

Summary

Over the past ten years many insurance lines and credit industries have streamlined underwriting processes by better leveraging and consolidating technology, realizing improved processing efficiency and accuracy. The health insurance industry however continues to lag even as technologies and capabilities have become increasingly available, with very obvious and proven ROI. Successful adoption has remained elusive for many and an end to end solution continues to elude most carriers surveyed. Increasing consumer, broker, regulatory and cost reduction pressures necessitate the deployment of more sophisticated solutions to remain competitive.

In mid 2007, Colibrium Partners, LLC, began a study to investigate the use and planned use of technologies within the consumer underwriting process. Through interviews and surveys distributed to 29 carriers, the results confirm that not only is adoption of automated solutions lagging, but components which have been deployed by many carriers which could be leveraged for electronic workflow, reporting, analytics and general automation are not.

Key findings

Business Intelligence Related

- While 86% of respondents have an online application and accept online applications from e-broker sites, only:
 - 14% of these are utilizing the data captured online for analytics or to measure underwriting effectiveness
 - None were using to support automated risk evaluation
 - 17% of respondents are currently receiving online application data from e-brokers in a reportable format. As a result, all demographics and disclosed health conditions must be rekeyed or is lost, despite this market segment being an ever growing percentage for most carriers.

Underwriting Precision

- Data and information gathered and used during the underwriting process is generally not stored electronically, including prior applications, prior contracts, prior claims and prescription profiles
 - The majority of plans surveyed are now using prescription profiling, however none of those were storing this information electronically to enable reporting, despite several vendors readily supporting this capability
 - The vast majority of plans could not say with what frequency most of these different informational sources were utilized
- 57% of the plans surveyed currently primarily utilize 3rd underwriting guidelines, 50% of those are planning to move to a hybrid model utilizing both internal and 3rd party guidelines. According to our survey, a hybrid approach will be the most prevalent. If not done electronically, the manual efforts will continue to increase
- Only 14% of the respondents were doing real time our “touchless” approval or denial
- In states where health questionnaires were collected and used for underwriting, most plans surveyed believed 20% - 25% of applications do not genuinely require underwriter attention.

Workflow Automation

- Most utilizing very basic triaging logic and techniques
- Most have attempted to implement an automated electronic workflow system, with 43% having requirements issues and 29% having usability issues
- None of the respondents felt they were successfully utilizing a business owned rules engine
- 71% do not have integration in place between underwriting and membership, requiring re-entry of data.

For a copy of the full study and results, please contact Mark Poling at mpoling@colibriumpartners.com, 206-708-7701.