LTCG modernizes Claims Management with Sparkling Logic SMARTS

Summary: Long Term Care Group (LTCG) is a leading provider of business process outsourcing services for the insurance industry. They are the largest third party long term care (LTC) insurance provider offering underwriting, policy administration, clinical services, as well as claims and care management for America's largest insurance companies. Insurers rely on LTCG for these services due to LTCG's deep expertise in long term care portfolios, which require specialized knowledge and processes. LTCG continually invests in the people, processes, and technology to maintain their leadership position in the industry.

Problem: Several years ago, LTCG embarked on an initiative to modernize their claims management systems and processes with a focus on reducing the time to respond to claims and providing the best customer experience in the industry. Their overall goal was to minimize the time and expense needed to consistently and accurately responding to claims in order to provide the best possible service to policyholders.

Solution: LTCG evaluated tool and platform options and selected Sparkling Logic SMARTS as the decision engine for their "Claims Adjudication" system. They developed and implemented the new system and have since extended their use of SMARTS to support additional business processes.

SMARTS can streamline your processes, improve the quality of your automated decisions, and shorten the time it takes to adjust to new insights gained from market, customer, and competitor changes.

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Sparkling Logic   440 N. Wolfe Road, Sunnyvale, CA 94085, USA

Benefits: With the implementation of SMARTS in their claims adjudication system, LTCG was able to:

- Reduce Time to Value – LTCG developed and deployed their automated claims adjudication system in under 6 months using SMARTS and an agile development methodology.

- Ensure Speed and Accuracy – With the new auto adjudication system, LTCG is able to ensure that claim decisions are prompt and accurate.

- Achieve Business Agility – LTCG is able to rapidly on-board new insurers and make business and regulatory driven changes to existing plans in a timely manner.

- Empower Business Analysts – the rules and decisions automated in SMARTS are completely managed by LTCG's business analyst team bringing the decision logic closer to where business decisions are occurring.

MODERNIZING CLAIMS MANAGEMENT WITH SPARKLING LOGIC SMARTS

Long Term Care Group (LTCG) is the leading provider of business process outsourcing services for over two decades to the insurance industry. The services they provide include underwriting, policy administration, and claims and care management. America's largest insurance companies rely on LTCG's expertise in long term care portfolios. These portfolios require specialized knowledge and processes to support the services and care covered by LTC policies such as assisted living, adult day care, or in-home nursing services.

In long term care insurance, the insurance policies are not as standard as they are in general health insurance policies. This creates additional of complexity in handling a lot of non-standard data or applying non-standard processes. LTCG manages this complexity seamlessly based on their specialization in this unique sector of the overall insurance industry.

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MODERNIZING BUSINESS PROCESSES

Several years ago, LTCG launched a strategy to modernize their claims management processes with a focus on making claims decisions even more quickly and accurately than they had previously achieved. They administer over 1.3 million policies and process more than 90,000 claims transactions per month. As their business continues to grow and scale, their goal is to maintain the highest levels of customer satisfaction for the policyholders who always prefer to have their claims handled more quickly.

They also wanted to improve the productivity of the people at LTCG responsible for processing claims and making decisions on the outcome of each claim – the team of LTCG claims adjudicators. The goal was to reduce manual processes and automate the routine and repeatable aspects of claims decisions.

In many cases, there were numerous tools and sources of data that an adjudicator would be required to review before making a claims decision. Some of this data was structured and some was not. Prior to automating the claims adjudication process, each adjudicator had to become an expert on specific types of policies from specific carriers limiting LTCG's ability to share adjudicator capacity and resources across policies and carriers to meet fluctuations in demand.

Some of the requirements for the new Auto Adjudication and the overall claims management processes were to:

> **Aggregate all data**, structured and unstructured, from all sources required for a claims decision to be made.

> **Create a recommendation on the claims decision** based on the plan of care, policy, and payment request to reduce the time adjudicators needed to spend researching, validating, and making a claims decision.

> **Manage claims decisions "outside" of their core Policy Administration System (PAS)** so that business rules could be tested and implemented without making direct and costly changes to the PAS platform itself.

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AUTOMATING DECISIONS

The first release of the auto adjudication system was developed and deployed in under six months. SMARTS intuitive decision and rule management interface allowed business analysts to quickly and easily implement user stories to provide working code for each iteration. **When the auto adjudication system was first released in July of 2014, 40% of claims were fully automated, requiring no additional work for the claims adjudicators.   LTCG has continued to expand the system using an agile methodology and is currently up to an impressive 80% automation.**
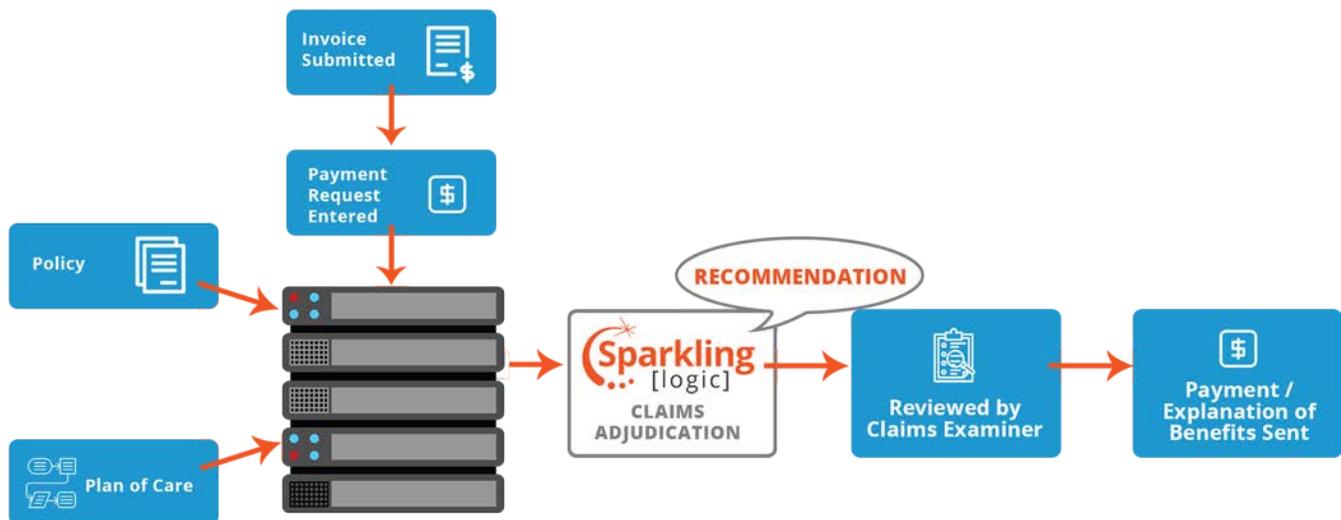
An overview of the claims management process is shown above. Prior to submitting an LTC claim, the insured (or an agent of the insured) works with one of LTCG Care Coordinators to establish a plan of care.   Care coordinators, supported by a large staff of licensed health care practitioners, help policyholders leverage benefits covered by their policy by applying clinically-based guidelines to determine care needs over time and establish the plan of care. The plan of care dictates what types of care are approved (such as home care, adult day care, assisted living, and skilled nursing facility care).

One of LTCG's recent technological advances, along with their auto-adjudication, is Electronic Plans of Care. **Claims decisions, powered by Sparkling Logic SMARTS, use the benefits specified in the policy and the plan of care to determine claim eligibility and coverage when an invoice is submitted for payment. SMARTS applies the business rules to ensure compliance with regulations and limits in the policy and plan of care to create a recommendation for each claim.**

LTCG is unique in ensuring that the automation of claims processing doesn't eliminate the human component in claims decisions. A human adjudicator / claims examiner reviews each recommendation from the system and makes the final decision.   For more complex cases, the adjudicator benefits from the information provided by SMARTS.   The adjudicator also helps identify when care needs may have changed and can notify the care manager to revisit the plan of care for services not approved. This process ensures the best possible care and coverage for policyholders.

The benefits LTCG has realized from the auto adjudication system include:

- Claims are processed in a consistent and timely fashion resulting in higher levels of customer satisfaction and increased profitability.

- 80% of claims recommendations made by SMARTS don't require any changes before moving to the next stage in processing or payment. This allows adjudicators to focus on the more complex cases.

- Claims adjudicators have become experts in the overall adjudication process and no longer need to specialize to cover cases for each LTCG client.

The auto adjudication application was very successful and as a result, LTCG has extended their use of SMARTS to additional and related applications. For example, SMARTS is now used for coverage verification to ensure compliance with California regulations and SMARTS automates the sending of appropriate and timely communications to policyholders.

In addition, LTCG has integrated SMARTS with their document management application. In this application, SMARTS automates the selection of the appropriate documents to execute a specific communication to a policyholder – a claims decision or verification of coverage, for example.

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The team at LTCG highlighted many capabilities of SMARTS that contributed to their overall success:

1   **Fast and Agile Implementation**
It only took the LTCG team six months to evaluate and deploy SMARTS due to the simplicity of the software architecture, ease of use for business analysts to create rules, and the agile approach they take when implementing new solutions.

2   **Improved ROI**
As LTCG was able to quickly implement SMARTS, they were also able to iterate on the business logic and rules quickly and increase the use cases for SMARTS leading to higher and faster ROI. The implementation team shared that "Our CIO didn't expect us to use as much of SMARTS as we did. We were able to come up with new use cases for SMARTS and our CIO was very supportive in having us test them and implement them."

3   **Adaptable and Provides a Holistic View**
The biggest benefit of SMARTS for LTCG is that the solution is very adaptable to their changing business needs and gives them a better, holistic view of their claims management process. They now have the data to understand how decisions are made across the business, what exceptions are occurring, and can adapt quickly to changing regulatory requirements or learnings from best practices.

HIGH-TECH AND HIGH-TOUCH

In summary, the result of LTCG's decision to choose SMARTS was that they now have, in their words, "**a high-tech, high-touch approach to effectively manage long term care policies**."

LTCG describes their approach further: "Through the use of industry-leading, evidence-based and data-driven clinical and technical protocols, LTCG fulfills its clients' responsibilities to make prompt and accurate claim decisions, approve all eligible claims, and develop clinically-sound, comprehensive care plans." LTCG is moving forward with confidence that they will extend greater value to their clients and build on their strong market position in the future.

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