



Role of Analytics in Claims Management

June 2024: Complimentary Abstract / Table of Contents

Market Report
Payer and Provider Information Technology



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Background of the research

In the rapidly evolving landscape of healthcare, the efficient management of claims holds paramount importance for payers. As the healthcare ecosystem continues to observe technological advances and regulatory shifts, the role of analytics in claims management becomes increasingly pivotal. This report delves into the intricate dynamics of claims analytics, exploring its significance and applications across the payer journeys.

Healthcare payers historically neglected analytics in claims management and the process was pre-dominantly manual and relied heavily on human judgment and experience.

However, there has been a noticeable shift in this trend as they now recognize the potential for leveraging analytics to achieve cost optimization, reduction in fraudulent claims, ease in regulatory compliance, and lower claims denial rates. These factors have led to a new healthcare paradigm in which payers recognize the value of analytics in effectively managing the cumbersome claims life cycle.

As a result, payers are actively developing strategies to implement advanced analytics techniques, strengthen claims management, and build improved systems to handle claims effectively.

In this report, we focus on:

- Why healthcare payers and providers should prioritize analytics in claims management
- Important trends in claims management and use of analytics, the technologies used, and key areas of focus
- The challenges faced in implementing claims analytics

Scope of this report

Geography: Global

Industry: Healthcare

Services: Claims management

Overview and abbreviated summary of key messages

This report examines the role of analytics in healthcare claims management. It emphasizes the benefits of leveraging analytics to optimize costs, reduce fraud, ensure regulatory compliance, and improve claims outcomes. The report also explores trends, challenges, and insights for stakeholders seeking to enhance their claims management systems

Some of the findings in this report, among others, are:

Market drivers and challenges

- The increasing demand for analytics in claims management has been primarily driven by the rise in fraudulent claims, high claims denial rate, evolving member expectations, increase in unnecessary expenses such as excessive administrative costs, and inefficient resource allocation
- While payers are taking strides to develop innovative claims management strategies to improve member outcomes and satisfaction, challenges such as data security risks, collecting real-time data, continuous maintenance, and possible infrastructure changes persist

Key imperatives

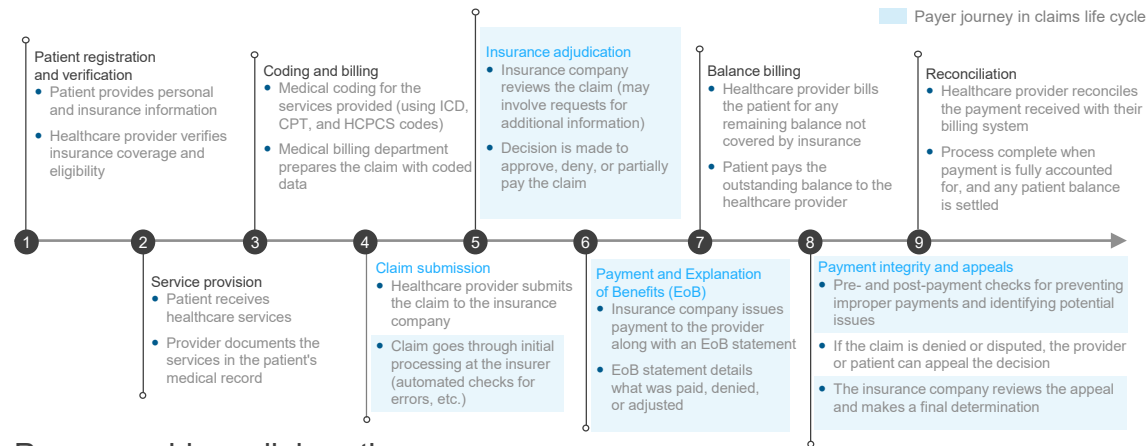
- Healthcare payers are investing in analytics to reduce Fraud, Waste, and Abuse (FWA) while ensuring regulatory compliance. It also helps payers in understanding member behavior and preferences, assisting in identifying high-risk patients
- Analytics aid in addressing claims management challenges by streamlining manual processes, enhancing digital logging, combating fraudulent claims, ensuring regulatory compliance, and optimizing resource allocation

Types of analytics used

- Descriptive and diagnostic analytics are fundamental pillars, with descriptive analytics being the most technically mature. They provide valuable insights into past performance and root causes, aiding proactive decision-making and process optimization in claims management
- Predictive and prescriptive analytics, widely used by both payers and providers, play a pivotal role in claims analytics by forecasting future trends and outcomes, as well as recommending actionable strategies to mitigate risks, enhance efficiencies, and optimize resource allocation

This study offers four distinct chapters providing a deep dive into key aspects of claims management market; below are four charts to illustrate the depth of the report

Claims management life cycle



Trends in claims management

Data analytics and insights

- Usage of data and analytics is increasing owing to the increasing frauds and need for adoption of operational efficiencies
- Enterprises are leveraging analytics to automate repetitive tasks including data entry, coding, and claims validation to free-up resources



Shift toward cloud-based solutions

- Adoption of cloud-based solutions is on the rise due to their scalability, flexibility, and cost-effectiveness
- Offers real-time access to critical data, streamlines collaboration among stakeholders, and provides enhanced security and compliance features



Regulatory compliance and reporting

- Organizations must comply with evolving healthcare regulations such as HIPAA and GDPR to ensure data security
- As compliance requirements in claims continue to evolve, the demand for solutions that can seamlessly adapt to regulatory changes has grown



Patient/member-centric approaches

- Healthcare enterprises are implementing user-friendly portals and mobile applications that allow patients/members to track their claims, understand their insurance coverage, and communicate with payers/providers more effectively
- Payers are improving the overall claims experience by providing personalized services, transparent communication, and faster claim resolution



Payer provider collaboration

What is payer-provider collaboration?

It involves the **partnership between healthcare payers and providers** to ensure patients receive **quality care while managing costs** effectively. This collaboration often includes aspects such as claims processing, reimbursement, quality improvement initiatives, and care coordination efforts. **Electronic Health Records (EHRs)** play a crucial role in facilitating this collaboration by providing a digital platform for sharing patient information securely and efficiently between payers and providers.

What are its benefits?

It can improve patient outcomes, reduce costs, and foster stronger relationships.

The benefits include:

- **Enhanced patient satisfaction:** integrated data sharing creates complete patient profiles for better care and boosts satisfaction with personalized, timely information
- **Reduced administrative burden:** collaborative efforts break down silos, reducing administrative complexities
- **Minimized denials and delays:** real-time AI platforms provide pertinent clinical data, reducing processing delays
- **Optimized case management:** transparent collaborations in hospitals improve care coordination and management efficiency

The future of payer-provider collaboration

The **utilization of AI and algorithms** in payer-provider collaboration holds a promising future. However, it comes with both opportunities and challenges:

Pros

- Removes friction, error, waste, and delay, enhancing checks and balances in healthcare
- Digitized medical records enable AI to analyze individual profiles against population data
- Speeds up decision-making by hours or days
- Accelerates approval processes, fostering collaboration and reallocating resources to patient care

Cons

- Ensuring fairness is challenging; AI must act as a neutral third party
- Efforts to train AI must be made for unbiased outcomes

Data privacy and security risks in payer-provider collaboration

Data breaches at health systems and payers heighten patient concerns about data sharing

Strict adherence to legislation such as HIPAA and state privacy laws should be done to protect sensitive health data

Sharing only essential information and using encryption and authentication technologies can help preserve privacy

Top growth drivers for analytics in claims management

Medium

Priority order

High

Identifying subrogation opportunities

- Text analytics analyzes large amounts of healthcare data such as discharge summaries, adjuster notes, and medical records to find phrases that suggest subrogation cases
- Finding these early helps payers recover losses and cut costs

Creating a superior insurance customer experience

- Payers prioritize high-quality customer experiences, focusing on personalization, quick responses, and cross-channel consistency
- Rise in digital interactions necessitates 24/7 support
- Chatbots, powered by analytics, quickly answer questions, provide personalized advice, and simplify operations
- Analytics expedite First Notice of Loss (FNOL), ensuring rapid and personalized claims handling. This approach enhances customer satisfaction and fosters long-term brand loyalty

Reducing the risk of insurance fraud

- The payer industry faces heightened vulnerability to fraud, leading to increased costs for policyholders through higher premiums
- Employing predictive analytics and Artificial Intelligence (AI)-driven algorithms allows payers to detect suspicious patterns in historical and customer behavior data
- Automating claims processing with preset rules helps detect possible fraud using AI and ML's pattern recognition

Research calendar

Payer and Provider Information Technology

	Published	Current release	Planned
Reports title	Release date		
Healthcare Data and Analytics Services PEAK Matrix® Assessment 2023			May 2023
What Drives Payers' Expenditures on Care Management?			June 2023
Care Management Trailblazers			July 2023
Healthcare Data and Analytics Services – Provider Compendium 2023			August 2023
Rising adoption of Home-based Healthcare Solutions			September 2023
Patient Engagement Platforms PEAK Matrix® Assessment 2023			October 2023
Revenue Cycle Management (RCM) Platforms PEAK Matrix® Assessment 2023			November 2023
Healthcare Payer Digital Services PEAK Matrix® Assessment 2023			December 2023
Healthcare Patient Engagement Platforms – Provider Compendium 2024			April 2024
Role of Analytics in Claims Management			June 2024
Care Management Platforms PEAK Matrix® Assessment 2024			Q2 2024
Healthcare Industry Cloud Services PEAK Matrix® Assessment 2024			Q2 2024
Revenue Cycle Management Platforms PEAK Matrix® Assessment 2024			Q3 2024
Healthcare Customer Experience Platforms PEAK Matrix® Assessment 2024			Q3 2024
Provider Digital Services PEAK Matrix® Assessment 2024			Q3 2024

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