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The Holy Grail of Data Analytics: The Quest to Drive Better Outcomes

Overall, the workers' compensation industry remains focused on reducing costs at the unit level. For example, prominent tactics still include negotiating a discount on fee schedules and striving to achieve a certain percentage of bill review savings.

As an industry, we are aggressively working to push down prices in various silos. We drive a hard bargain in pharmacy, gaining an extra percentage point off wholesale, and attempting to do the same in other price categories, such as physical therapy, medical equipment, and home health services. After all these negotiations are done, we step back and wonder, have we gotten the best deal in all areas?

In theory, this approach should yield savings, but not when the number of units continues to go unchecked. Unmanaged care results in poor results and spiraling costs, despite small strides in unit savings. We have not actualized the value we wanted from such traditional penny-wise negotiations.

As the saying goes, do not lose sight of the forest for trees. It's meaningful in this workers' compensation scenario because we've gotten pre-occupied with pricing details and lost sight of the big picture.

Today, industry innovators want to utilize a broader data-driven strategy. They want to determine whether their programs are moving the needle toward better outcomes in terms of both improving costs and getting injured employees back to work sooner. The problem is many organizations lack the analytic capabilities to achieve meaningful insight and impact.

In this session, we look at business intelligence capabilities and strategies, which are making it possible to develop a more strategic approach that can deliver deeper value.

Improving the Injured Worker Experience
When workers get injured, they are sent down a claims and medical labyrinth, but we don't have a solid and objective way to assess their experience as they move through the process. Did they receive the care they needed? Did they return to work in a timely manner? Or, were they sent to subpar physicians who ordered inappropriate services, delayed recovery and prescribed too many medications?

In such situations, even when medical services and equipment were acquired at a lower unit price, the overall cost of a claim could skyrocket due to a lack of oversight. In addition, injured workers may sense that they weren't receiving the best care possible and choose to work with attorneys, adding expensive legal fees to the mix.

If we broaden our vision and work to bring about a better experience for the injured worker, we can achieve a better end result in which the cost of care is reduced without the quality of care being compromised.

Leveraging Data Analytics
A huge factor in being able to achieve this paradigm is the use of sophisticated data analytics. Data has the power to shift our perspective from managing unit costs to managing the overall claim's experience and the overall cost of the claim's occurrence.

The industry has long had the data to achieve this, but we've needed the expertise and tools to bring it together. When we're able to use data to formulate a complete claim's picture, we can make better decisions and truly impact the management of the injury – and this management must begin with choosing the right treating provider.

In states where we're able to direct care, payers should take full advantage of this allowance and guide injured workers to appropriate facilities that can provide quality care for their occupational injuries. In this way, workplace injuries can be better managed from the onset. The right treating physician acts as the claim's quarterback, directing treatment and ordering appropriate diagnostic tests, medical services and equipment, as needed.

When we choose the right doctors, approving treatment becomes moot, as we can trust these providers and their approach – that's what the data has shown. In fact, we can further mine this information to understand why these providers have had more success than others. Maybe they've engaged in a strategy of early, aggressive care that helps injured workers recover and return to work faster.

Payers Want a Better Way to View Information
In workers' compensation, we sit on a mountain of information, and payers want to utilize this data. Right now, there are two key obstacles. One is a lack of data scientists working at these organizations, who are able to design sophisticated algorithms and scoring models. Payers need this type of expertise, so they can take their data and understand the underlying story of their claims.

The second challenge is that data lives in silos. Organizations need an analytics partner that can streamline the data consolidation and data cleansing process. In the right hands, data can be optimized quickly and efficiently, rather than over the course of several months. Instead, data is available for immediate interpretation, and leaders can quickly set forth a series of actionable steps to move their program forward.

Analytics Proves Its Own Value
As we move into the future, organizations must continue to invest in analytics, although many are concerned about achieving a return on investment. In the end, we know that the payers using these tools are better positioned to improve performance over time.

Toward achieving an ROI, analytics can demonstrate its value. Payers don't even need a pilot program; they simply need to ask their analytics partner to run a sample analysis and provide a prospective financial impact report. To start, the payer provides the analytics firm with data from medical bills and claims, as well as information on its provider network. The analytics partner cleanses and mines this data, scores the network of providers, and lays the payer's claims information over the scoring model. This results in categorizing providers into performance tiers.

Using this tiered system, the analytics partner can outline an action plan for the payer, one in which they could move claims from low-tiered providers to high-tiered providers. Knowing the average cost of care by specialty for low-tiered versus high-tiered providers, the partner could craft an impact analysis that demonstrates savings over future claims. And if the payer carried out this plan, it could potentially reduce claims costs, decrease temporary total disability (TTD) and improve return-to-work outcomes.

Data to Drive Outcomes-based Networks
A managed care company may say it offers an outcomes-based network, but if it owns the network, it's essentially grading its own test. Instead, the process should be objective and void of any conflicts of interest.

If there are poor outcomes in certain areas, an analytics firm can help the payer identify the root cause and say, here are the action steps to improve results. It might recommend and even help facilitate provider outreach to ensure physicians understand the payer's workers' comp objectives.

An analytics partner should not just supply data. Interpretation and suggesting actions are crucial to help remedy problem areas. In this way, a sophisticated analytics firm must also serve as a subject matter expert and trusted advisor.

Many payers think they already have an outcomes-based network. They may be mining their own data, but they need sophisticated models to take their program to the next level. For example, payers may have a limited view if they only have access to their own information. They need to consider external data points that can serve as benchmarks.

The advantage to being able to view a broader set of data is simple – there's more information from which to draw conclusions and make decisions. In the future, if we can aggregate data as an industry, we could all benefit from a fuller, sharper picture of treatment, costs and outcomes. As an industry, we need to work toward having a picture of cumulative claims experience – it could serve as the rising tide to lift all boats.

Improving Outcomes into the Future
Getting to the holy grail of using data to improve outcomes will require a philosophical shift. As an industry, we first need to move from a unit-cost mindset and start to think about the bigger picture. There's another level of savings that's achievable when we're able to consistently utilize the right providers at the onset of a claim.

Today, data science is being applied to rank and select quality providers. This approach has the potential to enhance the injured worker's experience through the life of the claim, while also helping to facilitate quality care. Payers are empowered to manage the overall cost of a claim's occurrence, rather than just paying attention to unit cost savings. This strategy requires an analytics partner that has the expertise to consolidate and cleanse data efficiently, so payers can benefit from the analysis sooner.

All of these advancements are leading to a more strategic approach, which unites payers and providers in the common goal of achieving better outcomes.

Today, analytics can improve this story and empower claims professionals to make better informed decisions. In this session, we'll examine how organizations can more thoroughly screen and evaluate providers using their existing data, and in the end, achieve better results – not to mention enhance their care management story.

Overcoming the Data Hurdles
The premise of an outcomes-based strategy is simple. If injured workers begin treatment with high-performing physicians, those claims will likely experience enhanced outcomes, and the benefits are reproduced across an entire book of business. Over time, this strategy can have a significant impact, helping to reduce medical and indemnity costs, and avoid or mitigate litigation.

However, there are a couple hurdles. First, data must be cleansed before the analysis occurs. It's critical to remove duplicates and inaccuracies. This data-cleansing process is fundamental and often underestimated. If cleansing does not occur, the data will be jumbled and incoherent, and the resulting analysis will be inherently flawed.

A sophisticated analytics firm will offer a comprehensive master data management process that uses AI (artificial intelligence) to sort through the files and accelerate decisions based on prior information and determinations.

By using analytics, organizations can identify physicians who produces better results. From there, they can direct injured workers to those high-performing physicians for the benefit of their programs – but also for the benefit of the injured workers, who are the ultimate recipient of the better care and outcomes that these physicians achieve.

With this approach, organizations have been able to cut overall claims costs by nearly 20% and indemnity-related costs by nearly one-third, when compared to WC programs not using these strategies.