LCase claims management
and case reserving software

Bob Briscoe

CLAIMS MANAGEMENT CHALLENGES

Computer claims systems have evolved considerably over the last 30 years. Once primarily paper files filled with handwritten notes and supplemented by electronic records limited to claim payment and case reserve information, they have now become *paperless* computer systems that record all information regarding the claim, payments, and case reserves through the capture of external documents such as images of medical reports. Unfortunately, the design limitations of modern computer systems have introduced obstacles to sound claim handling, due to several issues that were not present in the days before claims systems were computerized, especially since the point that paper claim files gave way to paperless systems. While computerization has greatly increased efficiency and permitted an increase in the number of open claims a claims handler can manage, it has come at the price of a comprehensive understanding of the current facts and status of the claim. This is because virtually all of the important information on the nature and status of the claim is found only in the adjustor's claim notes, which are time-consuming to read both for the claims handlers and their supervisors.

LCASE CLAIMS SOFTWARE OFFERS NEW SOLUTIONS TO THE LIMITATIONS OF EXISTING CLAIMS SYSTEMS

Three limits of computerization are addressed in LCase®:

- The limited number of discrete data fields present in most systems

- The tendency of current claims systems to use field names based on the terminology of a single state or small group of states

- The reduction of multi-line claim notes and descriptions of documents to lists with limited characters describing the note or document and the requirement that the user click on the line to view the whole note or document, thereby limiting the times a user actually clicks on and reads the notes

LCase is designed to overcome the historic limitations of prior systems and give claim professionals the ability to view and review key claim information as they make day-to-day decisions about the course of the claim.

LCase accomplishes these goals by:

- Using many discrete fields to describe each claim in a comprehensive manner, reducing (but not eliminating) the need for individual and summary narrative descriptions in claim notes

- Using modern database field formats and text entry mechanisms to encourage the entry of uniform data entries that will be understandable upon review by the adjustor, supervisors, and other claim reviewers

- Eliminating lists with limited data that must be clicked on to read the full entry in favor of scrolling portals that show the entire note entry

- Using a minimum of system windows, each of which utilizes modern screen sizes and multiple tab areas

Most claims systems in use today are designed around the requirements of one or a limited number of state workers' compensation systems. But the field structure of LCase is national in scope. It uses terms that apply to basic U.S. workers' compensation concepts and avoids the use of unique state-specific terms unless they are critical for understanding the status of a claim.

While applicable to any type of liability claim that pays benefits for an extended period of time, LCase is most fully implemented for workers' compensation claims. It can also be used for other liability claims, especially those that pay medical benefits for extended periods of time.

LCASE IS NOT DESIGNED TO REPLACE YOUR EXISTING SOFTWARE

The majority of all workers' compensation claims pay benefits for a few weeks or months and do not need to have large amounts of claims management information recorded. Existing systems that pay such benefits efficiently and accomplish required reporting can continue to be used, or if in need of improvements, replaced with newer commercial systems. LCase is designed to be used as a supplement to existing systems for the small number of claims that stay open for extended periods of time but that ultimately account for the majority of all dollar benefits paid for all claims with injuries in the same year. LCase paid and outstanding reserve fields, data fields such as addresses, and other key information can easily be linked to tables in existing systems, thereby minimizing repetitive data entry and updating.

CASE RESERVE CALCULATIONS

Case reserves for casualty liability claims are most often calculated by hand and recorded in the claim notes, on a spreadsheet, or in Word document form. Recalculations are recorded on new notes, spreadsheets, or forms, leaving the user or supervisor little ability to follow the detail supporting the change. Complex case reserves can take a paragraph or more to describe in a claim note and are often difficult to follow because different adjustors use different formats and terms.

LCase addresses these issues by providing a structured case reserve environment in which multiple case reserve elements are provided to build up a case reserve in detail based on the specific benefits being reserved. While most industry systems provide fields to describe basic wage loss *indemnity*, medical and expense case reserves claims may have subsets of wage loss, which are different types of medical and different types of expenses that can be described individually in LCase case reserve elements.

LCASE CASE RESERVE ELEMENTS

The set-up of each element and the resulting case reserve are retained in the LCase database and can be referenced at any time when the claim is brought up for review.

Unlike traditional case reserving environments in which a claim handler may invest considerable time in describing a case reserve calculation and therefore be unwilling to consider alternatives, the LCase environment encourages the use of alternative calculations that can be generated with a few mouse clicks for any case reserve element, thereby ensuring that substantial thought underlies each case reserve.

The LCase system can be set up to enforce case reserve authority limits and/or expedite case reserve supervision. The ability to project information on a screen or have multiple claim handlers view the same claim on their monitors during a conference call permits group discussions of individual case reserves, with the ability to implement the agreed-upon final reserve instantaneously.

LIFE ANNUITY CASE RESERVES

LCase can be set to Traditional mode, in which case reserves are calculated using traditional calculation methods, or to Life Annuity Mode, in which all case reserves are calculated using life annuities. The use of life annuities permits the user to produce the cash flow for a group of claims and calculate benefit escalations and present values using actuarially correct methods. While certain life claim payout calculations have been enabled in traditional mode, the number of pre-calculated escalation rates and discount rates is limited. Some calculations involving reinsurance layers and benefit escalation rates or interest discounts cannot be done in traditional mode. In the Life Annuity Mode all possible combinations of benefit escalation rates and present value discount rates can be calculated for both gross reserves and for reinsurance layers.

CLAIMS MANAGEMENT

Industry efforts to expand casualty claims systems to contain additional detail have almost universally resulted in an expanding collection of small software windows containing a limited number of fields that pertain to a single subject and are accessible from lists or buttons. Many are process-driven, e.g., designed to accomplish a particular task such as issuing a check or changing a reserve, and the user must navigate to one or more windows to complete the task. If the window is entirely informational, few users will take the time and effort to navigate to it, and will instead rely on the claim notes to keep track of the status and information.

LCase addresses this issue by employing as few computer screens as possible, instead relying on nested tab panes to present the information to the user. Each set of tab panes defaults to a tab that presents key summary fields as part of an overall field that is displayed on one computer screen and permits the user to view the overall status of all key elements of the claim. Users are presented with a comprehensive summary of the claim facts and status each time they access the claim in the system and do not need to navigate except to click on tabs that present more information than the summary tab on a particular subject. The user is never more than one mouse click away from the main tab and never has to navigate more than two tabs deep. Because the rest of the computer screen remains visible when navigating among sub-tabs, the user can always see the overall informational context of the claim, regardless of the level of tabs being navigated.

SYSTEM ACCESS / OPERATION

LCase can be operated in a number of ways, depending on the user's IT setup and access needs, as follows:

- A standalone application on a local work station in single-user mode

- A served application on a local network with many users

- A served application running on a Milliman server via remote access

- An Internet application running on a Milliman server

- A *runtime* application on a local workstation in single-user mode

The life annuity mode case reserve features can only be run if a Milliman server is being accessed or if the LCase Oracle case reserving software is running on an accessible server.

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I. Employer	Employment	Emp Contact	Termination	Home	Edu / Lang	Location	Criminal

Home / Ownership / Living Arrangements

☐ Unk   ☐ Lives w Parents
☒ Own   ☐ Lives W Children
☐ Rent   ☐ Institution
         ☐ Review

Qwns a two story house

I. Employer	Employment	Emp Contact	Termination	Home	Edu / Lang	Location	Criminal

Employer	Acme Manufacturing	Class Code	3145	Hire Dt	8/1/2002	D
Occupation At Inj	Production Worker		Last Day Worked Post Inj	2/15/2012
Occupation Current	Not Working		Term Date	8/17/2012
RTW Date Actual		
Lang	English	Edu	HS Graduate	☐ RTW /OOW Multiple Times

I. Employer	Employment	Emp Contact	Termination	Home	Edu / Lang	Location	Criminal

Employer Name	Acme Manufacturing		FEIN #	999 99 9999
Add 1	200 Front Street	Phone Main	999 999 9999	Class	3145	SIC	3451
Add 2		Phone Fax	888 888 8888	Nature of Business	Screw Manfacturing
City	East Palmer	Phone Mobile	777 777 7777		
St	NY	Zip	16534-3021	E-Mail	cj@acme.com		

I. Employer	Employment

○ Unk   ⦿ Full Time
○ Hourly   ○ Part Time
○ Hourly U   ○ Seasonal
○ Salaried   ○ Volunteer
             ○ Oth

I. Employer	Employment	Emp Contact	Termination	Home	Edu / Lang	Location	Criminal

Education	HS Graduate
Language	English
Hobbies	Woodworking, Hunting

I. Employer	Employment	Emp Contact	Termination	Home	Edu / Lang	Location	Criminal

Criminal Status

Prior Convictions Traffic Violations   Criminal Narrative

I. Employer	Employment	Emp Contact	Termination	Home	Edu / Lang	Location	Criminal

Time of Inj	10:22 AM	Shift	1	Grouping Code	3
Injury Location	Plant 1
Work Loc Level 1	Packing Line
Work Loc Level 2	Station 3