Konnect

RISKONNECT CONFERENCE 2022

• project risk mgmt • bcr • health & safety • rmis • claims admin • esg • tprm • compliance • policy mgmt • internal audit • erm •

CONNECTIONS

EDUCATE

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AI, Machine Learning, and the Claims Adjudication Process

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Risk Finance Manager,
The Home Depot

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VP Analytics,
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Agenda

- Opportunities for Automation in the Claims Adjudication Process
- ***Case Study:*** **The Home Depot Claim Coding**
- Riskonnect Automation Roadmap

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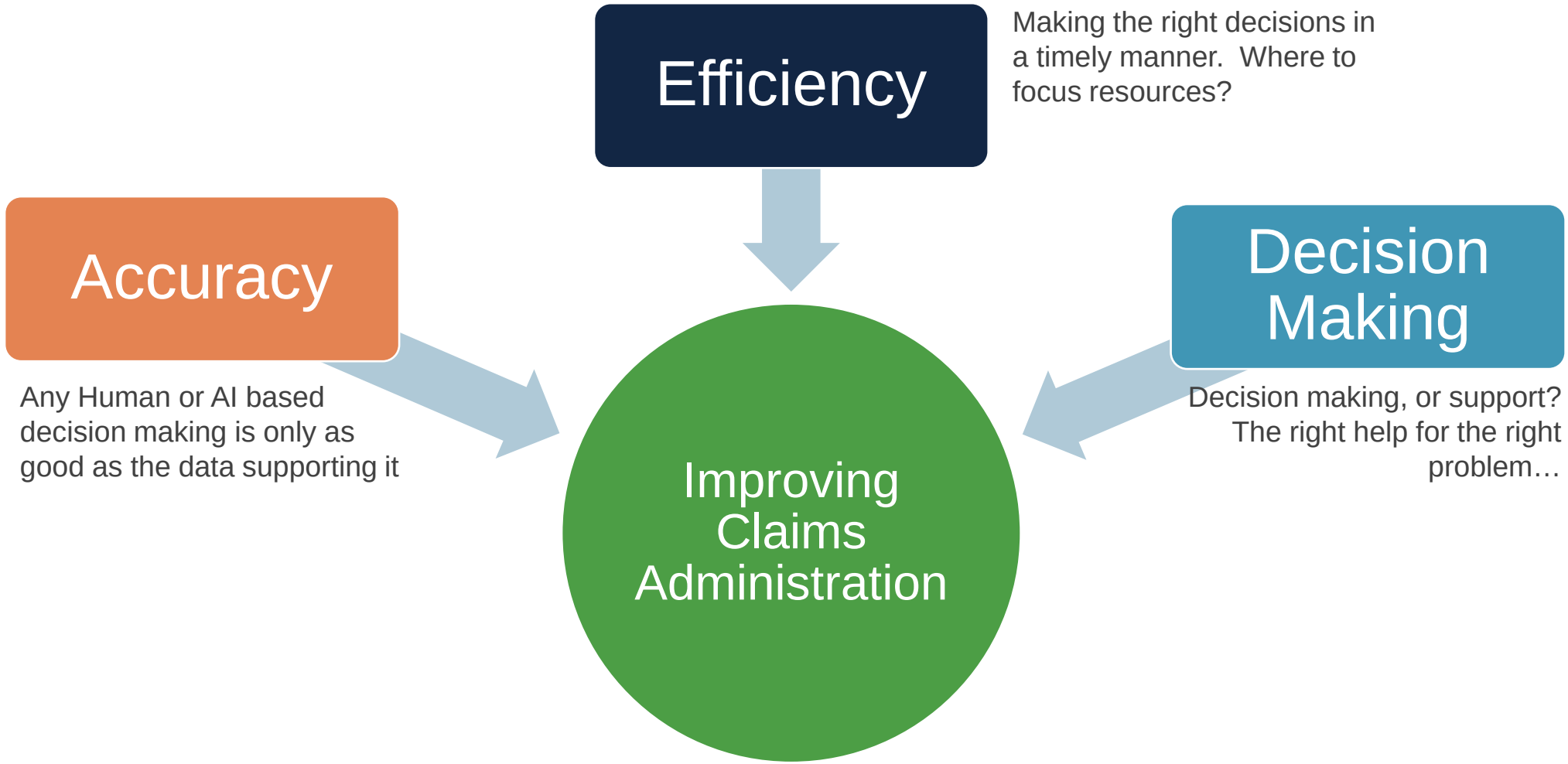
The Claims Process

Key drivers to improve performance



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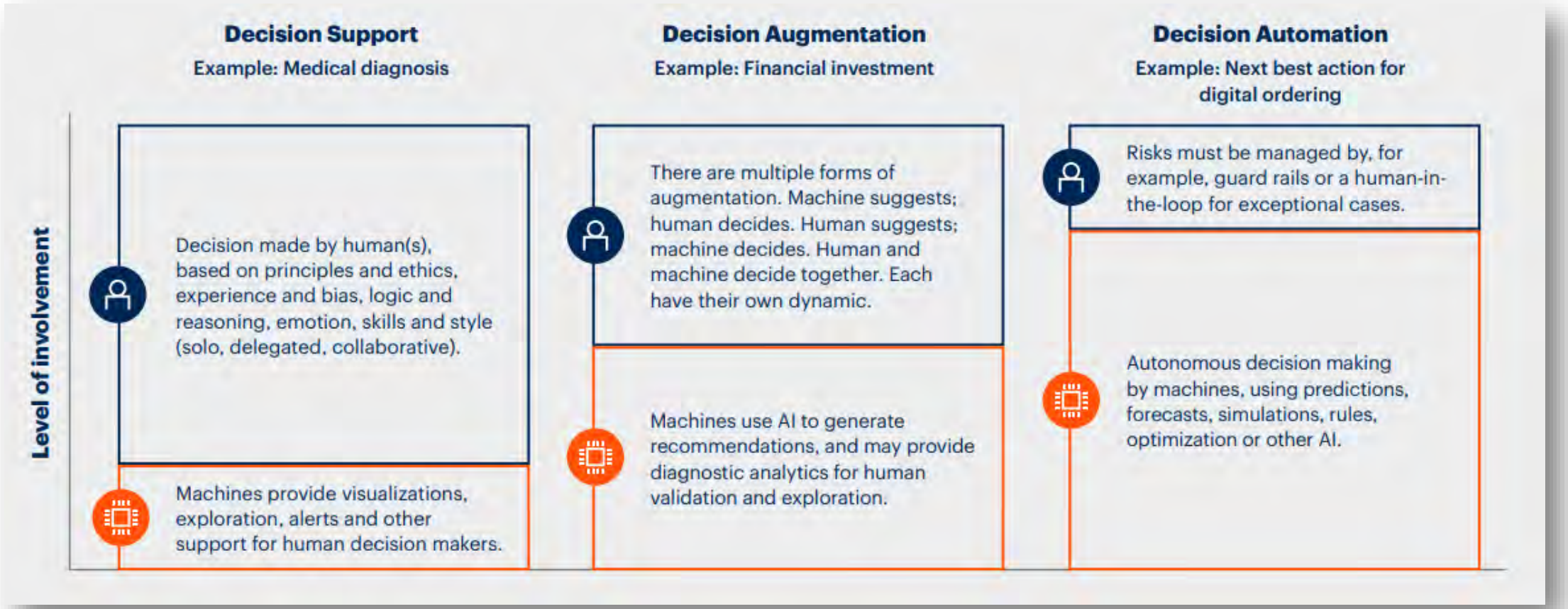
Consider the degree of augmentation required from advanced analytics and AI



Gartner: 5 Key Actions for IT Leaders for Better Decisions

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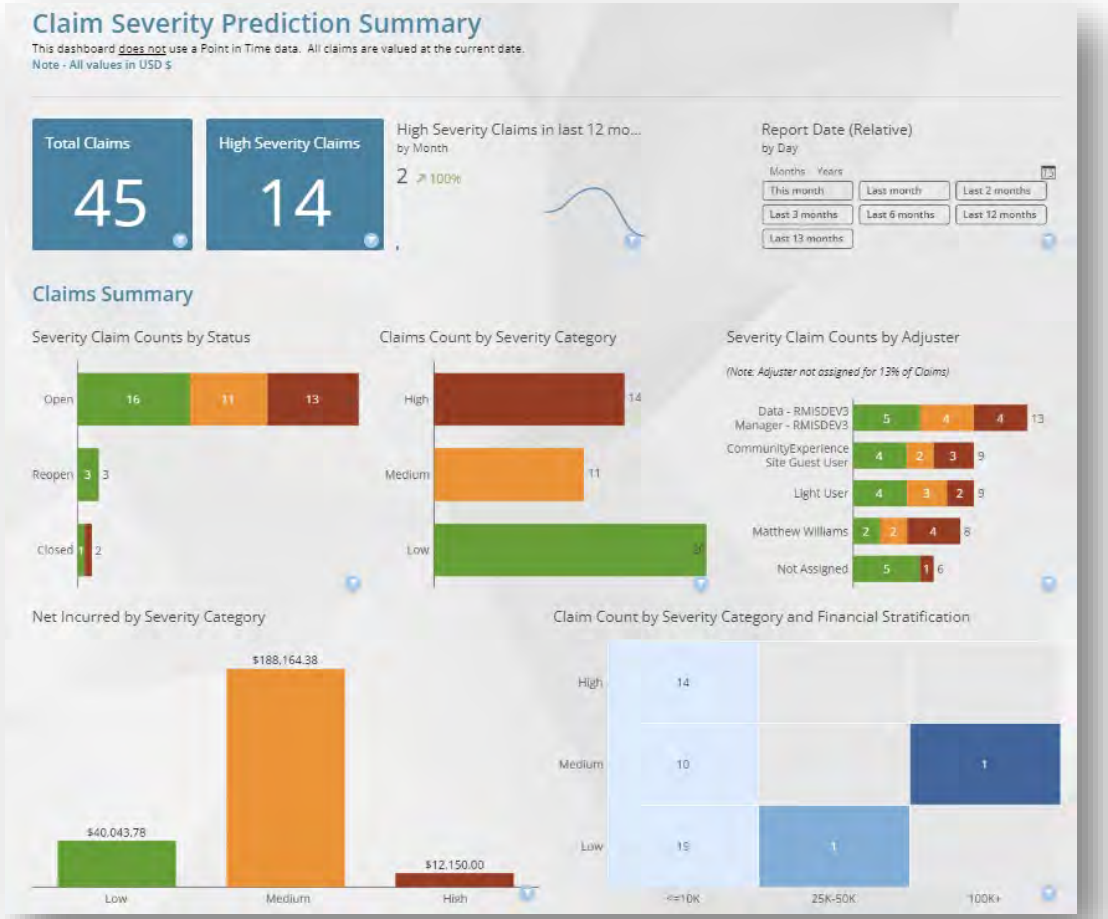
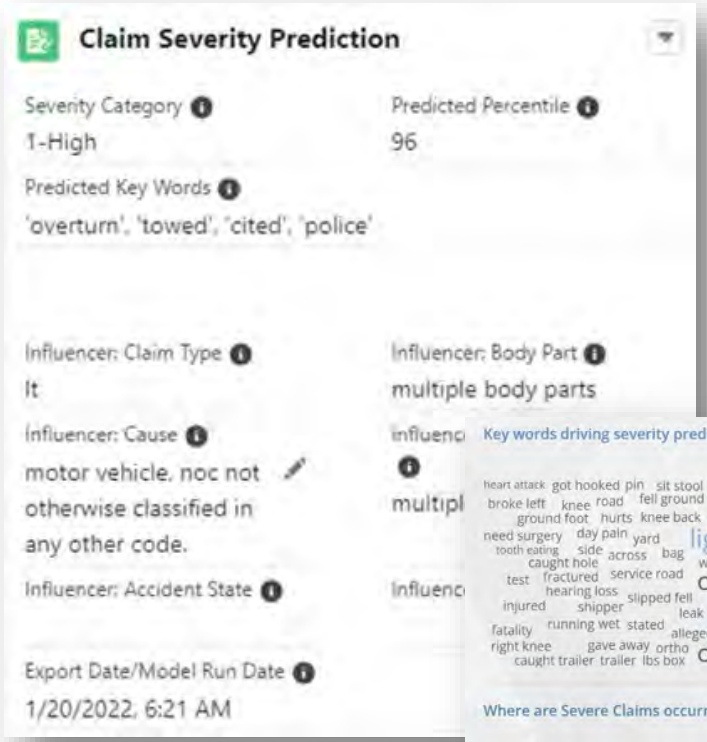
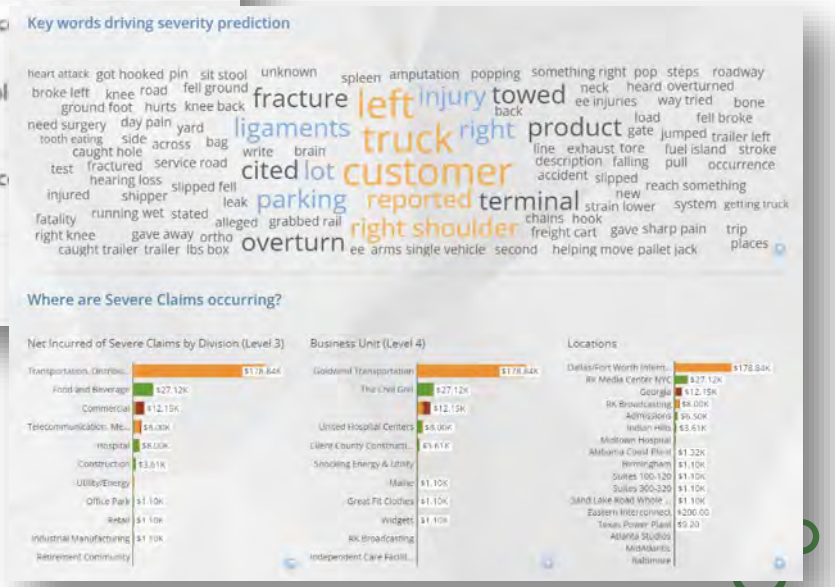
Claim Severity Prediction

Available today



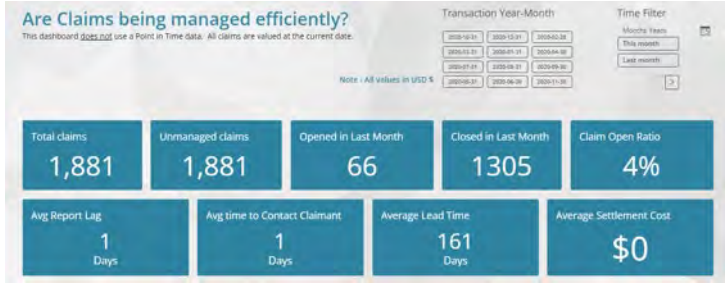




Combine Prediction with ‘Claim Handling Risk’

Claim Handling Risk:

- Number of populated fields
- Lack of communication with injured party
  - Claims with no diaries, tasks, etc
  - Overdue tasks
- Activity monitoring
  - Change in status (incident to claim, litigation, etc.)
  - Time since last payment
  - Change in reserve buckets
  - Number of reserve increases



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Introducing further Innovation in the Claims Process

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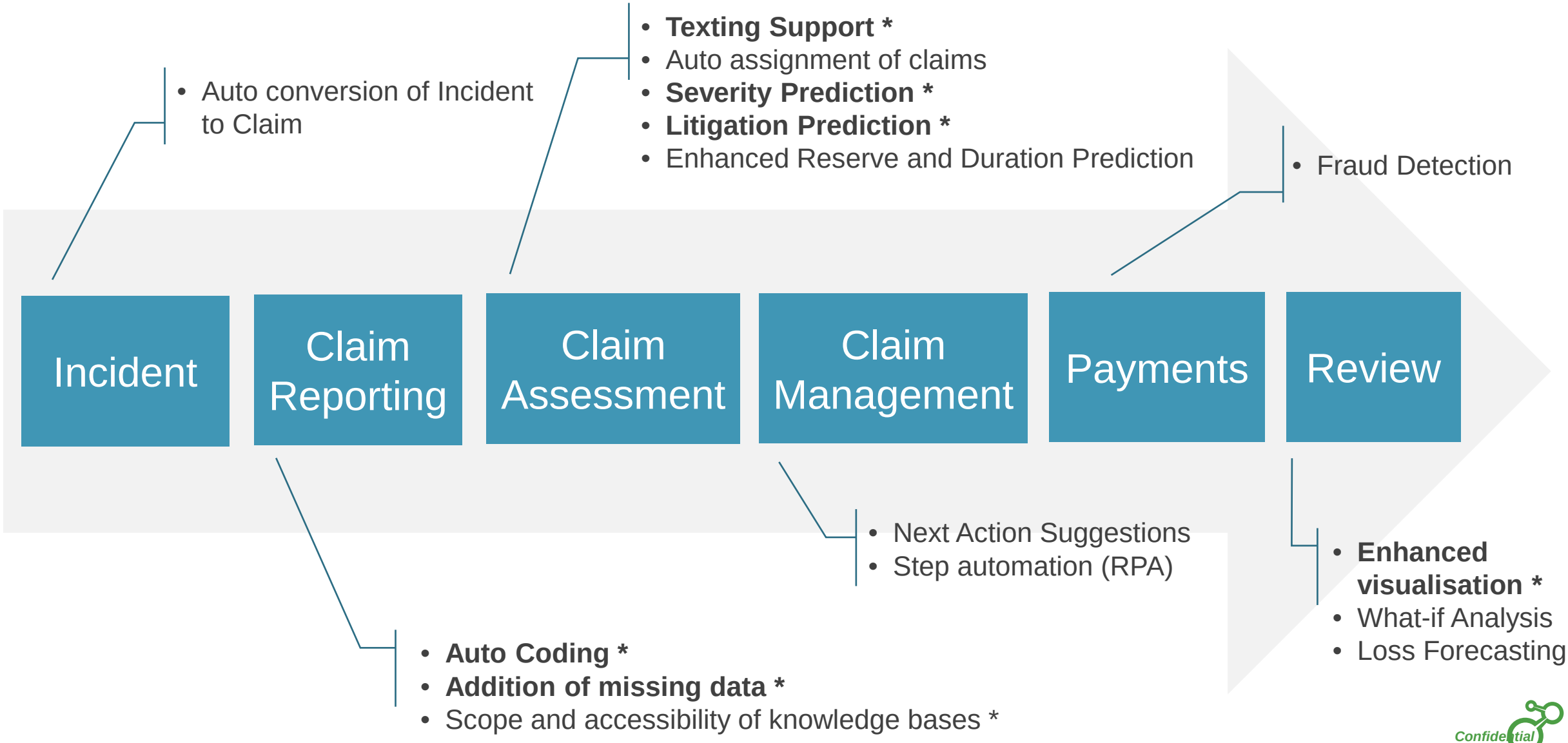

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* Either in the solution now, or being developed

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Addressing Accuracy: The Home Depot

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Problem: An inaccurate, costly and manual claim coding process was causing delays in the initial phases of the claims management process

Objective: Reduce time delays for TPAs to receive incidents and begin their investigation

Outcome: Achieved!

We now provide a better level of service to our customers and associates, as well as delivering cost and efficiency savings

Go Live March 1st, 2022

System is coding at **98% Accuracy**

Predictive Coding Workflow

Previous State

AI ELIMINATED THESE STEPS!

New Incident Reported

Incidents are reported via IRS or First Phones.

3 to 8 mins to report

3rd Party Coding & Quality Review

This process was taking **24-72 hours** to make contact with the reporter and obtain correct information for coding.

Contact Store for add'l information

3rd Party Coding Revised/Completed

Incident Exported to TPA

Every 30 mins

END

Duration

24-72 hours

Current State

New Incident Reported

3 to 8 mins to report

AI performs Classification

30 seconds

Incident Exported to TPA

Every 15 mins

END

Duration

<30 minutes

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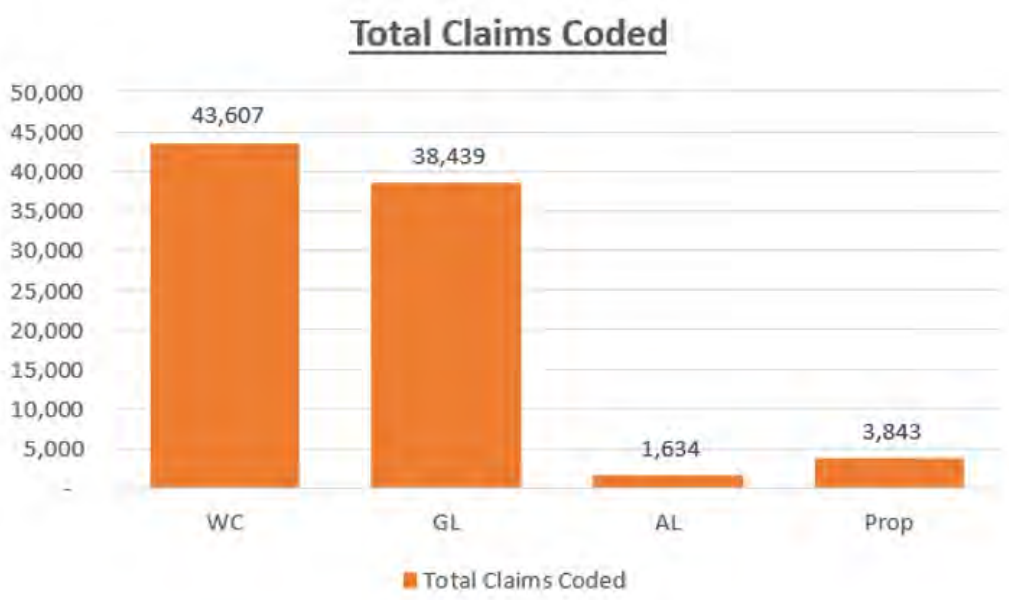
Review of Results

~87,000:	Claims processed March – June 2022
80 → 98%:	Coding accuracy improvement
2.5 days:	Average ‘Report to TPA’ time reduction
$400k:	Annualised Cost Savings



Individual humans may occasionally make better individual decisions, but over thousands of claims AI is proven to significantly improve **speed, accuracy, and consistency**.

Set and forget?

Coding of: Result, Body Part, Accident Type, Cause, Activity, Source

Like any decisions they need to be evidenced and re-validated over time

Implementation plan:

Prepare

- BI Analysis to frame the problem
- Review of process and technology options

Prove

- Run in parallel with manual process for 6 months
- Document differences
- Model adjusted as appropriate
- Provide both outputs to adjusters

Productionize

- Plan made to retire 3rd party processor
- Adopt fully automated solution
- Establish a periodic review cycle and feedback loop

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Next Steps

- Historic mis-codings from the field – continue to identify and correct
- Extend to OSHA codings – currently being done manually

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Questions?

DISCOVER

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