Subrogation for Health Plans:

5 Things to Know

Introduction

Health plans have taken notice of the value of subrogation.

The essential work of subrogation – identifying recoverable opportunities, assessing viability of funding sources, negotiating settlements, and recovering expenses involving third party liability – has long been the reserve of specialized claims professionals and attorneys who work on complex cases where recoveries usually take more than a year and sometimes longer.

The complexity and duration of such recoveries have meant that subrogation has traditionally been assigned to a chosen few with the required know-how. Given that reality, subrogation has simply lacked the profile and transparency of other health benefits-related cost recovery and cost-efficiency priorities.

However, health plans, ever on the lookout for ways to find new cost saving opportunities, are increasingly looking at subrogation as a source for greater potential cost-savings and process improvement.

Take note:

Subrogation is no longer an afterthought for health plans. Here are five important ways their thinking has changed.

Introduction

Five ways health plans have changed their approach to subrogation.

01 Strategy

Viewing subrogation as a key component of cost-savings strategy versus just another part of claims processing

02 Member Experience

Seeking alternatives to disruptive subrogation processes that confuse and aggravate plan members

03 Maximized Savings

Working to close the gap on missing recovery opportunities

04 Modernization

Increasing the consistency of recoveries through technology-driven processes

05 Quality Control

Fixing common errors that limit the size and scope of recoveries

01

Strategy

Strategy

Subrogation is a key component of an overall cost-savings strategy—not just a component of claims processing.

The way health plans have traditionally looked at it, subrogation was just another aspect of claims processing. Now those same health plans, ever hungry to find cost savings, are rightfully viewing it as a discipline all its own.

Subrogation has long been a complicated, drawn-out process that requires special knowledge and lots of human hours to manage. Plus, it frequently takes more than a year (and sometimes longer) to resolve complex claims involving third-party liability.

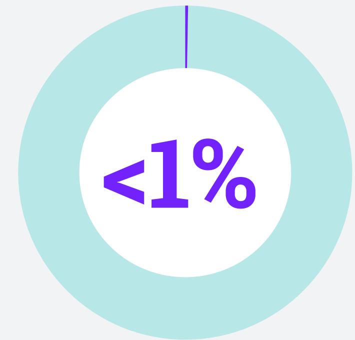
A complex, drawn-out process naturally led health plan executives to prioritize other cost-saving measures over subrogation—or to assume "it is what it is."

However, rethinking processes and bringing new technology into the mix are increasing the volume and size of subrogation recoveries.

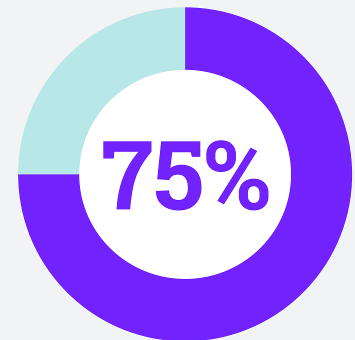
Strategy

Consider that:

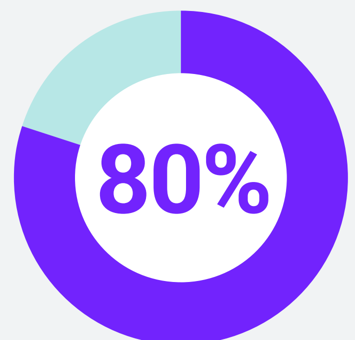
- Across industries, subrogation recoveries often start at less than one percent of total health plan spend–increasing this percentage by even a fractional amount can deliver significant savings



- Automating the work of identifying potential subrogation cases can lead to as much as a 75 percent increase in subrogation recoveries (source: Intellivo)



- A major study by the Kaiser Family Foundation found that more than 80 percent of corporate C-suite decision makers were pursuing or considering multiple internal cost-control practices to offset the cost of employee healthcare benefits (source: Kaiser Family Foundation)



Consequently, subrogation is an increasingly important part of achieving maximum cost efficiencies for health plans.

02

Member Experience

Member Experience

Traditional subrogation practices confuse and aggravate plan members.

The process of subrogation in the first place requires finding recoverable opportunities within a health plan's paid claims.

Historically, this is where claims managers and subrogation vendors have struggled. The most common and traditional method for finding potential recoveries requires plan members themselves to provide the details about any accident or injuries they've suffered in the form of intrusive subrogation questionnaires.

These questionnaires are frequently mailed and put the burden on plan members to provide all the details about a particular claim or incident, so that responsible parties can be identified and notified.

The reality is that members don't even know what subrogation is, but are inundated with multiple requests to fill out the questionnaire. They often end up confused, frustrated, or resentful.

Member Experience

85% of subrogation questionnaires are **never returned.** Of the **15%** that *are* returned, **4%** result in **actual recoveries.**

In fact, very few accident questionnaires are ever filled out or returned. Intellivo estimates that only 15 percent of such questionnaires are completed, and of that number, only 4 percent lead to recoveries.

There's also the touchy part that results in negative member experiences. Given that subrogated claims usually occur when a member gets hurt, they can require obtaining sensitive information that members understandably may not want to disclose.

Throw in ever-present concerns about identify theft and cybercrime ("Who's sending me this questionnaire?") and it's no wonder the traditional subrogation process falls short when trying to gather the information they need from members.

03

Maximized Savings

Health plans are eager to close the gap on missing recovery opportunities.

Health plans miss out on a significant number of potential subrogation recoveries every year.

Traditional subrogation processes, including identifying and assessing third-party liability, fall prey to human feedback, miscategorized claims, and outdated technology

It's not for lack of trying.

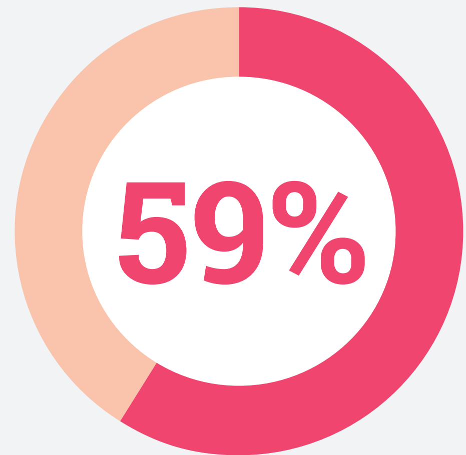
Potential subrogation opportunities slip by when claims processors or technology simply lack the knowledge or sophistication to accurately assess the nature of a claim.

Beyond that is something more elemental.

Claims start at the point of care. And the simple fact is that a vast number of claims are inaccurately or incompletely coded by the provider who understandably focuses on delivering quality patient care.

Maximized Savings

Based on 25 years of data, Intellivo estimates that as much as 59 percent of motor vehicle accidents–the lion's share of subrogation cases–are not coded as such by providers.



This means that claims are frequently not what they seem and don't tell the whole picture. Such omissions lead to missed subrogation cases and recoveries.

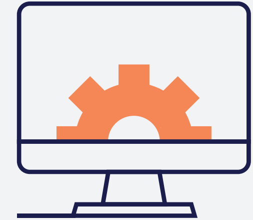
Accuracy is paramount. Today, technology does a much better job of incorporating multiple data sources to spot potential subrogation opportunities.

04

Modernization

Modernization

Technology-driven processes yield more consistent recoveries.



Staying on top of multiple claims and tracking their progress takes a lot of administrative effort and attention, making it difficult to achieve consistent results.

Technology-driven processes are easing the administrative burden and helping claims professionals focus on what matters most: obtaining more consistent recoveries.

Discovery

The first and most essential technology fix is in the discovery process.

Until recently, accident questionnaires filled out by health plan members have been the only way health plans could verify claims that involve third-party liability. This process can take months and is wholly dependent on member response, which is low.

Today, health plans are finding ways to automate the identification and assessment of subrogation opportunities.

Automation involves aggregating and synthesizing data from multiple sources, sifting out claims that may qualify for subrogation, and eliminating the need for member responses to questionnaires.

Modernization

Transparency and Claims Tracking

One of the common pitfalls in subrogation is settling a case prematurely when additional claims from other providers are still outstanding. Closing a case forecloses any further recovery opportunities. But tracking the total amount of liens outstanding has typically been a manual process.

The answer lies in knowing the status of each and every subrogation case. Is a claim stuck? Is the other party not responding? Health plans have multiple subrogation cases moving at any given time. Technology, training, and system safety nets ensure that health plans have all related and relevant claims prior to settlement.

05

Quality Control

Quality Control

Fix common errors that limit the size and scope of recoveries.

The key to obtaining more recoveries more consistently is to look at the continuum of the subrogation process, find points of friction, and improve or eliminate them.

Health plans have improved their subrogation processes by:

Using external data sources to find and validate subrogation opportunities. Matching claims against multiple insurance data sources leads to a more reliable method for identifying potential subrogation cases.

Seeking greater transparency. Health plans are seeking the ability to track active subrogation cases, where those cases occur, the value of those cases, and recoveries achieved. In fact, gaining this ability is becoming an important customer service tool for administrators.

Reviewing plan language to ensure maximum recoveries. Claims professionals for health plans should undertake a formal evaluation of plan language to make sure that subrogation procedures meet state and federal guidelines.

Quality Control

Issuing liens quickly. Shoot to issue liens in hours, not weeks or months. Time is always of the essence in subrogation– especially in recovering from PIP and Med-Pay policies. Knowing exactly who needs to be notified means that lien notices go out faster.

Not accepting the status quo when it comes to negotiation. Property and casualty insurers are accustomed to asking for standard discounts on claims. There is no reason for health plans to accept these requests. Experienced analysts and evaluators take the guesswork out of which offers to accept and which ones to deny.

A new era of claims professionals are rethinking long-established processes and injecting technology in the right places for maximum cost savings and efficiency.

The result is a more streamlined and more predictable subrogation workflow for health plans.

About Intellivo

Intellivo is the nation's leading innovator in health plan subrogation.

Intellivo technology identifies more subrogation claims and simplifies subrogation recoveries for more than 200 of the largest health plans and payers in America.

Discover how Intellivo can help you recover more with a smarter approach to subrogation.

Visit **www.Intellivo.com**.