

Models flag potential tough comp claims

By SHEENA HARRISON

Predictive modeling is becoming a key tool for workers compensation claims handlers to identify and intervene in cases that could become high-dollar claims.

Insurers and workers comp service providers say the technology has helped reduce return-to-work times and claim costs. And they're optimistic that results will improve as more data is collected and used to analyze claims.

"We are really helping people avoid poor outcomes, which materially affect the quality of their lives," said George Neale, Boston-based executive vp and general claims manager for Liberty Mutual Group Inc. "And that's the real benefit of this modeling from a responsibility standpoint."

Still, companies that use predictive modeling are hesitant to quantify the effectiveness of models that are still in their infancy.

"I don't feel like we've got sufficient data yet in the industry, and I don't feel like the value proposition is strong enough," said Michael Gavin, chief strategy officer for Duluth, Ga.-based PRUM, a medical cost management company that uses an "identification model" to intervene on workers

comp claims.

Liberty Mutual began using a predictive model last year as part of its VantageComp claims management program. It uses past claims data to identify comp cases with complicating factors, such as obesity, smoking or mental health issues, that can hinder return-to-work efforts.

Mr. Neale said the model helps claims handlers assign early medical intervention for claims that could spin out of control.

"If it goes over that hill, think about how many resources and how much effort it would take at that point in time to try to get it back into the land of a good outcome," Mr. Neale said. "It's pretty damn near impossible."

Seattle-based Seabright Insurance Co. uses a similar predictive model as part of its BrightCure PDQ program for complex workers comp claims.

Richard Seelinger, senior vp of policyholder services for Seabright, said the model identifies difficult claims and assigns peer-to-peer counseling for physicians treating injured workers.

"The key to engaging that physician is to engage them early on the right claims" so they can affect the outcomes, said Mr.

Seelinger.

Paladin Managed Care Services Inc., a unit of Seabright in Santa Ana, Calif., also uses the model. Chief Operating Officer Jeff Miller said the model has been particularly helpful in identifying prescribing and treatment trends that can prolong workers comp claims.

While companies tout the benefits of predictive modeling in workers comp claims, they are hesitant to say how well their predictive models are performing.

Seabright's internal analysis has seen "very encouraging" results, Mr. Seelinger said.

Mr. Neale said Liberty Mutual's model is too new to provide concrete data about its effect on claims, but there has been a "material improvement" in claims flagged so far by the model. "So far, we're seeing a pretty significant impact of claims coming in less than the escalation risk would have suggested," he said.

PRUM's Mr. Gavin said it's difficult to say whether the models are catching claims that otherwise would have resulted in high costs.

"It's just a harder story to tell," Mr. Gavin said of predicting the outcome of workers comp cases early in the claims cycle. "We've found that to be the case, and I

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Predictive modeling is gaining usage among workers comp claims handlers but the technology is still evolving.

While some insurers and service providers say modeling has speeded workers' return to their jobs and held down costs, others say the models have yet to prove long-term cost reductions.

Experts generally agree that sufficient data is not yet available.

Despite predictive models' advantages, experts say they will not replace experienced claims handlers' interpretation of a claim.

think a lot of our partners and competitors have found that to be the case, too."

PRUM uses its Qualified Medical Intervention program to review workers comp claims that already appear troubled rather than trying to predict complications that could arise down the road, Mr. Gavin said.

Westerville, Ohio-based pharmacy benefit manager Progressive Medical Inc. is developing its own predictive model.

Joe Anderson, director of ana-

lytics, said Progressive Medical hopes such technology will augment the expertise of its staff.

"In some places, you'll see that decisions can be made better with a statistical model than what a human can do," Mr. Anderson said. "But I think it's too early to say in workers comp pharmacy (if) that's the case here."

Sources agree that predictive models can't replace experienced claims handlers who can interpret workers comp cases. Still, they say it's an effective tool to lighten the workload of busy claims adjusters, as well as to provide assistance for less experienced staff.

"We feel like the model's going to get it right all of the time, and the adjuster—just because of the massive amount of information they have to deal with—they can't be that accurate on each and every claim that they are managing," Liberty Mutual's Mr. Neale said.

"It's really a safety net."

Despite his skepticism, PRUM's Mr. Gavin said he believes predictive models in workers comp will mature and become more "transparent" as companies hone their data. Still, he said the information will be valuable only if it's used to effectively guide recovery for injured workers.

"The mere identification of a potential high-dollar claim is necessary, but not sufficient to prevent the claim from becoming catastrophic," Mr. Gavin said.

