How to Improve Claims Data Collection to Dramatically Reduce Processing Errors

Eliminate Random Processing Errors Following These 7 Steps

In the insurance industry, processing errors can have costly and far-reaching effects including delayed or rejected claims, intermingled or incomplete records, and broken trust with customers. The quality and accuracy of the data collected to feed or enhance business operations are only as good as the collection process.

How do you know if you have a good collection process? The most obvious answer is to maintain a metric that describes your error rate. While that's a good place to start examining the effectiveness of the transfer information within your organization, it is also a reactive measurement of errors that have already occurred. Good or bad, your error rate can only show you the percentage of processing errors. It cannot tell you how to prevent errors in the first place.

It may seem an impossible task to eliminate all processing errors, but using state-of-the-art, smart document capture technology, as outlined in these seven steps can position your insurance organization for greater accuracy and success.

1. Convene a Document Workflow Team

Simply providing a set of instructions to a staff member and asking them to develop a form that suits users, existing proprietary systems and any technology you may employ to read the forms now, or in the future, is a recipe for processing errors. Put together a cross-functional document workflow team whose responsibility includes examining processes associated with key business forms as well as form design and testing.

The team should consist of subject matter experts who have researched or implemented superior form design. Members should document solutions currently in place, refine processes surrounding key documents, as well as review future document capture needs and technologies.

A document manager should be assigned to maintain an archive of forms that includes a naming convention and version control. Plans for distributing, storing, and destroying forms should be created and followed. Finally, if you are already working with an intelligent document capture software provider, solicit their feedback on how form design can help improve the read of your forms to get the most return on your investment.

2. Assure good form design

Good form design is a science. Designing a clean, well-structured form is one of the most important steps to prevent random processing errors. While there may be many people within your organization who can create a document, that does not mean that they are familiar with the principles of designing complex forms like insurance applications. We have all received application forms with small fields and confusing structures that contribute to processing errors. No matter if your forms are completed electronically or by hand, it is critical to the outcome of your business process that you investigate and consider the principles of what makes for a good form.

There are dozens of actions to consider in creating an effective form. In general, forms should be brief, structured in a single vertical column, and must only require the customer to provide essential information necessary to identify them in your system. Fields should reflect the way that data is captured in your systems to reduce confusion when it is time to validate data or set them up for document capture. Tips like making use of barcodes, drop down menus, radio buttons, zip code tables, and checkboxes should be used to reduce human intervention. Fields should be placed at a reasonable distance from one another and white space considered to make forms easily read by both humans and software.

Once completed, the form should be tested with multiple forms whose data is representative of the typical responses received from customers or form users. Track the "dummy" documents and corresponding data through the workflow. Check for common errors that may indicate a need to make changes to the form before a wider release.

3. Limit the use of hand-written forms

If you have ever spent time with the stacks of work in a data processing center, you know that not everyone can or will write in legible, evenly spaced capital letters easily read by people and software. While the technology to recognize handwritten characters has improved, it will always require more human intervention through a validation process than machine printed or digital forms. Consider all the sources of handwritten documents in your workflows. Look for opportunities to move forms to an online portal or an on-demand integration process where Optical Character Recognition (OCR) software ingests the document, reads it, and eliminates data entry. Work with customers and policyholders to adopt online tools during enrollment.

4. Simplify your workflow

A workflow describes a sequence of processes needed to accomplish a task. Workflows help an organization achieve consistent, predictable results with their processes. The greater the number of steps in a workflow, the greater opportunity for processing errors. Map how your insurance documents travel through your work processes between humans and machines and from input to output. Challenge the status quo by asking why the current process functions the way that it does and whether changes would produce a better outcome. When possible, eliminate risky steps in the workflow where data can be lost or miscategorized (i.e., in a manual batching process) and processing delayed times of fluctuating volume. When perfected, distribute a diagram of the simplified workflow to help your employees engage with desired outcomes.

5. Plan for changes in volume

It would be nice if work flowed into your business at a steady and predictable rate. Unfortunately, significant fluctuations in work volume happen during the year due to policy renewals, open enrollment, new sales, and holidays. A sudden influx of work can mean increased processing errors if your organization fails to plan for additional volume. In a traditional data entry processing environment, many organizations use temporary employees, increase work hours, offer costly overtime and contract with business process outsourcing firms to meet deadlines.

While those can be an effective means of addressing volume, your organization can also experience a higher than normal error rate. If this is a familiar cycle in your business, take advantage of the opportunity for significant cost savings, automated processing and higher quality data by investing in a data capture software that uses Optical Character Recognition (OCR). Leading OCR software, like Ephesoft Transact, can offer you efficiency and accuracy by importing documents from multiple sources, reading them and extracting data to use for later analysis.

6. Compare data

Once that data from your new form are aggregated, choose a sample size to compare with last year's data when working with repeat customers or request that the employer compare key elements of the extracted data like birthdate, date of employment, social security numbers, middle initials, etc. with the information in their HRIS systems. Online form users can still make spelling mistakes with their own information causing problems when logging in to member portals and preventing other providers from finding or referencing member or policyholder information. Failure to check your data against other sources before making it widely available in proprietary systems can result in customer frustration and increased costs. Customers and other business partners will need to make additional service calls to account managers, customer service representatives or the help desk.

7. Survey your customers and form users

Customer satisfaction surveys are an excellent opportunity for insurance companies to find out about their sales process, products, and personnel. They are also an excellent opportunity to ask about the ease of your enrollment and claims workflows and forms. If you have made recent changes to your forms, ask specific questions of users about the ease of completing them. The results can be used to inform the Document Workflow team about where they need to focus their resources next.

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