comes as a greater number of states begin to adopt EDI each year. This growing adoption rate further intensifies the second challenge of managing stricter state requirements—a recent consequence that has revealed itself only as each new state that adopts EDI becomes more advanced at using EDI data to monitor compliance than the state before it.

Insurers face many challenges in managing the complexities of submitting accurate data to individual jurisdictions. State requirements for data submission vary considerably and are further exacerbated by the fact that each state has its own unique nuances of data needed and submission requirements. Insurers must monitor changes to such requirements and implement them promptly to ensure that they remain in compliance. As one of the top five workers' compensation insurers in the United States, Liberty Mutual wanted to manage the compliance challenges proactively and decided to tackle them head-on.

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Compliance challenges

Underscoring the data reporting challenges can be insurers' inability to glean actionable insights from their EDI data to make corrective or proactive changes. Rejected submissions are often returned from jurisdictions with minimal directives, such as “reporting in a fragmented manner,” “not timely,” or “with errors.” This requires insurers to undergo a time-consuming manual spreadsheet process to uncover errors before the EDI data can be resubmitted.

According to one manager for regulatory claims reporting at Liberty Mutual, “[A]s more jurisdictions began requiring insurers to submit claims through EDI, the jurisdictions also became better equipped to monitor their compliance standards. However, carriers had no central tool for measuring our compliance internally by jurisdiction, time period or any of those metrics needed to identify error drivers.”

In 2014, Liberty Mutual explored the idea of enhancing internal systems to manage their EDI submissions proactively. The goal was to maximize efficiencies wherever possible, particularly with respect to claims management. The insurer wanted something that could be implemented quickly and efficiently. Internal development resource availability presented challenges to Liberty Mutual's goals. For a solution, Liberty Mutual turned to ISO. One option explored was ISO Workers' Comp Solutions' wcAnalyzer™ Compliance Cube.

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Liberty Mutual took a test drive of the wcAnalyzer Cube: "I was extremely impressed with how wcAnalyzer worked. In the past, we would need significant time to track down compliance issues. It was eye-opening to look at the wcAnalyzer dashboard, move the metrics around, and quickly find the issue. With wcAnalyzer, we were able to link the analytics to the injury report side of the business at a fraction of the cost and time," said the insurer's manager of special projects for commercial insurance compliance.

After the test drive, Liberty Mutual decided to implement the tool. Within three months after it was approved, the program was operational. "We would not have been able to allocate the resources needed to build something similar internally for the cost and time it took to implement wcAnalyzer. The beauty of this tool is that it already existed and needed only minimal tweaks and other enhancements to get it operational," says the manager of special projects for commercial insurance compliance.

Liberty Mutual saw a **positive impact on its compliance acceptance rates** nationally and is now able to manage its EDI data more proactively, before submitted data becomes a compliance challenge.

Notable compliance reporting improvements

With ISO's wcAnalyzer Compliance Cube, Liberty Mutual was able to look at the wcAnalyzer dashboard and access real-time, detailed analytics on its EDI data. Instead of spending hours searching for the cause of errors, the insurer was able to address its submission errors by jurisdiction, determine the errors, and fix them globally. Liberty Mutual saw a positive impact on its compliance acceptance rates nationally and is now able to manage its EDI data more proactively, before submitted data becomes a compliance challenge.

Just a little more than two years ago, New York State transitioned from all paper to accept EDI transactions. Using wcAnalyzer, Liberty Mutual now develops aggregate error reports that help its compliance professionals deploy global fixes and handle large amounts of analysis quickly. The end result is an acceptance rate close to 96 percent.

In Utah, wcAnalyzer allowed Liberty Mutual to identify a process issue that affected its compliance scores. With the tool, the insurer discovered what was causing the issue and was able to implement a global fix, achieving 92 percent compliance in the jurisdiction.

wcAnalyzer™ helps the Virginia Workers' Compensation Commission fulfill its mission to serve injured workers

The mission of the Virginia Workers' Compensation Commission (the Commission) is to serve injured workers, victims of crimes, employers, and related industries by providing exceptional services, resolving disputes, and faithfully executing the duties entrusted to it by the Commonwealth of Virginia. The Commission administers the Virginia Workers' Compensation Act and adjudicates disputes relating to coverage. Under this Act, employers are required to file accident reports with the Commission, including data specified by the commission.

In 2006, the Commission embarked on a thorough examination of its data collection processes to determine how best to leverage available best practices and technologies to improve its customer service mission. A key part of that analysis involved using data-sharing standards available within the industry, specifically those established by the International Association of Industrial Accident Boards and Commissions (IAIABC). Work on the Commission's "Technology Alignment Program" or "TAP" formally began in September 2007.

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Launch of Electronic Data Interchange program

By October 1, 2008, the Commission launched the paperless Electronic Data Interchange (EDI) program. The program mandated that all accidents, regardless of their severity, must be reported to the Commission through EDI. To manage the program, the Commission's EDI Quality Assurance Department was tasked with, among other responsibilities:

- establishing and maintaining EDI standards for employers, insurers, and claim administrators
- enforcing those standards
- supporting employers, insurers, and claim administrators with EDI-related issues
- reviewing and processing failed transactions to ensure all data is reported accurately and displayed appropriately in the state's claims-processing system

Through the newly implemented EDI program, the Commission collected vast amounts of first report of injury (FROI) and subsequent report of injury (SROI) data. However, the data was not compiled in a way that could be easily accessed and used. Rejected submissions were returned with minimal directives, such as "reporting in a fragmented manner," "not timely," or "with errors." Trading partners often had to undergo a time-consuming manual process to uncover the errors before the EDI data could be resubmitted. Meanwhile, injured workers had to wait for approval before they could receive the information and support needed to collect their benefits.

EDI challenges

ISO Workers' Comp Solutions' wcAnalyzer™ compliance Cube helps states evaluate the reporting and compliance performance of trading partners in their jurisdiction and identify areas of concern. "When ISO demonstrated the capabilities of its wcAnalyzer tool, we saw the benefits right away," says Ryan Duke, EDI Quality Assurance assistant manager at Virginia's Workers' Compensation Commission. After a thorough vetting process, ISO's wcAnalyzer was selected to help its EDI Quality Assurance Department deliver first-in-class support to employers, insurers, and claims administrators with EDI-related challenges.

With wcAnalyzer, the Commission was easily able to assess which companies were having difficulties and reach out proactively to those individual trading partners and insured administrators. The tool included actual percentages of rejected submissions and clearly identified areas where submissions were being rejected for a simple submission requirement error, such as "missing required fields" or "transactions out of order." All this happened in real time by delivering detailed analytics on items the trading partners were struggling with the most—be it reporting in a timely fashion, responding to Virginia's EDI reporting statute, or tackling recurring or common errors leading to rejection.

Quarterly report cards

wcAnalyzer also helped the Commission fully understand issues at the trading partner level and apply those insights to develop a unique and impactful tool—the quarterly EDI Report Card. The EDI Report Card provides an update of how each trading partner is doing, including grades and information on the ratio of accepted/rejected transactions, the percentage of initial FROIs filed within the required time limits, the most common errors returned, and the number of fines issued against the company for that quarter.

Since implementation of wcAnalyzer, trading partners have reached out to the Commission expressing their appreciation for the transparency. They look forward to the report cards because they now have the means to clearly identify and correct what causes most of their EDI transaction rejections.

Actionable insight

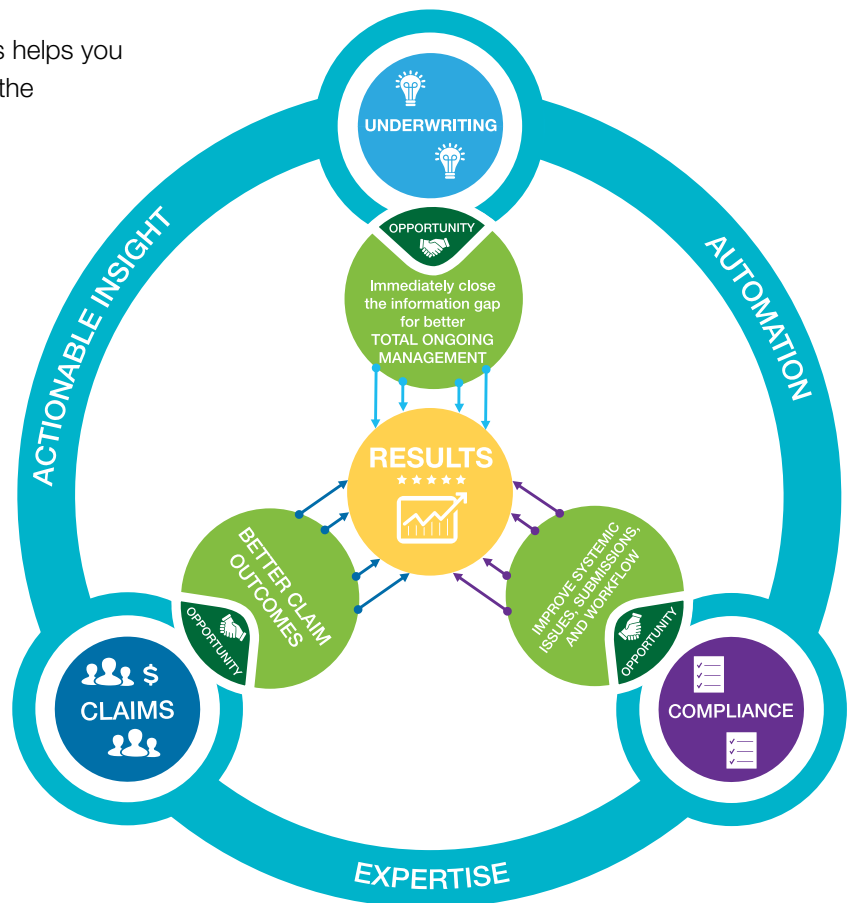
With ISO's wcAnalyzer, the Virginia Workers' Compensation Commission now has access to real-time, detailed analytics on the EDI data submitted by its trading partners. With the tool, the Commission can proactively address items that trading partners are struggling with the most and provide quarterly updates on the status of each trading partner. Most important, wcAnalyzer has helped the Commission truly fulfill its mission to serve injured workers, victims of crimes, employers, and related industries by providing exceptional services, resolving disputes, and faithfully executing the duties entrusted to the Commission by the Commonwealth of Virginia.



A single, integrated approach achieves marked improvements across claims, underwriting, and compliance.

The complicated challenges facing workers' compensation insurers can be met by holistically applying an integrated approach across functional areas. At Verisk, our deep data expertise provides us with the ability to manage, mine, and analyze large volumes of information that you can use to great advantage.

Our comprehensive set of products and services helps you find patterns in complex data sets and navigate the complexities of this dynamic and data-intensive line of business.



For more information

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Liberty Mutual's participation in this case study should not be considered an endorsement or representation with respect to the related services and products offered by ISO.

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