



## SPECIAL BRIEF

# Steps to a Paperless Claims Processing Operation

Shorten Turnaround Times and Reduce Costs by Automating Claims Processing with the Captaris Product Suite

## APPLICATION OVERVIEW

Handling claims is a key business process—and a significant area of overhead—for any insurance organization. Recent studies have shown that the processing cost of a claim that adjudicates on the first pass (60–70 percent of claims) is pennies compared to dollars for a manually processed claim resulting from an exception or "pending" from the core system (30–40 percent of claims).<sup>1</sup>

When you consider that claims processing applications involve significant volumes and amounts of paper-based documents, it is clear insurance payers could save significant sums by addressing the issues inherent in manual claims processing.

## Issues with a Manual Claims Process

- **High errors and exceptions** Manual data entry in line-of-business or accounting systems can increase the number of "pending" claims and raise the time and cost of claims processing.
- **Inefficient workload distribution** The inability to distribute work evenly across multiple claims processors, adjudicators and managers makes it difficult to allocate staff efficiently.
- **Slow turnaround time** Manually routing, processing, searching and retrieving physical documents increases the turnaround time, which impacts customer service and can result in penalties for late claims in some cases.
- **High claims processing costs** The supplies and labor associated with paper-based manual document routing, shipping and storage raise overhead costs, which can lead to higher premiums and lower revenues.
- **Inconsistency** Documents received at multiple input points may be routed or classified differently, resulting in discrepancies and inefficiency.
- **High risk** Paper documents are subject to loss or damage and expose organizations to legal and financial risks.

These challenges make claims processing an ideal candidate for automation through workflow, document management and document delivery technologies. Such technologies accelerate claims processing from beginning to end and reduce errors—resulting in faster close-out of claims, improved operational efficiency and lower costs.

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<sup>1</sup> Source: *ECM in 2006, AIIM E-Doc*, November/December, 2005, James Watson, Jr., Ph.D., DocuLabs

## BENEFITS OF CAPTARIS TECHNOLOGY FOR CLAIMS PROCESSING

Captaris provides a comprehensive line of software products that can address the key stages of claims processing from initial capture in the mail room to processing, delivery, adjudication and final archiving. By implementing a Captaris technology solution, insurance organizations can address the pitfalls of paper-based claims processing and realize considerable financial benefits. The customer examples in the following table illustrate some of the benefits that Captaris technology provides to real-world claims processing applications.

BENEFIT	CUSTOMER EXAMPLE*
<b>Fewer Claims Exceptions</b> Routed claims packages electronically to the correct adjudicator thus reducing the number of misrouted claims and saving time in exception handling	One customer reduced misrouted claims packages from 5 percent down to less than 1 percent (or from 5,400 claims down to 1,080 claims per year). This represented a \$324,000 annual savings using Captaris technology.
<b>Improved Workload Allocation</b> Distributed the workload across a pool of available claims processors and adjudicators to ensure proper staffing levels	One customer with a claims processing group of 500 staff reclaimed an average of four hours of lost productivity per employee per month through the use of Captaris technology. This resulted in a \$1.8 million annual savings.
<b>Faster Turnaround Time</b> Reduced the time spent generating and delivering claims correspondence (letters of rejection, requests for more information, etc.)	One customer with 500 claims processing employees recognized a time savings of two hours per employee each month using Captaris Workflow and RightFax technology to automate correspondence generation and delivery. This equated to an annual savings of \$900,000.
<b>Lower Overhead Costs</b> Eliminated shipping, courier and physical paper storage costs	Not only does eliminating the physical routing of documents save time, but one customer eliminated \$52,189 annually in document shipping, mailing and storage costs by implementing Captaris technology.
<b>Penalty Avoidance</b> Closed out claims faster and avoided penalties for late claims	One customer which previously averaged \$50,000 per month in Performance Standards and Guarantees (PS&G) penalties reduced this by 80 percent after implementing a Captaris solution using alerts. As a result they avoided \$480,000 in penalties.
<b>Faster Discovery</b> Reduced time for appeals, audits and subpoena responses due to online accessibility of documents	One customer saved an average of 30 minutes per information retrieval request related to appeals, audits and subpoena responses. With an average monthly volume of 100 such requests, this equated to an annual savings of \$90,000.

\* All savings in the examples above are based on an internal rate of \$75 per hour. Actual savings will vary based on individual project requirements and other factors.

## CAPTARIS PRODUCTS FOR CLAIMS PROCESSING

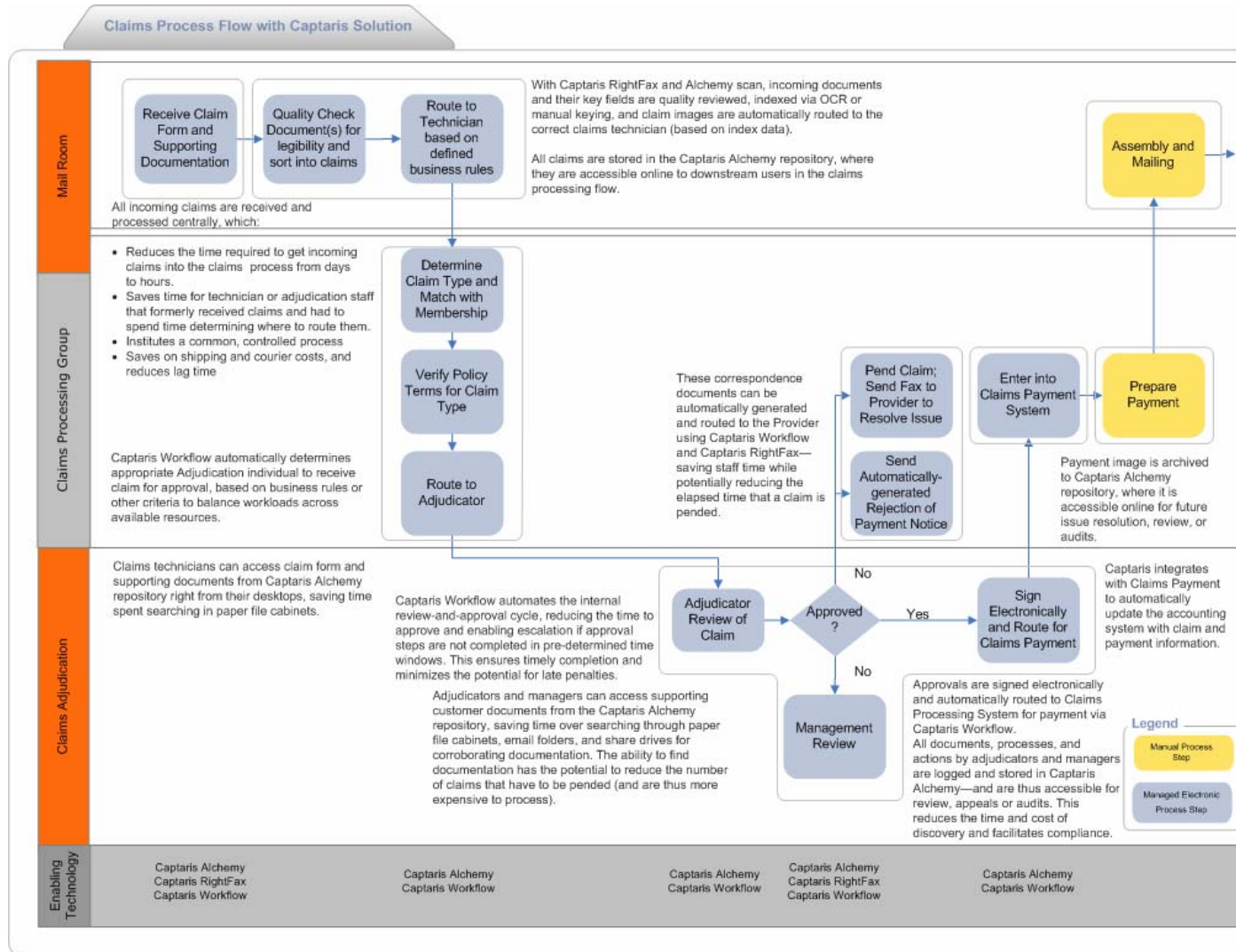
The Captaris product suite includes workflow, document management and document delivery software. This streamlined, single-source approach offers better integration, faster deployment and lower ownership costs when compared to other solutions from different vendors.

**Captaris Workflow** establishes business rules for claims processing workflow; automates claims review and approval cycles as well as correspondence and allocation of payments.

**Captaris Alchemy Document Management** scans, indexes and performs Optical Character Recognition (OCR) on paper claims documents; logs and archives documents, processes and actions by adjudicators and managers for later review, appeal and audits; provides service personnel with online retrieval and viewing of archived documents.

**Captaris RightFax** provides remote capture and routing of inbound claims; sends out correspondence automatically based on the workflow process; delivers the documents with certified and secure delivery.

Figure 1: Steps in a paperless claims processing flow using the Captaris product suite



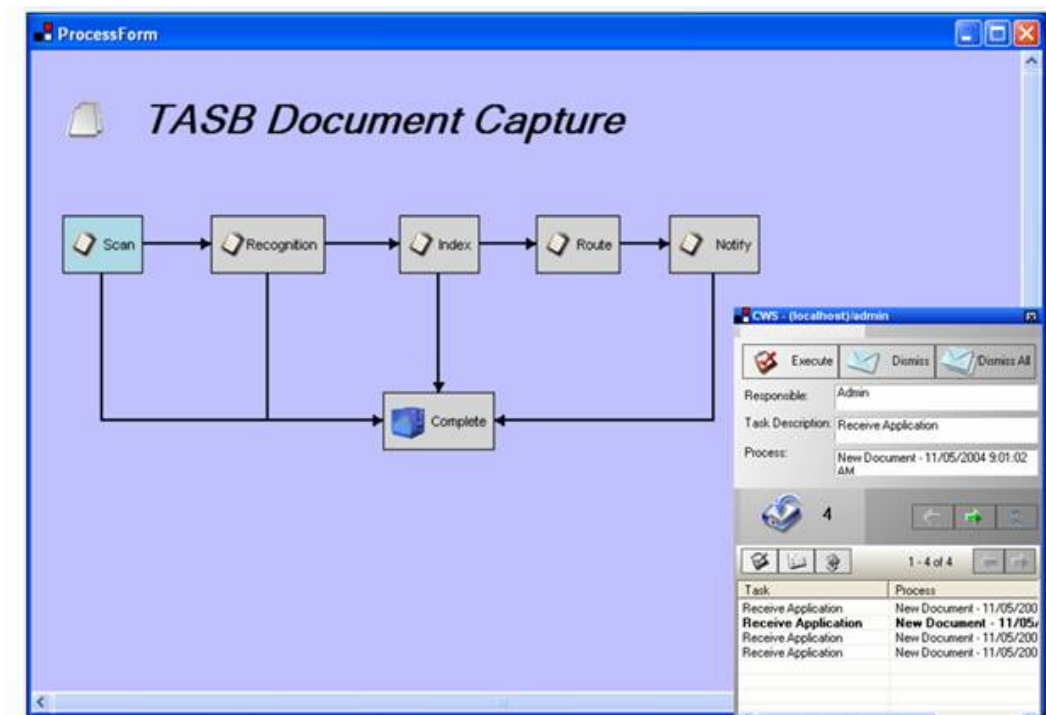
**Captaris Technology Removes the Paper from Claims Processing**

Figure 1 shows Captaris technology in a typical automated claims processing scenario. In this scenario, Captaris document delivery, workflow and document management technologies integrate to provide a controlled, paperless environment enabling each step in the claims process to be automated and streamlined. The elimination of paper from claims processing, results in reduced exceptions, improved accuracy, quicker turnaround times and lower costs. This particular solution scenario requires customization and integration using the Captaris Developer Kit, and requires knowledge of the application programming interfaces for the Captaris products.

## Captaris Technology at Work at the Texas Association of School Boards

The Texas Association of School Boards (TASB) uses Captaris technology in a similar scenario. TASB has integrated Captaris technology with their workers compensation legacy application to digitize their paper forms, starting in the mail room. Now each document-handling step of the claims process is automated. As a result, TASB expects to reduce operating costs by \$75,000 annually, reduce penalties for late claim processing and improve service to claimants, while making the process compliant with regulations and legal requirements.

Figure 2: Example of the TASB Document Capture process with Captaris technology



*"The Captaris solution automatically places thousands of pages of mail at our fingertips every day, so we can push out critical information faster to help workers' compensation claimants receive timely payment or get back to work as quickly as possible." —business systems analyst and project manager for imaging implementation with TASB*

## SUMMARY

Paper-based, manual claims processes are big cost drivers for insurance payers because they are plagued by errors as well as time and resource inefficiencies. Solutions are available which bring together workflow, document management and document delivery technologies to automate claims processing. These efficient solutions enable insurance payers to greatly reduce costs, limit risks and improve overall performance by helping organizations improve the accuracy and timeliness of claims processing.

## FOR MORE INFORMATION

Captaris, Inc. is a leading provider of software products that automate business processes, manage documents electronically and provide efficient information delivery. Our product suite of Captaris RightFax, Captaris Workflow and Captaris Alchemy Document Management is distributed through a global network of leading technology partners. We have customers in financial services, healthcare, government and many other industries, and our products are installed in all of the Fortune 100 and many Global 2000 companies. Headquartered in Bellevue, Washington, Captaris was founded in 1982 and is publicly traded on the Nasdaq National Market under the symbol CAPA. For more information, please visit [www.Captaris.com](http://www.Captaris.com).

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