Automated Claims Monitoring Solutions

Sales Readiness Guide
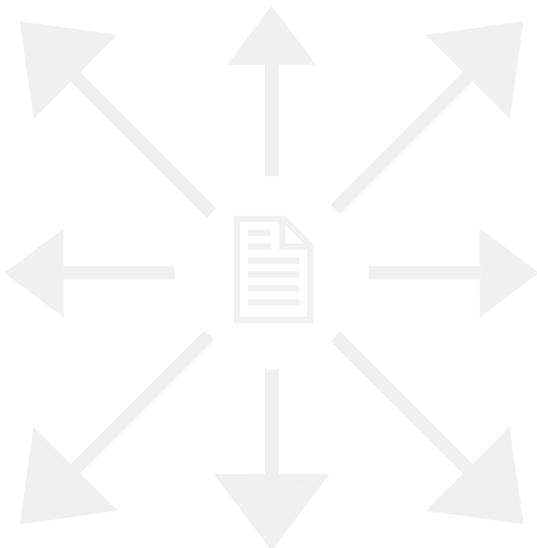
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Welcome to the Infogix Automated Claims Monitoring Sales Readiness Guide.
Inside, you'll find the resources that you need to understand and sell these solutions. Read on to learn about the Current Market Situation, the Infogix Solution, Message, and Competitive Position, Promotional Support you'll have access to, and more!

INTRODUCTION

The Claims process is the largest expense for insurers. In fact, according to *Insurance and Technology* magazine, just 116 million Claims led to $27 billion in direct expenses, and $15 billion in indirect expenses. And $.20 of each settlement dollar went to the cost of handling the Claim. Industry research also tells us that:

- The Claims process has many inefficiencies including: High processing costs, customer dissatisfaction, high leakage rates (8 percent of Claim costs), out of date technology, and the inability to predict losses/prepare for catastrophes.

- Insurers need visibility into their Claims processes for many reasons, but prompt payment is probably the most important.

- Agents receive contingency checks (essentially profit sharing) based on the insurer's profitability. So, Claims accuracy is very important to agents.

- Prompt payment laws exist in 40 states. Some legislators are concerned that these laws will increase the number of lawsuits – and the costs of premiums.

- Prompt payment requires a "clean" Claim (e.g., all necessary fields complete).

- The longer the lag between a Claim and payout, the higher the payout.

- After mergers/acquisitions, insurers may maintain multiple Claims systems.

- Many homegrown Claims systems exist – but very few have built-in controls.

- Back office check writing and finance processes discover most Claims process issues – after the fact.

- Reconciling escheat funds (mostly un-cashed checks) is a costly, manual process. It affects Life & Health, but is more common in Property & Casualty.

- We can find numbers that equate Claims leakage directly to premium dollars. Lowering leakage will directly impact a carrier's bottom line.

This research shows that the Claims market has huge potential for us – and our solutions that focus on the Claims process, and the information it contains.

IT'S A NEW INFOGIX CLAIMS MESSAGE

That's why we are introducing a new Automated Claims Monitoring Message. This Message will raise external awareness of our solutions – and give you new Sales Tools that you can use to present them. This Guide has all of the information that you'll need to make the most of this new sales opportunity.

- **Current Market Situation:** Learn about the Claims marketplace (page 3).

- **The Infogix Solution**: Find out about our solution and capabilities (page 4).

- **Message Overview**: Learn about our message and target audience (page 6).

- **Promotional Support**: Read about new collateral and promotions (page 7).

- **Competitive Analysis:** Find out about our competition (page 8).

- **Contacts:** See who can answer your questions about this Message (page 8).

CURRENT MARKET SITUATION

All Claim processors currently face numerous "pain points," including:

- **Regulation**. Insurance companies are highly regulated. They face compliance mandates and laws, including HIPAA and SOX (indirectly), as well as state statutes (e.g., each state has its own regulations and fines).

- **Inefficiency**. Insurers see Claims processing as a cost center with high staff turnover, outdated technology, and difficult, slow access.

- **Electronic Claims**. Insurers need a reliable way to get data gathered in the field back to the home office. More electronic Claim files mean more errors.

- **Custom software**. Vendor solutions require a tremendous amount of customization. Insurers may need to process claims by producer, agency, LOB, State, Region, and profit center.

- **Reputation risk**. Prompt payment and good service drive customer renewals, the volume of customers that agents send to the insurer, and agent retention.

- **Reinsurance** involves a monthly balancing and reconciliation process.

- **CRM** is difficult due to numerous contacts and inconsistent applications. Management needs a dashboard.

- **Policyholder self-service**. Insurers need to enable policyholders to view their Claim via the Internet – and to see where it is in the process.

- **Staggering paper use and costs**. According to a *National Underwriter* article, maintaining 500,000 pages of documents can cost $138,000 per year in employee time, file cabinets, office space, and more.

Property and Casualty (P&C) and Life and Health (L&H) insurers also face their own unique "pain points."

P&C

- Need to improve operational processes and secure their profitability gains, while establishing a long-term competitive advantage by retaining existing customers – and acquiring new ones (www.tekrati.com).

- Spend more than 40 percent of Claims handling time on routine functions with little or no impact on the Claim outcome (www.nationalunderwriter.com).

- Handle so many Claims that mistakes are bound to happen. To ensure that they do not send out the wrong information, insurers must note – and properly sequence – Claim changes.

- Dynamic policies that can change on a daily basis. Adjusters often look at the contents of the current policy, rather than the policy that was in effect at the time of the Claim. This can significantly affect the Claim amount.

L&H

- Complex agreements between payers and providers make it difficult to automate. This results in manual processes that feed inaccuracies.

- The increase in Health Savings Accounts (HSAs) had led insurers to buy companies who administer these plans, and the need to link to their systems.

- Medicare D is a big issue due to auditors cracking down (many fail audits).

THE INFOGIX SOLUTION	The messaging for our Automated Claims Monitoring solutions includes our Tagline, Positioning Paragraph, and Key Capabilities.
Tagline	Standardize Processes by Automating Your Controls with Infogix.
Positioning Paragraph	Infogix is the leading provider of automated Claims monitoring solutions. For nearly 25 years, we have helped insurance carriers like you assure that the information in their Claims processes is accurate. We automate controls to help you manage transactions across complex processes. Achieve real-time, continuous visibility of all systems and transactions. And ensure that Claims settle and pay in a timely manner. Our proven solutions can help you improve operational efficiencies, reduce leakage, and better manage liquidity.
Key Capabilities	Our solution provides four Key Capabilities.

Capability	Solution Features	Customer Benefits
Transaction Transparency	• View Claims as they enter and leave the system. • Improve operations and streamline processes. • View Claims at a specific point in time.	• Know where 100 percent of Claims are at any point in time. • Ensure prompt payment and create an audit trail. • Ensure that Claims are not dropped, or that Claim information is not lost. • Identify areas for Claims process improvements to reduce the time and cost associated with a Claim. • Track how long a Claim has been in the system (e.g., Claims may be held up if research/validation is needed). • Improve customer and agent retention. Since agents work for multiple insurers (and can promote one product over another), it is important that commissions are accurate and paid quickly. • Reconcile policy to Claim to ensure that adjusters use the policy in place at the time of the Claim (including recent policy/coverage changes).
Ensure Compliance	• Automate statement reporting controls for state regulations (Schedule D), as well as HIPAA and SOX.	• Reduce IT costs and outsourcing. • Use existing automated controls to comply with new/evolving regulations. • Make it easier to audit Claims with SOX impact to better predict the reserves an insurer needs. • Reduce audit time and testing.

Capability	Solution Features	Customer Benefits
Reduce Leakage	• Automate controls to manage and reduce costs. • Receive alerts when errors occur in a process. • Diminish fraud by creating rules or permissions for specific positions, regions, and groups. • Track the money from premiums. • Validate merger and acquisition conversion processes. • Reconcile escheatment funds.	• Apply business rules so that employee turnover will not affect the controls – very important for compliance controls. Human error becomes a non-issue. • Correct errors before they delay settlement or reach the customer, to save time, money, and reputation. • Validate the rating system to make sure the insurer is charging the correct premiums. • Require authorizations. • Assure receipt of the correct premiums so that the insurer can invest the funds (this is how an insurance company makes money). • Validate information when an insurer consolidates systems due to a merger or acquisition. • Automate the comparison of cut and cleared checks, to save time and money.
Reduce Costs	• Validate that a Claim is correct before it enters the system, and that it did not change between systems and/or processes. • Ensure that Claims process in a timely manner, through all the necessary process steps. • Verify that all necessary information is complete ("clean Claim") before processing. • Increase the number of Claims that an insurer can process for HSAs and Medicare D programs.	• Ensure that a Claim is valid and accurate before cutting a check to reduce paper use. • Reduce costs for lengthy Claims. • Verify that Claims are complete before processing, to prevent costly corrections. • Automate the Claims process to save money, and offset the costs of more Claims (due to HSAs/Medicare D). • Ensure the accuracy of Claims, and explanation of benefits, to lower call center costs.

MESSAGE OVERVIEW	Our Automated Claims Monitoring solutions are currently available. Our new Claims Message will:

- Increase external awareness of our solutions.

- Help prospects understand the value of having automated controls for all of their Claims processes – and the information those processes contain.

This Message has one primary goal – to give you the information and tools that you need to seize Claims sales opportunities as they arise.

Target Audience Situation	P&C Claims are different than L&H Claims, but one area they have in common is prompt payment. This area affects providers and agents, as well as customers and new referrals. L&H insurers must pay fines when they do not pay providers promptly. In the past, providers accepted the fines since they made money off the float, but there are now fines on the float too. Reputation risk is another big issue. There is no loyalty, and consumers will change insurers if they are unhappy.

P&C	

- A particular pain is recovery of Claims. P&C insurers receive a lump sum from the bank, and have to divide it up. This is traditionally a manual process. There is also the process of subrogation, where the insurer(s) must be reimbursed by the insurer(s) of an at fault party.

- Many laws regulate the investment of premium dollars. P&C insurers must also manage investments conservatively in case they need to use the funds.

- Claims leakage cuts right to an insurer's bottom line. This can include Loss Adjustment Expenses (costs of processing a Claim other than the actual payment), as well as other expenses such as Claim adjuster salaries, third party providers (such as body shops), legal fees, and process inefficiencies.

L&H	

- HSAs are the biggest growth area. These accounts are like a 401K, because an employee initiates an HSA with pre-tax dollars, and then an employer can add to it. As HSAs proliferate, so too will the number of Claims.

- Invest premium dollars for the long term (e.g., over 30 or 40 years).

- Face increasing Claim volumes due to Medicare D.

- Are now moving into annuity product lines, and need controls for these lines.

Target Audience	The audience for our solution consists of the following Buyers and Influencers.

Buyers:

- Director of Claims Automation and Procedures.

- CFO, CIO, and/or CTO.

- Line of Business Managers (e.g., Risk Manager).

- Sr. VP (or VP) of Claims.

- VP Finance.

Influencers:

- Agents.

- IT.

- Internal Audit.

- Claims/Business Analyst.

PROMOTIONAL SUPPORT

Targeted promotional support, including marketing collateral and outreach activities, is also coming your way.

Marketing Collateral

Several new resources are now available to let prospects know about our Automated Claims Monitoring solutions:

- Solution datasheet.

- Solution presentation.

- Web landing page on our Internet Web site (www.infogix.com).

You can access all of these resources on our intranet at: **https://team.infogix.com/marketdev/programs/claims.asp**.

Outreach Activities

The MDG is also planning several outreach activities, including:

- Solution white papers (one each for P&C and L&H).

- *ACORD LOMA Insurance Systems Forum*, May 22-24, 2006, Las Vegas, NV.

- *IASA*, June 4-7, 2006.

- Print and Web advertising, including Resource Guides and Supplements, as well as a print ad and a 500-word article for the IASA Show Guide/Directory.

- Regional Seminar/Breakfast Meeting (TBD).

- The purchase of Google and Yahoo keywords.

COMPETITIVE ANALYSIS

The Infogix Automated Claims Monitoring solution faces primary, secondary, and indirect competitors.

Primary Competitors

We compete with several small companies in this market. However, our primary competitors are homegrown and/or in-house developed controls.

Secondary and Indirect Competitors

Foresight Corporation – Claims Manager:

- Transaction Insight Claims Manager helps manage Claims processing by providing complete visibility into the transaction flow at a high level that includes trends and bottlenecks.

- Splits bad Claims from good ones automatically, using the highest performance validation engine available in the industry to prevent problems and optimize adjudication processing.

CONTACTS

If you have questions about:

- **Infogix Claims solutions**: Please contact solutions@infogix.com.

- **Our new Automated Claims Monitoring Message, marketing materials, or sales leads**: Please contact info@infogix.com.